

## REPORT ON THE TRAINING WORKSHOP IN AGRI-BUSINESS MANAGEMENT AND MARKETING.

### **Introduction**

The Tiyumtaba Farmers Association is an association of farmers who constitute the outgrowers of Tiyumtaba Farms (TF) at Karaga in the Gushiegu-Karaga District. TechnoServe has been working with TF for four years and the services so far provided include:

- Assisting TF to access credit to undertake cowpea storage and marketing,
- Making available to TF a new technology in the storage of cowpea using a micro-warehouse and
- Developing record systems and proposals for its soya out-grower program.

Skills in Business Management and Marketing are crucial to ensure the success of any agri-business. Without business skills farmers/agri-entrepreneurs are unable to analyze costs, determine finance requirements and make meaningful analysis of business performance.

It was in the light of this that a four-day training workshop on Agri-Business Management and Marketing was organized from December 9-13, 2002. This training was organized at Karaga for the members of the Tiyumtaba Farmers Association under the auspices of SAFGRAD/SARI.

### **Objectives**

The objectives of the training were as follows:

1. Inculcate business thinking among the participants.
2. Equip the participants with skills needed to undertake successful agri-marketing.
3. Equip participant with basic skills in agri-business management to enable them operate their enterprises/farming more profitably.
4. Empower the participants with the knowledge and skills needed to effectively manage credits and negotiate effectively with financial institutions.
5. Introduce farmers to the Inventory Credit Program concept, procedures and dynamics.

Resource persons from TechnoServe facilitated the workshop. The programme for the training as well as the handouts developed is attached to this report.

### **Methodology**

The tools used for the sessions consisted of

1. Lectures
2. Buzz group discussions
3. General Discussions

### **Conduct of sessions**

The workshop was conducted at Karaga and made residential. The medium of instruction was English with translations into the local language, Dagbani.

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The lecture sessions consisted of the facilitator introducing the topic, the key contents and concepts. Participants after listening to the lecture were given ample time to ask questions or seek clarifications on some of the major issues raised. To assess the extent to which the content has been grasped, the facilitator periodically asked questions to elicit responses.

With the Buzz Group sessions, the participants were periodically sub-divided into three main groups to discuss various topics and report to the plenary group which crystallized the main issues reported from the smaller groups. These buzz group sessions sought to both assess and improve the understanding of the participants and also generate local knowledge on the topic to complement issues discussed during the lecture sessions. This tool was effective as it instilled in the participants team work and also generated useful indigenous knowledge.

The larger group discussions were used mostly for those topics which the facilitators envisaged that the participants had previous knowledge on which to build on. During these sessions, participants were asked questions and contributions sought from the floor.

### **Evaluation**

The training was assessed to be timely and appropriate to the needs of the beneficiaries. The sustained interest and high participation of the trainees indicated the importance they attached to the exercise. The end-of training evaluation was conducted by Mr Henry Akanko, the SAFGRAD/Tiyumtaba Liaison Officer. His report is attached as an appendix.

### **Recommendations**

It is recommended that two follow up trainings be conducted within a year of this first training. This is because the follow-ups allow for assessing the level to which the knowledge so imparted has been put to use. Secondly, the follow-ups allow for the introduction of new concepts and knowledge which build on knowledge and skills acquired in previous training sessions. It also provides on-going coaching to refresh the previous knowledge acquired and an opportunity for feedback on the practical difficulties encountered on the field.

Similar training should be organized for those members of the association who for a reason or the other could not participate in the program.

### **Submissions**

The following have been attached to this report:

1. A detailed program for the training sessions
2. A hard copy of the training hand out
3. A flip chart sheet on which all writings during the period were done
4. A soft copy of the report.

**Submitted by the facilitators;**

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## TRAINING IN AGRI-BUSINESS MANAGEMENT AND MARKETING

### DAY I

9.00HRS – 09.15HRS	INTRODUCTION
9.15HRS – 11.00HRS	BASIC ELEMENTS OF BUSINESS FARMING AS A BUSINESS PERSONAL ENTREPRENEURIAL COMPETENCIES ATTRIBUTES OF GOOD MANAGERS
11.00 HRS- 11.30HRS	BREAK
11.30HRS – 13.30 HRS	AGRICULTURAL FINANCE - SOURCES OF FINANCE - TYPES OF FINANCE - GROUP EXERCISES
13.30HRS-14.15HRS	LUNCH
14.15HRS-15.30HRS	ACCESSING FINANCE FROM THE BANK MANAGING AGRICULTURAL FINANCE GROUP EXERCISES
15.30HRS-16.00	WRAP UP AND CLOSE

