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How can companies and market systems development programmes engage effectively?



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All blogs

Donor programmes and companies increasingly work together. But why do such collaborations prove hard, and what lessons can be drawn for each party?

Every year the Business Innovation (BIF) team meets to discuss progress and share learning. We feel lucky to be a multi-country programme, being able to compare how we are helping poor people to get better access to markets in three different countries: Malawi, Myanmar and Nigeria. We have some things in common – in particular our methodology which is to study how markets work as systems and then identify where short-term interventions in the market might bring about positive change. We also work mainly in agricultural markets, although not so much in Myanmar where we do most of our work with small tourist operators and in garment factories (including the one pictured above). We are also exploring new markets in Pakistan and Kenya.

What we definitely have in common is that much of our work is in collaboration with businesses, large and small. When we met in 2016 we spent a fair amount of time reflecting on this work, and we have now developed a report based on what we have experienced so far.

The report [How can companies and market systems development programmes engage effectively?](#) is written partly from our perspective – managers of a donor funded programme that facilitates change in a market – but we have also tried to reflect the perspective the companies we engage with.

Even though we wrote the report we did get some input from some of the companies we work with. I think my favourite quote was from the manager of a dairy market cooperative that my colleagues in Nigeria are working with. We asked them what advice they would give to a business that was seeking to engage with BIF and they summarised it as follows:

- > Try to cooperate with them even if it looks like it is not going to work ['them' referring to BIF]
- > Take their advice seriously and use it
- > Work hard and be honest with them
- > Attend all their meetings when invited, and ...
- > Be patient with them

The last point is a particularly good one. Because of the time that it took BIF to research and analyse each market, companies that we work with can get frustrated when it seems that nothing is happening following an initial discussion.

When I reflect on my own experience, I can identify three types conversations that I have had with company representatives when sounding them out about in participating in a donor programme.

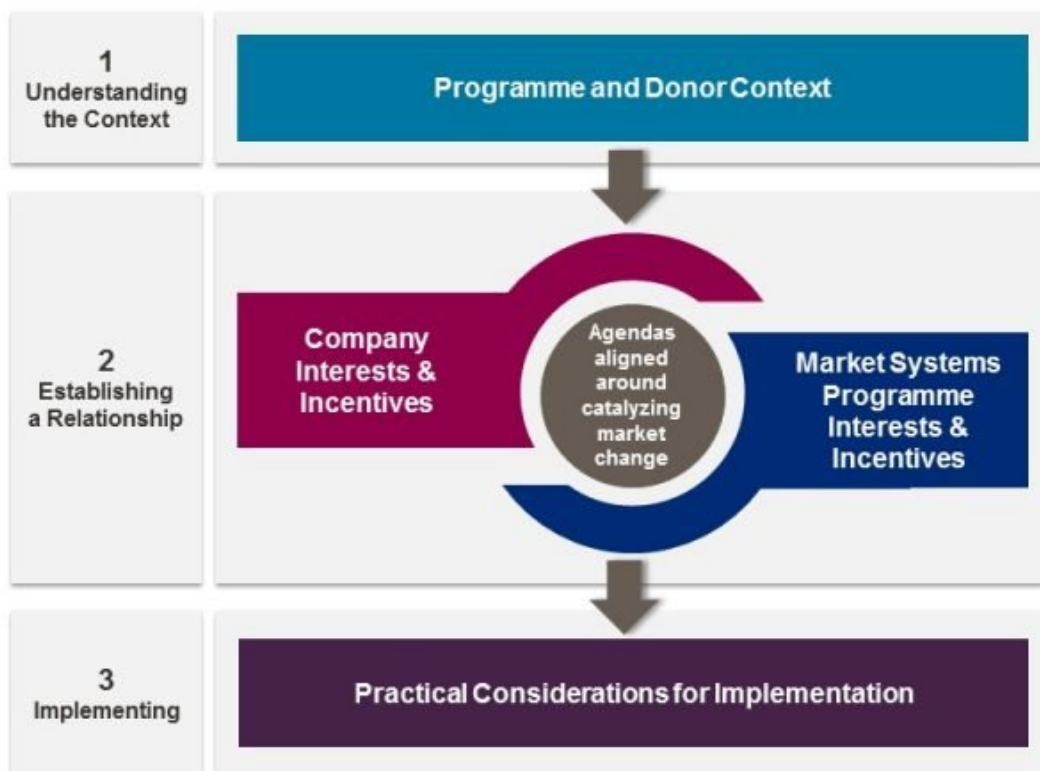
Conversation 1: we talk across each other. This happens when I start explaining about how BIF defines and understands market systems and I can't seem to explain the concept in terms that mean anything to my counterpart. The one I most remember was a phone call to a senior manager in a large, multinational company with operations in many developing countries. After I gave my spiel – trying to stay away from jargon as much as possible – he said: 'Tom, I have no idea what you are talking about, but what can I do for you?' I should add that this was far from our first conversation! And also make clear that I relate this tale completely against myself and not because of any deficiency on his part....

Conversation 2: the company manager focuses on social impact and I keep dragging it back to the business model. I think my colleagues will agree that this is a surprisingly frequent occurrence. I think that when a company starts to consider how to benefit poor people there is an assumption that people from donor funded programmes will need convincing that the company can be socially responsible. Far from it. We get that part, but what fires us up is when we can help a company to utilise its core business activities in innovative ways to benefit poor people. One of the cases in the report reflects this experience. I remember a whole day of a workshop with staff from the company during which we struggled on this point. I then recall my feeling of excitement when the marketing director started talking about how developing a new business model would help the company to achieve its commercial strategy of reaching thousands of new customers.

Conversation 3: immediate meeting of minds. In some cases after a short explanation of BIF my counterpart simply says – ‘I get it’ – and we start talking about the areas where we have a shared agenda and what we could do together. Another case in the report reflects this – but sadly the person I was working with was unable to get agreement from a key colleague and we had to give up. But that is another learning point altogether!

The **report** draws lessons from ten real examples that are outlined in the report. Even if you don’t agree with our conclusions I believe these case examples will be of interest to anyone who is curious to know more about how a market systems development programme works in practice. There are a good range of examples – including consumer facing markets (hygiene products and small solar devices), a market where creating decent jobs is critical (garments) and then two very different kinds of supply chains (rice and tourism).

The report is structured according to the themes in the following diagram:



Context: This first section briefly outlines the way that market system programmes are designed and some donor policies that may determine the type of engagement

that can be undertaken with companies.

Establish a relationship: As the diagram suggests, there are both company and programme interests and incentives that need to align for a successful engagement between a company and a market systems development programme to occur. The report splits this topic into three sections, first mentioning some relevant theory behind market system change, and then exploring how this applies to first companies and then to the programme.

Implement: In the third section, the report shares some of the practical lessons arising from BIF. These should help both companies and programmes that are seeking to engage with each other.

We have most to say on the second and third topics, as there is plenty of literature already on how market systems programmes such as BIF are designed, and on donor policy.

Some companies come to donors with great ideas. They can be quite surprised – and puzzled – when they are turned away. This is often because the donor doesn't have a programme up and running where such an innovation will help to transform a particular market where the donor has interest. In the report we try and explain why this happens and what a company should expect when it does encounter a programme that has a common interest in a market. We hope it is useful.

See also: [Challenges to formalisation](#)

This blog is part of the [The Practitioner Hub for Inclusive Business](#) January 2017 series on how, and why, donors and businesses work together for development impact. It is republished here with permission.