



Improving Market Systems for Agriculture in Rwanda

BLUEPRINT FOR OPERATIONALISING THE COMMERCIAL AGENT MODEL



STEP
01

THE CA MODEL

THIS SECTION EXPLAINS HOW THE COMMERCIAL AGENT MODEL WORKS AND HOW IT CAN BENEFIT BUSINESSES AS WELL AS OTHER ACTORS IN THE VALUE CHAIN.

IT OUTLINES HOW INTERESTED BUSINESSES CAN ADOPT THE COMMERCIAL AGENT MODEL INTO THEIR OPERATIONS.

UNDERSTANDING YOUR CURRENT BUSINESS MODEL

1.

What is your current sales and distribution model?



2.

How does your procurement model work?

Are you getting the quality and volumes you need?



3.

What challenges does your business face?



4.

How do you currently engage with traders?

What are the benefits and challenges of this relationship?



The Commercial Agent Model can help companies improve their sales of products or services, or improve their procurement volumes and quality.

As a first step, it is important for a business to understand their current model of procurement or sales. The following questions can help to determine this:

1 How does your current distribution and sales model, or procurement model work? Who is involved in sales/procurement?

2 Who is involved in your model and what are the costs associated with working with them? How effective is this distribution/procurement model?

3 What are your business's key challenges, in terms of meeting volume or quality targets, or sales and distribution targets of inputs or other services?

4 Are you currently using an agent system? If so, how effective is this? What are the current challenges with your agent/trader system?

HOW THE CA MODEL WORKS



INPUT PROVIDERS

- Pay commission to CAs
- Train CAs on the benefits of improved inputs
- Provide sales on credit



COMMERCIAL AGENT

Earn commissions or profit on inputs, services and offtake



FARMERS

Receive products and services through CAs such as: extension services, advance financing, post-harvest and other equipment, sales of inputs, etc.



OFFTAKERS/BUYERS

- Offtake from CAs
- Train CAs on quality standards
- Advance financing



OFFTAKERS/BUYERS

- Offtake from CAs
- Train CAs on quality standards
- Advance financing



How the Commercial Agent Model works. The CA Model benefits farmers, agents, companies, input suppliers and service providers. Each of the market actors has a role and benefits from the model.

KEY POINTS IN THE CA MODEL:

- The CA is the centre of this model.
- He/she works on behalf of the company to aggregate produce from farmers, sell improved inputs or other services to farmers.
- Companies can provide the CA with pre-financing so he/she can aggregate more produce from farmers.
- Companies can also link farmers to financial institutions to secure their own financing.
- CAs provide information and coaching on good agricultural practices or post-harvest handling to farmers to help improve their yields and quality.
- After creating a dedicated relationship with farmers, CAs are able to aggregate more volumes of better quality and sell them to the business.
- If a business is struggling with poor quality of its grain, point out that a business using the CA model trains CAs on the quality that they expect to buy. CAs then help improve quality by creating close relationships with farmers and providing additional services and inputs to farmers to improve their quality
- If a company faces high transport costs because they are not able to aggregate from farmers in the same area, explain how the close, dedicated relationships CAs build with farmers helps reduce their transport costs by increasing the amount they can aggregate, and creating efficiencies in transport.

THE BENEFITS OF ADOPTING THE CA MODEL FOR BUYERS



Increased Revenue



Increased Volumes



Better Quality

BUYERS



FARMERS



COMMERCIAL AGENTS



There are many benefits of adopting the CA model for offtakers or buyers of produce or grains.

BENEFITS FOR BUYERS

- 1** The model is inexpensive to adopt. CAs are commission-based so the company can engage as many of them as needed without much added expense. The only required investment is in training CAs and working to build good relationships with them. This means there is an ability to scale exponentially without much additional cost.
- 2** The model is cost-effective. It reduces the costs of reaching farmers, selling inputs, and organising logistics, etc.
- 3** The model is a good return on investment. Investing in CAs improves a company's supply chain, meaning offtakers can source more volumes and get better quality.

INVESTMENTS IN THE BUSINESS INCLUDE:

- Time and money to train staff, especially the procurement team and extension staff
- Time to analyse the current business model and how it can be adjusted to adopt the CA model
- Time to identify, select and engage CAs (companies who already work with traders will only need to assess them to ensure they fit the CA criteria)
- Time and money to train Cas
- Invest in pre-financing for Cas. Note, this can be done on a gradual basis to build the trust with agents.

THE BENEFITS OF ADOPTING THE CA MODEL FOR INPUT PROVIDERS



Increased Revenue



Increased
Sales



Increased
reach

INPUT PROVIDERS



FARMERS



COMMERCIAL AGENTS



There are many benefits of adopting the CA model for input dealers.

BENEFITS FOR INPUT PROVIDERS:

- 1** The model is inexpensive to adopt. CAs are commission-based so the company can engage as many of them as needed without much added expense. The only required investment is in training CAs and working to build good relationships with them. This means there is an ability to scale exponentially without much additional cost.
- 2** The model is cost-effective. It reduces the costs of reaching farmers.
- 3** CAs provide information and coaching on good agricultural practices to farmers, which increases seed and other input sales.
- 4** CAs are close to farmers, and can reach farmers that may not travel to an agrodealer to purchase inputs.
- 5** The model is a good return on investment. Investing in CAs improves a company's distribution strategy and reach, meaning input providers can sell more inputs and improve their sales.

