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CATALYZING TRUST & IMPROVING RELATIONSHIPS between smallholder farmers and buyers

Produced by EcoVentures International for USAID’s Leveraging Economic Opportunities (LEO) project
I'm a smallholder farmer trying to make ends meet.

I work for a donor-funded project.

I'm a local buyer buying crops to process in my factory.
We are not selling enough crops! We’re not making enough money from each sale!

The buyers and processors are all just out to get us!
Farmers cheat us - they put rocks in their bags to make them weigh more! They never deliver on time! Their quality never meets my specs!

I can't get enough crops of the right quality to keep our factory busy.
Hmm ... WHAT can our project do to build trust and strengthen relationships between farmers and their buyers?

... And HOW do we do it?
Whew! My head is spinning! There is so much to think about!

Should we do most of the activities ourselves?

Should we find other businesses and organizations to work through?
Project-focused Approach?

Market-focused Approach?
Let's look at what the story might look like if we used a project-focused approach!
Let's imagine
Hmm ... What kind of things might we be doing if we took THIS approach?
WE'LL meet with local communities!

... design the strategy for connecting farmers to buyers!

... assess and select which farmers can participate!
WE’LL meet with the buyers and explain the plan...

WE’LL gather and bulk the farmers’ crops together!
WE’LL hire new project staff to do all of this work.
WE’LL work with farmers every step of the way! We’ll help them to plan, to organize using inputs, to forecast production, and even to harvest!
WE'LL coordinate the collection of crops from farmers!

WE'LL collect payment from buyers and coordinate payment to farmers!
And for sustainability...
WE’LL raise new funds so that we can continue gathering farmers’ crops together ... for even more buyers!
Or maybe WE could even privatize all of our functions by spinning-off a social enterprise!
Let's look at what the story might look like if we used a market-focused approach!
Market-focused Approach?

Hmm ... What kind of things might we be doing if we took THIS approach?
Would our activities REALLY be all that different with a market-focused approach?
We’ll find the local businesses that are already buying from the farmers and might want to buy more ... or who might want to start buying ...
We’ll connect with several buyers at the same time! We’ll see who is interested in working with us ... and in what way!
We’ll make them an offer to help them grow their businesses...
.... in a way that we know will help farmers at the same time!
We can help you put in place a plan to lock-in and grow your supply of crops from farmers!
We get it! If we build good relationships with farmers, we'll be able to grow our businesses!

Uh-uh ... We're not yet seeing the opportunity that the project is offering...
Let’s see who makes time for the planning meeting with the project...

...to show their interest and commitment to a farmer supplier strategy...

Can you take a few days for a planning meeting?
Hmmm ... to make this work, the buyer may need to create a new position. A Supplier Relationship Manager!

Their job will be to develop loyal and cost-effective relationships with farmers!
If the person managing relationships with farmers does their job well...

...the buyer will likely be convinced to change their business model to start building better, more productive, relationships with farmers!
We need someone to develop loyal and cost effective relationships with our farmer suppliers!

Argh ... our staff doesn’t have the time to do this, or the experience!
We will help you to find, train, manage, and maybe even cost-share the new staff person for a while!

... until you can comfortably do it yourself ... to show that you see it as a worthwhile investment!
Yay! I got the job!
We'll show you other ways!

Want to learn how to build relationships and trust with farmers ... WITHOUT only using typical financial strategies like lowering prices or giving credit?
Most buyers try to build trust by offering the highest prices to farmers or offering credit. This often does VERY LITTLE to build trust!

It can even worsen existing relationship issues ... as farmers will expect this each time!
Instead ....

... We'll help you to build trust and relationships with farmers ...

... by giving RECOGNITION to farmers and investing to INCREASE their PRODUCTIVITY!
Hello farmer, I'm the buyer's local representative!
The buyer is offering to help you grow the kind of things that he wants to buy...

The buyer is organizing an awards program to publicly recognize preferred suppliers!
The buyer is rewarding his preferred suppliers with access to new types of equipment!

The buyer is organizing discounts for more advanced services, like special land preparation services, to help you to improve production!
The buyer is organizing a soil testing service on your farm so that you will know which inputs work best for you!

The buyer is hosting a Farmer Field Day to connect you with input dealers who will give you free trial packs and show you how to use new types of inputs.
How can we help the buyers that did the best in improving relationships and building trust with their farmer suppliers ...

... do even better AND become good examples to others so that they might try the strategies too?
...we could connect buyers to radio stations in the region to talk about their strategies!
Maybe ... we could connect buyers to professional meetings in the region which could highlight their strategies and success.
We can start working with new firms at any stage during the project.

We’ll decrease our initial cost-share every time that we start working with any new firms.
Maybe some of the firms that were not interested initially will come back now that they have seen the others’ success!
Rather than chasing firms to try to convince them to work with the project ...
We'll know the project is successful when new firms start chasing us asking for our help in putting into place new strategies!
With market-focused approaches, the farmers won't even know we exist!
HOW DO THE APPROACHES INCENTIVIZE ONGOING RELATIONSHIP-BUILDING AND TRUST BETWEEN THE BUYER AND THE SMALLHOLDER FARMERS?
Whew! My head is spinning! There is so much to think about!

Whoa ... they are completely different approaches! And there are probably loads of things in between! This development business is not as easy as I'd thought!
Think about your own project
What type of approach is YOUR project taking?