## DAY II

09.00HRS-9.15HRS	RECAP OF PREVIOUS DAY'S ACTIVITIES
9.15HRS- 11.15HRS	THE MANAGEMENT FUNCTIONS  BASIC ELEMENTS OF AGRI-MARKETING - NATURE OF AGRI-MARKETS - MARKETING AGRI PRODUCE - BASICS OF PRICING
11.15HRS-13.30HRS	GROUP EXERCISES
13.30HRS-14.15HRS	LUNCH
14.15HRS – 15.30HRS	THE INVENTORY CREDIT PROGRAMME
15.30HRS- 16.00HRS	WRAP UP AND CLOSE

## DAY III

09.00HRS-9.15HRS	WRAP UP OF PREVIOUS DAY'S ACTIVITIES
09.15HRS – 11.15HRS	BANKING  BASICS OF AGRI-BUSINESS PLANNING - FINANCIAL PLANNING
11.15HRS – 11.45HRS	BREAK
11.45HRS – 13.30HRS	MARKETING PLAN - RISKS ETC.  EVALUATION WRAP UP
13.30HRS-	LUNCH AND CLOSE

## COURSE HAND OUTS

### BASIC ELEMENTS OF A BUSINESS

#### The nature of business entities

- Use resources with the aim of generating profits
- Involves some form of risk
- Is a separate entity from its owners
- Demands good management to ensure success
- Profits generated is the reward for risk and hard work.

#### Farming as a business

- Uses resources, financial, labour, land etc to generate profit to the farmer
- Involves some form of risk e. g. the weather, pests, price falls etc.
- Demands hard work and good management skills to succeed.

#### Personal Characteristics of a successful manager

- Willingness to work hard when necessary
- Courage- to innovate, invest and expand
- Self-confidence and will power amounting to at times to excessive enthusiasm
- Honesty, integrity
- Resilience to try again when knocked down

#### Business Areas to be Managed

- Finance
- Personnel
- Production
- Marketing

### PERSONAL ENTREPRENEURIAL COMPETENCIES

#### 1. Opportunity Seeking and Initiative

- Does things before being asked or forced to by events
- Acts to extend the business into new areas, products or services
- Seizes unusual opportunities to start a new business, obtain financing, equipment, land, work space or assistance

#### 2. Risk Taking

- Deliberately calculates risks and evaluates alternatives
- Takes action to reduce risks or control outcomes
- Places self in situations involving a challenge or moderate risk

#### 3. Demand for Efficiency and Quality

- Finds ways to do things better, faster or cheaper
- Acts to do things that meet or exceed standards of excellence

- Develops or uses procedures to ensure work is completed on time or that work meets agreed upon standards of quality
4. **Persistence**
    - Takes action in the face a significant obstacle
    - Takes repeated actions or switches to an alternative strategy to meet a challenge or overcome an obstacle
    - Takes personal responsibility for the performance necessary to achieve goals and objectives
  5. **Commitment to work contract**
    - Makes a personal sacrifice or expends extraordinary efforts to complete a job
    - Pitches in with workers or in their place to get a job done
    - Strives to keep customers satisfied and places long term goodwill over short term gain
  6. **Information Seeking**
    - Personally seeks information from clients, suppliers or competitors
    - Does personal research on how to provide a product or a service
    - Consults experts for business or technical advice
  7. **Goal Setting**
    - Sets goals and objectives that are personally meaningful and challenging
    - Articulates clear and specific long rang goals
    - Sets measurable short term objectives
  8. **Systematic Planning and Monitoring**
    - Planning by breaking large tasks down into time-constrained sub-tasks
    - Revises plans in the light of feedback on performance or changing circumstances
    - Keeps financial records and uses them to make business decisions
  9. **Persuasion and Networking**
    - Uses deliberate strategies to influence or persuade others
    - Uses key people as agents to accomplish own objectives
    - Acts to develop and maintain business contracts
  10. **Independence and Self Confidence**
    - Seeks autonomy from the rules or control of others
    - Sticks with own judgement in the face of opposition or early lack of success
    - Expresses confidence in own ability to complete a difficult task or meet a challenge.