INVESTMENTS IN THE BUSINESS INCLUDE:

- Time and money to train staff, especially the distribution team
- Time to analyse the current business model and how it can be adjusted to adopt the CA model
- Time to identify, select and engage CAs
- Time and money to train CAs
- Advance inputs on credit for CAs so they can advance to farmers. Note, this can be done on a gradual basis to build the trust with agents.

THE BENEFITS OF ADOPTING THE CA MODEL FOR FARMERS



FARMERS

OFFTAKERS,
BUYERS, INPUT
PROVIDERS



COMMERCIAL
AGENTS



There are many benefits of the CA model for farmers.

BENEFITS FOR FARMERS:

1 This model improves relationships between CAs and farmers. This means farmers have a CA who is dedicated to them and provides them with products and services that improve their yields and quality of produce leading to increases in income.

2 CAs service lower numbers of farmers since they make more money from a variety of services to farmers. This helps to build trust between farmers and their commercial agents.

3 Farmers can rely on the CA to show up at the right time during the season to provide inputs, services and offtake.

4 Farmers have better access to extension and post-harvest information. They know what volumes and quality the CA will buy (based on the CAs relationship with the buyers), and receive specific information on planting, and harvesting to optimise their productivity and sales.

5 Links to markets (through CAs to offtakers or exporters), means that farmers have an assured market upon harvesting, and farmers know the CA will buy all of the produce they are willing to sell.

6 Farmers have a non-exploitative relationship with the CA so they get a better price for their produce than with other traders who have not formed a dedicated relationship with them. For instance farmers trust the weighing scales of CAs versus other agents.

THE BENEFITS OF ADOPTING THE CA MODEL FOR COMMERCIAL AGENTS



Increased Revenue from
commision on a variety of services
or products



Increased
Volumes



Increased sales
of services or
products

COMMERCIAL AGENTS

BUYERS



FARMERS



There are benefits of adopting the CA model for traders.

BENEFITS FOR CAS:

1 The model improves relationships between CAs and farmers. This improved relationship increases the trust of the CAs by the farmers. This leads to more volumes aggregated because farmers are:

- Producing better yields and improved quality with the CAs help, so farmers have more to sell at better quality prices.
- Willing to sell more to CAs due to their trusted relationship.
- Advance financing by the CAs helps farmers sell to their Cas rather than to itinerant traders that offer low prices with cash.

2 This makes the model cost-effective for CAs because agents aggregate larger volumes from fewer farmers.

3 In the model, CAs have diversified revenue streams because they are also selling additional services and products to farmers, aside from off-taking or selling of inputs. This means CAs can work more months of the year and have better income security and earning potential.

STEP
02

HOW TO INCORPORATE THE CA MODEL INTO BUSINESS OPERATIONS

THIS SECTION OUTLINES HOW A COMPANY CAN DETERMINE HOW TO INCORPORATE THE CA MODEL INTO THEIR OPERATIONS IN A WAY THAT WORKS UNIQUELY FOR THEM AND THEIR NEEDS/WANTS

A CA MODEL THAT WORKS FOR YOUR BUSINESS

CA MODEL SUCCESS FACTORS TO CONSIDER



CAREFUL SELECTION OF CAS

OFFERING PRE-FINANCING OR LINKING CAS TO FINANCIAL INSTITUTIONS THAT OFFER FINANCING

PRIORITISING CUSTOMER CARE FOR CAS

HAVING GOOD COMMUNICATION WITH CAS

CAS PROVIDING MORE SERVICES TO FARMERS

USING CHAMPION CAS TO HELP IDENTIFY NEW CAS

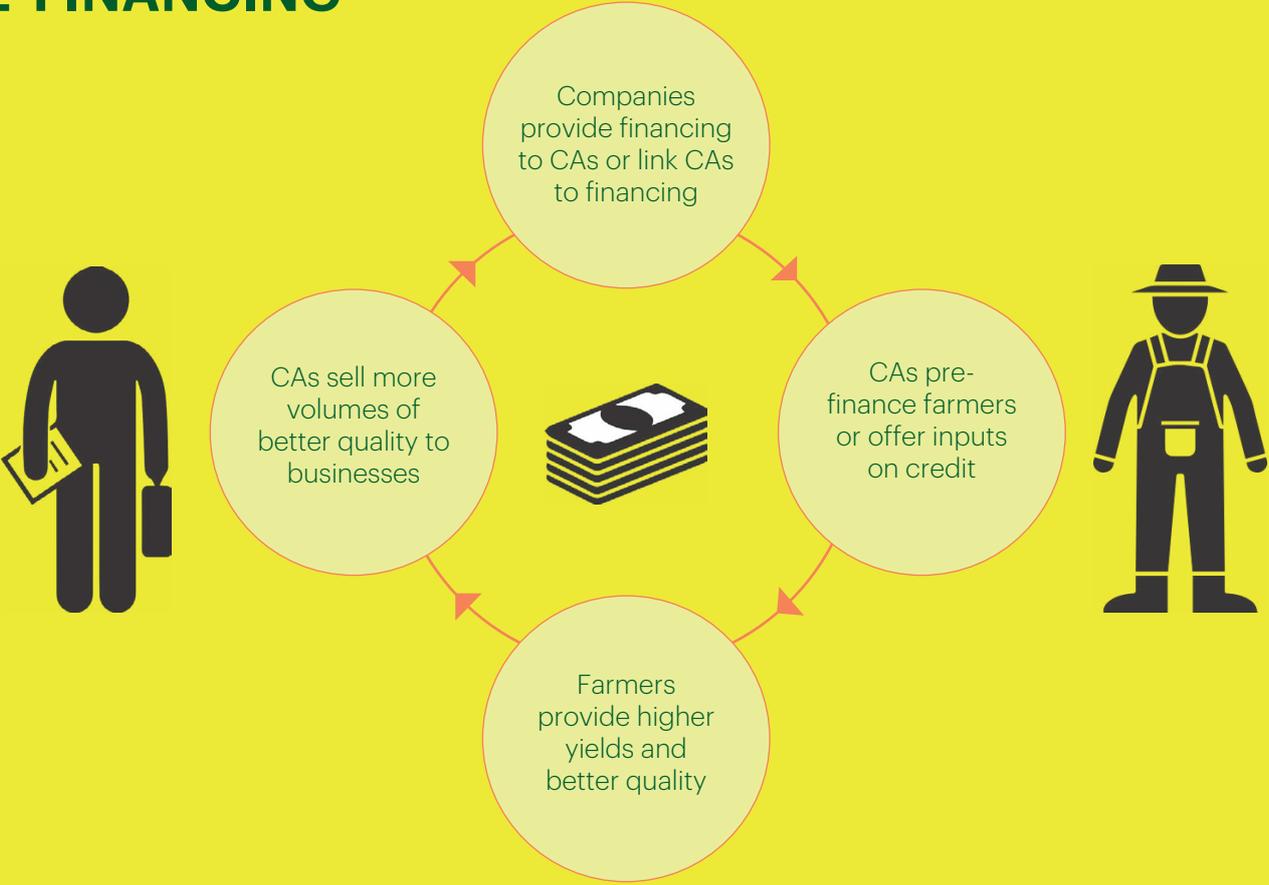
In order to incorporate a Commercial Agent model into a business' operations, the model needs to work for a company's unique needs and goals.

- 1** It is important to understand the current model of sales or offtake and its challenges.
- 2** Understand the growth objectives of the company including their growth goals for the short, medium and long-term.
- 3** Understand the people and resources a company has available to roll out this model.
- 4** Build a CA model that meets the company's needs, suits their goals and fits with the people and resources they have available.
 - Decide on the number of CAs to recruit in order to meet the business's goals
 - Determine the types of products or services the CAs will begin to offer, and what they will offer in the future.
 - How the company will adapt its procurement or distribution processes to incorporate commercial agents.

As you are deciding on these key operational elements, keep the following Factors for Success that other businesses have used to build a successful, profitable CA model into their operations:

- 1** Carefully select CAs and identify Champion CAs who can recruit other potential successful CAs.
- 2** Offer pre-financing to CAs so they have a larger working capital for buying from farmers, or offer inputs on credit. If pre-financing is not possible, then consider linking CAs to financial institutions so they can secure their own financing. We know that cash is a critical success factor in agents being able to buy from or sell to farmers,
- 3** Prioritise company policies that create good relationships with CAs and strengthen their loyalty to the company. For instance, creating an incentive system for higher sales or procurement volumes.
- 4** Devise systems for ensuring good communication between CAs and the company. Companies need to provide good customer care of their agents.
- 5** Develop a plan so that CAs can provide additional products and services to farmers.
- 6** Consider digitising your operations to ease record keeping, communication and payment.

CONSIDER OFFERING PRE-FINANCING



One of the most important factors for success for companies using the CA model is financing for CAs (either advance financing for the purchase of products, or input sales on credit).

Finance is a critical way for the company to capture volumes or increase sales.

- The ability to pay cash/early cash to farmers is a good strategy for CAs to compete with other traders. If a CA has no cash, then they can't compete with other traders and this can affect the volumes a company can aggregate.
- Offering inputs on credit through trusted CAs is also an important strategy to ensure farmers get the inputs they need to increase productivity.

Although these are optional practices and not a requirement for adopting the CA model, there is a proven track record among companies using the CA model that it makes their model even more successful, so companies should strongly consider it.

For companies that cannot offer pre-financing, they can consider linking CAs to financial institutions so they can secure their own financing, or use other models such as layaway plans for inputs (where farmers deposit money over time pre seed selling).

Tips for Implementing pre-financing for CAs

1

Choose trusted CAs for financing.

2

Start financing in small amounts. If the CAs repay well, then increase the amount over time. This minimises risk for the company.

3

Provide financing in smaller amounts so CAs deliver the first consignment before receiving financing to buy another consignment.

4

Give CAs crop-specific targets based on the amount of financing they are given.