## AGRICULTURAL FINANCE

### Sources

- Farmers own savings
- Extended family relations
- Financial institutions
- Money lenders
- Cooperative and credit unions
- Gifts and grants
- Revolving loan schemes

### Short term finance e.g.

1. Retained Profits
2. Bank overdrafts
3. Trade credits

### Medium Term finance eg

- Private loans
- Bank Loans
- Hire purchase

### Long term loans

- Leasing
- Long term bank loans
- Flootation

### Obtaining Credit from the bank

- Establish clearly the need for and the amount of finance from the bank e.g. production, marketing, capital investment etc
- Opening of bank account with the bank
- Application to the bank
- Prepare a basic business plan or some financials of the business performance or forecasts

### Some Conditionalities the bank may set included

1. Interest rate, may or may not be negotiable
2. Maximum Loan amount- the bank may fix maximum amounts of loans for particular ventures
3. Loan repayment schedules- Lenders may require debtors to make payments at agreed dates.
4. Collateral requirements etc



### **Managing Loans**

- Loan must repaid with principal and interest in full whether profits have been made or not
- Loan must be repaid on schedule. Defaults will attract penalties.
- Loan must be used for the purpose for which it was applied for. Any change in plans must be discussed with the bank/lender.
- Interest can be reduced by early repayment.
- Agree on repayment schedule with lender

### **Loan Repayment Schedules**

- Lump sum- the borrower pays all the principal and the interest at the end of the period
- Monthly part-payment of the principal and the interest

## **AGRICULTURAL MARKETING**

Marketing is essentially concerned with finding out what the buyers want and offering the product/service in the way they buyers want it at a price they can afford. It goes beyond just being able to sell the product.

### **Importance of Marketing**

- Facilitates exchange
- It is an incentive for further production or it stimulates production.

There are 4 basic elements that must be taken not of in order to market a product. These are referred to as the 4 Ps.

### **Basic Element of Marketing**

#### **Product**

This refers to anything that is offered for sale. It must be such that it attracts the buyer and that the buyer will derive the right satisfaction from buying the product

#### **Promotion**

This refers to attempts to stimulate sales by communicating to the buyers. It includes advertising, publicity, personal selling etc

#### **Place**

This covers the physical location where the product or being sold as well as how the product gets to the customers.

#### **Price**

The price at which the customer will buy will depend on the value perceived. The price should be set to maximize profit as well as maintain market share.

### **Problems of agricultural Marketing**

- Poor road networks
- Long distance from farms to market places
- Perishability of farm produce
- Scattered low-volume operators
- Finance
- High Marketing Costs

### **Marketing Agricultural Produce**

#### **Fruits and Vegetables**

- Succulence
- Freshness
- Sorting
- Not over-ripe
- Free from pest attacks and infestations
- Cleanliness

#### **Roots and Tubers**

- Freshness
- Minimal pest attacks
- Cleanliness
- Grading according to size and variety

#### **Livestock**

- Healthy animals
- Clean animals
- Well fleshed especially the hind quarters

#### **Meat Products**

- Well preserved meat e.g. smoking, freshness etc
- Free from flies
- Observation of religious rights prior to slaughter especially in muslim communities.

#### **Grains (cereals and legumes)**

- Free from insect pests
- Free from impurities, dust, debris, stone
- Sorting according to size and variety if necessary
- Freedom from mould, colourings etc
- Dryness
- Appropriate packaging

#### **Agricultural inputs**

- Timeliness of supply
- Quality and type according to what the potential customers can afford

- Seeds should be viable
- Seeds should be free from pest attacks
- Chemicals should have expired.

## **BANKING**

### **Importance**

- Security of money
- Reference point for sourcing credit from the bank

### **Types of Bank Accounts**

- Savings
- Fixed Deposits
- Current Accounts

### **Fundamentals of financial Planning**

- Decide on the specific business activity/opportunity
- Gather facts about the investment activity
- Decide on activity level/scale
- Decide on finance requirements and options
- Quantify resources and in monetary terms
- Estimate the expected returns

### **Basic Elements of Agri-Business Planning**

- Set business objectives

### **Financial Planning**

- Working capital requirements
- Cashflow forecasts
- Determine source of finance, costs etc
- Forecast of returns

### **Marketing plan**

- Pricing policy
- Distribution networks
- Competition
- Market segmentation
- Targeting

### **Production Plan**

- Season of production
- Scale of operation
- Resource Requirements
- Risks issues

## Group Exercises

N/B. The answers to the questions as given by the participants have been submitted unedited.

### Group 1

**Question:** What are some of the qualities that one must have if you want to succeed as a business person (farmer)

**Answer**

- Hardwork
- Knowledge
- Seeking information
- Efficiency and quality
- Planning
- Record Keeping
- Respect
- Patience
- Advertise

### Group 2

**Question:** What are some of the things you should take note of if you are to succeed in marketing your produce

**Answer**

- Seek information
- Form marketing Cooperatives
- Be truthful to the buyer
- Sell at the right time for high profit

### Group 3

**Question:** Why do you think farming is a business

**Answer**

Farming is a business because the farmers aim is produce and maximise profit.

Farming is a business because we must get income after we take what to eat and send the rest to the market.

Farming is a business because you use small amount of money to get profit.

Farming is a business because in the olden days our forefathers were farming for mainly consumption but in these days we farm and put some aside and take the rest to the market in order to get money.

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