5

Provide constant communication and monitoring/daily check-ins with CAs to see how much produce they have bought, or inputs they have sold, to reduce the chances of them defaulting.

6

Digitise the procurement or sales process to help ensure that CAs are using the financing for the company.

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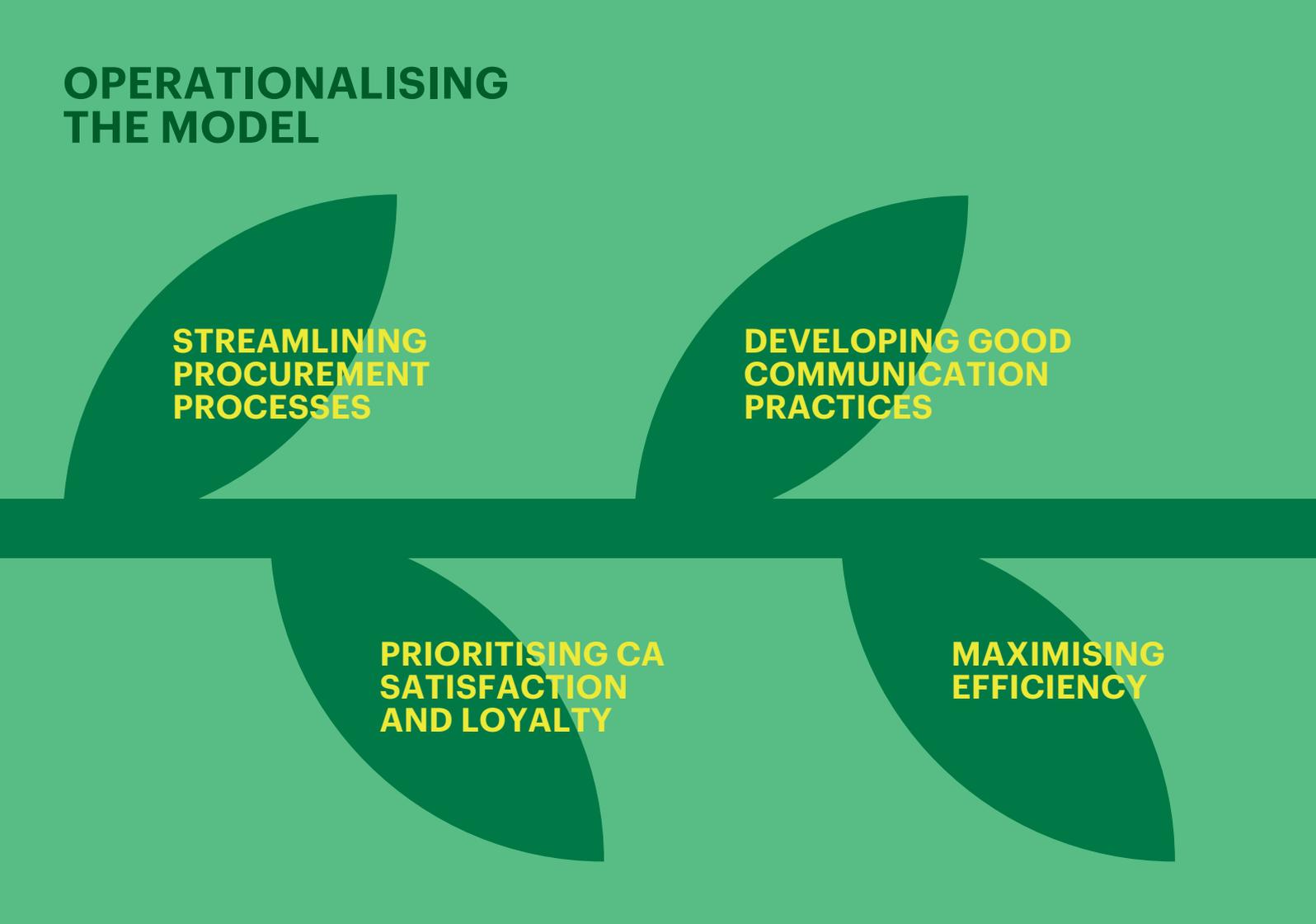
Upon delivery of produce, have the CA sign payment vouchers. Do not pay in cash, but pay with a bank transfer or mobile money to ensure there is a paper trail.

STEP
03

ADOPTING THE CA MODEL

**THIS NEXT SECTION DESCRIBES HOW THE COMPANY CAN OPERATIONALISE
THE CA MODEL WITHIN THEIR BUSINESS OPERATIONS.**

OPERATIONALISING THE MODEL



**STREAMLINING
PROCUREMENT
PROCESSES**

**DEVELOPING GOOD
COMMUNICATION
PRACTICES**

**PRIORITISING CA
SATISFACTION
AND LOYALTY**

**MAXIMISING
EFFICIENCY**

OPERATIONALISING THE MODEL

After determining the unique CA model the company will adopt in order to meet their needs, goals and resources, a plan needs to be made for operationalising the model.

The company should clearly understand the better they streamline processes with CAs, the more dedicated CAs will be to the company. The more dedicated CAs are, the more and better the produce will be or the more sales the company will make.

Some issues to determine and put into effect when operationalising the model include:

1 What procurement or distribution changes should the company make?

- Will the business offer pre-financing to CAs? If so, how?
- How will the payment system work?
- How will the delivery/transport of produce or products happen?

2 How will the company prioritise satisfaction and loyalty among CAs?

- Will the business offer rewards or incentives to CAs?
- Will CAs have special treatment compared to other traders like fast-tracking during delivery?
- How will procurement and payment policies create satisfaction amongst CAs?

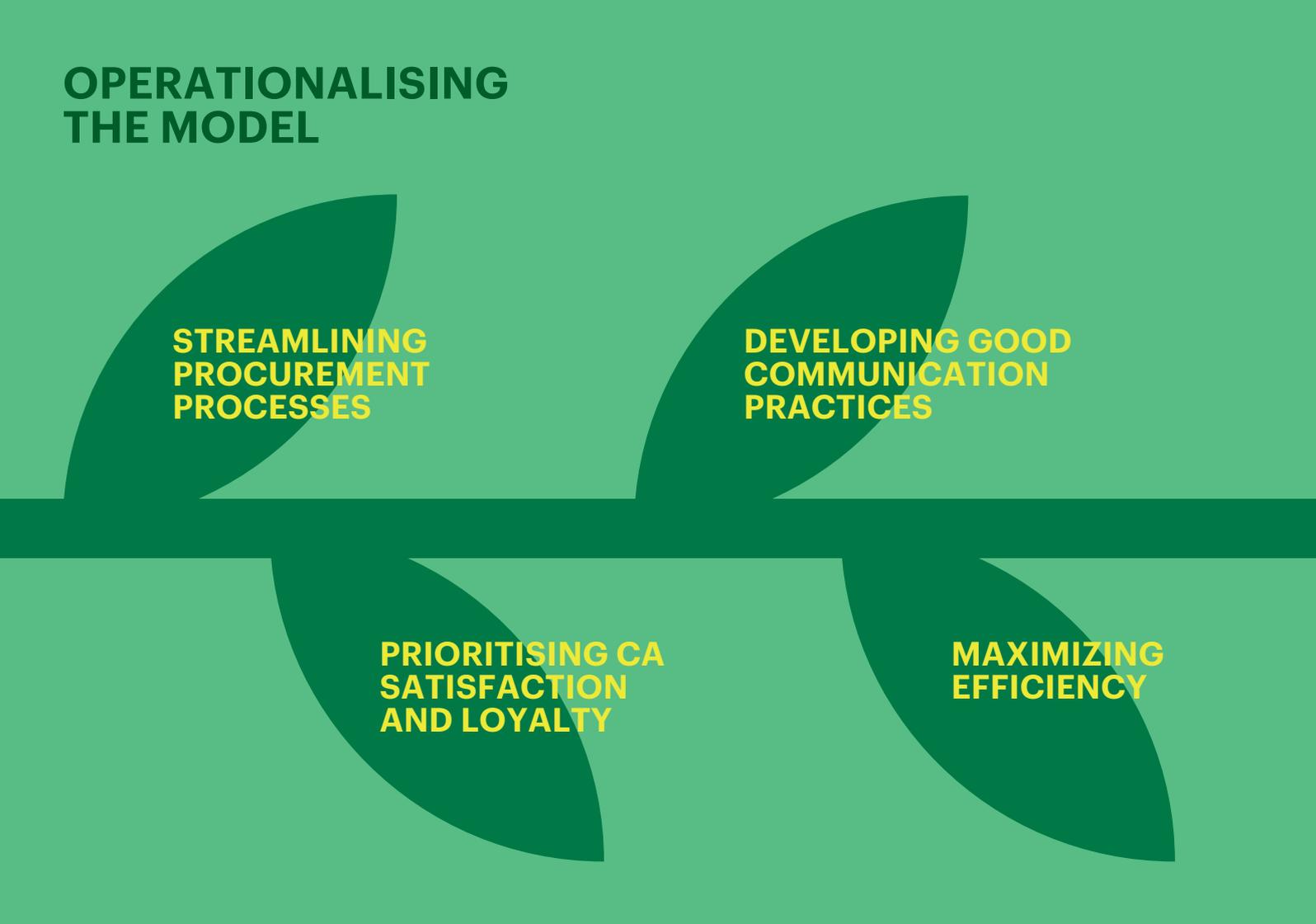
3 How will the company set up good communication channels?

- How will the CAs be trained?
- How and when will CAs be called for pre-season meetings?
- How often will the CAs be contacted throughout the season?
- Who from the company will communicate with CAs?
- How can the company help CAs have good communication with farmers for consistency in information sharing and for improving loyalty?

4 What can the company do to be as efficient as possible?

- Do we have resources within the company already that can be leveraged to maximise efficiency?
- Can the company digitise any of its processes to create efficiencies?

OPERATIONALISING THE MODEL



**STREAMLINING
PROCUREMENT
PROCESSES**

**DEVELOPING GOOD
COMMUNICATION
PRACTICES**

**PRIORITISING CA
SATISFACTION
AND LOYALTY**

**MAXIMIZING
EFFICIENCY**

GETTING THE WHOLE TEAM ON BOARD

Once the unique CA model has been co-created and the processes for operationalising the model have been determined, the whole team at the company needs to be informed about changes and get on board to effect change.

A change management plan should be developed to communicate with the wider team about how their work will shift under this model. A change management plan is integral to the success of the model and for building loyalty between the business and the CAs.

This change management plan should include:

- 1** Training among business staff, especially the procurement and extension staff, to ensure that they fully understand how the model works and what is required of them under this new system.
- 2** An understanding among all staff that there is now a focus on customer care of CAs and a shift towards investing time and money into CAs as opposed to the traditional light-touch model of working with traders. CAs should be treated more like employees and relationships must be built with them which includes direct and frequent communication.

STEP
04

SELECTING AND ONBOARDING CAS

THIS NEXT SECTION DESCRIBES HOW A COMPANY SELECTS AND ONBOARDS COMMERCIAL AGENTS.

SELECTING CAS

RECOMMENDED CA SELECTION CRITERIA



ACCESS TO STORAGE

GOOD REPUTATION AND WORKING
RELATIONSHIP WITH FARMERS AND
BUSINESSES

ENTREPRENEURIAL MINDSET

WORKING CAPITAL

GOOD
COMMUNICATION
SKILLS

TRANSPORT MEANS

Now that the company has decided how the CA model will work for them, it is time to start recruiting traders to become CAs. Each company will have unique selection criteria for CAs, but the following should be considered when choosing traders for CAs:

1 Good Reputation and Working Relationship with Farmers:

- A trader should already be working with many farmers and have a good track record in communities.
- They should be trustworthy and not have a history of cheating farmers.
- They should have a history of paying farmers on time.

2 Entrepreneurial Mindset:

- A trader should be motivated to do more than just offtaking. They should be able to see the win-win of the model and how it can help them make more money.
- They could also be early adopters of new services and willing to try new things.

3 Working Capital:

- A trader should have enough capital to aggregate enough produce or able to sell inputs (especially if the company is not providing pre-financing).

4 Transport Means:

- A trader should either have their own transportation or the ability to secure transport when necessary (especially if the company does not provide transportation).

5 Access to Storage:

- A trader should have access to storage so he/she can aggregate large volumes of produce, or store inputs safely before delivery.

6 Good Communication Skills:

- A trader should be able to accurately transfer information from the company to farmers.
- He/she should also be able to communicate well with business staff.
- A minimum level of education is likely needed to ensure he/she is successful with communication.

SELECTING CAS

RECOMMENDED CA SELECTION CRITERIA



ACCESS TO STORAGE

GOOD REPUTATION AND WORKING
RELATIONSHIP WITH FARMERS AND
BUSINESSES

ENTREPRENEURIAL MINDSET

WORKING CAPITAL

GOOD
COMMUNICATION
SKILLS

TRANSPORT MEANS

Other Things to Consider When Choosing CAs:

1 Youth:

- The company could consider working with youth CAs because youth may see new opportunities faster than older people and can be open to new ways of doing business.
- Youth are often hungrier to earn money and will be self-motivated. They are often more mobile and willing to move into new areas.
- Youth are more likely to be tech-savvy and willing to use digital methods of working. This also helps them be more innovative in terms of the way they communicate or reach farmers or customers.

2 Women:

- The company could consider working with women CAs because women tend to be more loyal to a company and won't side sell grains as often. They are often more loyal in paying back pre-financing.
- Women CAs are able to reach more women farmers.
- Women tend to have better attention to detail.

After developing a set of criteria for selecting potential CAs:

1 Refresh on the number of CAs the business plans to recruit.

2 Look at the company's existing network of traders and analyse if they fit the criteria and would be good CAs. Pay special attention to who is already bringing in large volumes.

3 Ask "Champion CAs" to refer other traders who would be a good fit.

4 If the business is moving into a new area where it does not have any relationships with traders, hold a meeting with extension workers to receive references for potential CAs.

Based on the CA selection criteria, choose potential CAs to recruit.

ONBOARDING CAS



After selecting CAs, they must be recruited and on-boarded. Invite selected CAs to come to the company and discuss what the company wants/expects.

- Use this as an opportunity to pitch the CA model to the traders. Explain what the business can offer to the traders to entice them to join as CAs.

If selected CAs are interested in becoming CAs, then they can sign individual agreements that have blanket terms including:

- 1** The price paid for produce or price for the sale of inputs as well as commission terms
- 2** The volumes and quality of products the company expects to buy
- 3** Details of payment terms
- 4** Details of delivery
- 5** Amount the CA will be pre-financed (if relevant)

STEP
05

TRAINING CAS

THIS DETAILS HOW THE COMPANY TRAINS THE SELECTED AND ONBOARDED COMMERCIAL AGENTS ON A VARIETY OF TOPICS IMPORTANT TO SUCCESSFUL OPERATIONS

FREQUENCY OF CA TRAINING

TRAINING SHOULD OCCUR AFTER ON-BOARDING CAS



TRAINING SHOULD HAPPEN AT LEAST ONCE FOR EACH CA, and can be held again at the beginning of a new season, especially if there are new products on the market that CAs need to learn about

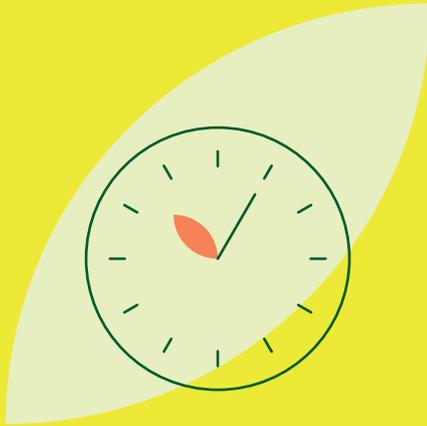


The business should host a CA training after onboarding new CAs. The business can also host meetings at the beginning of every season, especially if there are new products or services the business has added and wants to train CAs about. Businesses can gather all CAs at one central business office or a community hall to do this.

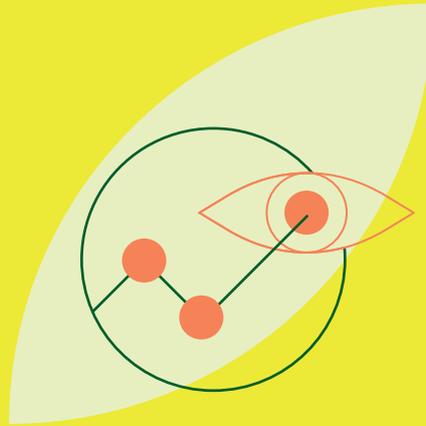
This training ensures CAs are on the same page about key information such as the company's volume and quality standards, sales of products and product specifications, sales of services, as well as expectations of the company. Other trainings can cover basic sales or procurement practices such as how to build a customer base.

CA TRAINING: BUSINESS HISTORY AND VALUES

ABOUT OUR COMPANY



OUR HISTORY



OUR VISION



OUR VALUES

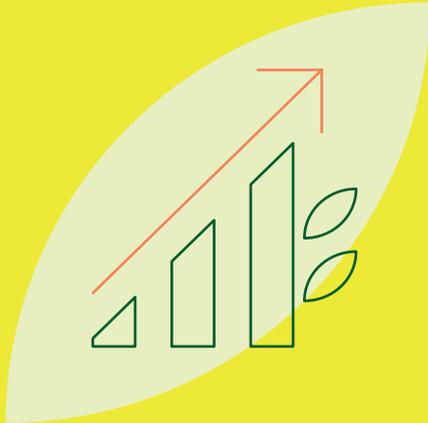
The company's staff should start the CA training by introducing basic information about the company such as:

- 1** The company name
- 2** The history of the company such as when it was created and who started it
- 3** The type of business it is
- 4** Where it operates
- 5** The company's values
- 6** The company's vision
- 7** How many people work there
- 8** The approximate volumes it deals with

There should be an emphasis on how CAs should adhere to company rules and policies. For example, the company may have important ethical rules such as CAs should not involve children in working at their store, should not marry young girls and should not take inappropriate pictures.

Note: This topic may only need to be trained once, at the beginning of the CAs' relationship with the business.

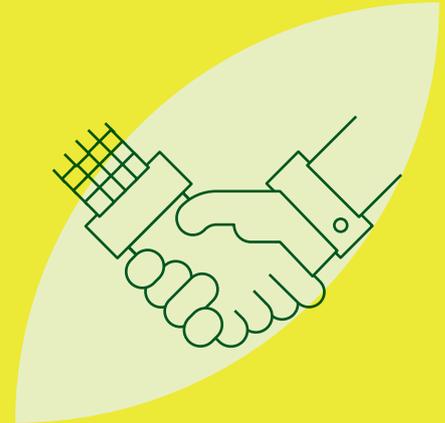
CA TRAINING: BUSINESS HISTORY AND VALUES



What volumes or sales
does the company expect?



What quality does the
company expect?



What products and
services does the
company sell?

Each offtaking company requires different volumes and quality standards. Go over what the company expects so that CAs are aware and can deliver what the business needs. For input providers, detailed information on inputs needs to be passed onto commercial agents so they have the most up to date information on planting, weeding and harvesting targeted crops.

The field extension staff training CAs should ensure to discuss the following for offtaking businesses:

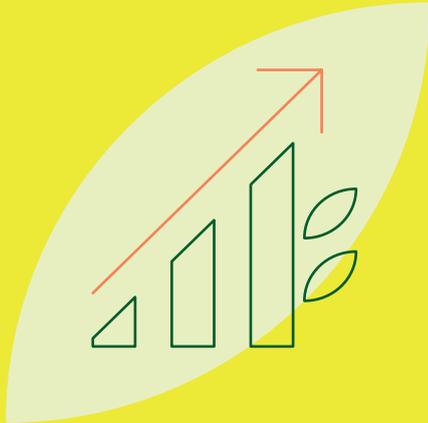
- 1** What crops and varieties will the business buy?
- 2** How much (kgs) are CAs expected to aggregate?
- 3** During what specific time period does the business expect to buy from CAs?
- 4** What quality does the business expect?
- 5** How much is the company willing to pay (according to different quality grades)?

Each mechanisation company offers different services and products. Go over what the business expects CAs to sell on their behalf so that the CA can be a good salesperson.

The training of CAs should ensure to discuss the following for mechanisation businesses:

- 1** What services should CAs be selling to farmers?
- 2** How many farmers should CAs reach for these services? During what period of time?
- 3** What are the different prices of different services?
- 4** What spare parts/equipment should CAs be selling to farmers?
- 5** How many farmers should CAs reach for these spare parts? During what period of time?
- 6** What are the different prices of different spare parts?
- 7** How does each spare part/equipment work? How should the CAs train farmers to use them?

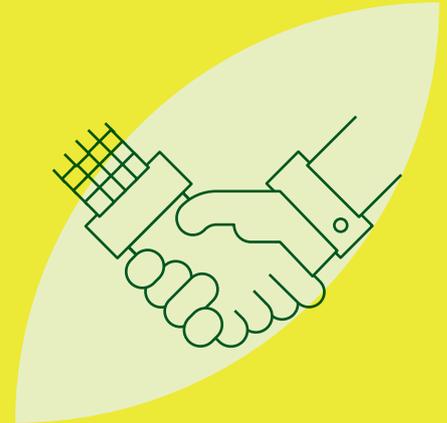
CA TRAINING: BUSINESS HISTORY AND VALUES



What volumes or sales
does the company expect?



What quality does the
company expect?



What products and
services does the
company sell?

Input providers offer different seeds, fertilisers or other inputs, as well as harvesting equipment. CAs should be clear on the specifics of each product for sale so they can pass this information to the farmers.

Staff should train CAs on the following:

- 1** What inputs is the input provider wanting the CAs to sell?
- 2** What are the expectations of sales targets of CAs to farmers?
- 3** What are the specificities of each product, in terms of when to plant, watering, weeding, or how to use irrigation or post-harvest equipment.
- 4** What commission will CAs receive for the sale of inputs
- 5** What are the terms of payment for CAs

Note: Companies can provide refresher trainings at the beginning of each season to update CAs on the volumes and quality standards or to update them on the products they offer (especially for mechanisation or input companies).

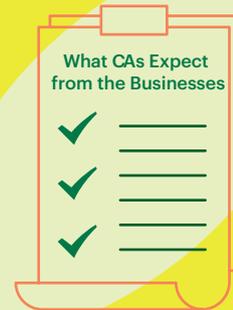
CA TRAINING: GOOD RELATIONSHIPS WITH THE BUSINESS AND TERMS OF TRADE



What expectations does the business have for CAs?



What are the terms of trade?



What expectations do you, as CAs, have for us as the business?

The field extension staff who are training CAs should outline the expectations that the company has for CAs.

Example expectations may include:

- 1 The CA should deliver the volume and quality of products or the sales of inputs that the business expects.
- 2 The CA should be respectful of all company staff.
- 3 The CA should conduct their business in a timely manner.
- 4 The CA should create strong, honest relationships with

farmers in order to secure more sales or procurement of the company and make more money for themselves.

- 5 The CA must get express permission from the company before passing information on to farmers.
- 6 The CA must follow all rules the company sets (i.e. no using child labour, etc.).

Also outline the terms of trade including:

- 1 The prices the business will pay for different products and qualities, or the cost of inputs.
- 2 How the company will pay CAs (cash, Mobile Money, bank transfer)
- 3 When the company will pay CAs (on delivery, proof of sales)

- 4 Whether the company will offer pre-financing for the CA and, if so, how this will be done including how much will be provided and when
- 5 What is cause for termination of the relationship between the company and the CA
- 6 Additional Dos and Don'ts for CAs

CAs can also share what expectations they have for the company. Example expectations may include:

- 1 The company should clearly explain the volumes and quality or the targeted sales of inputs they expect.
- 2 Company staff should communicate regularly with CAs.
- 3 The company staff should be respectful of the CAs.

- 4 The company should pay the CA in a timely manner.
- 5 The company should give special attention or special privileges to CAs (more than for regular traders).

CA TRAINING: ADDITIONAL SERVICES CAS CAN OFFER

Commercial Agents can offer additional services to farmers other than offtake, storage and transport. This helps farmers to increase their yields and improve quality, and also gives CAs additional revenue streams.



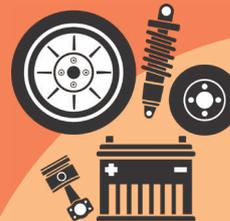
Offering extension services to improve agricultural practices



Offering post-harvest handling services



Selling other agricultural inputs



Linking farmers to companies with additional products and services



Arranging land tillage

The field extension staff training CAs should introduce CAs to the different services that they can offer to farmers.

These services may include:

- 1 Offering extension services such as training farmers on Good Agricultural Practices and Post-Harvest Handling practices for higher yields and better quality
 - 2 Selling inputs like animal feed, apiculture inputs, etc.
 - 3 Aggregating additional crops that are outside of the company's mandate, such as honey.
 - 4 Inspecting farmers' land to see if it's ready for tillage and how much they should plough, as well as aggregating land for mechanisation providers
 - 5 Linking farmers to companies selling spare parts for farm equipment
 - 6 Linking farmers to companies who service and repair farm equipment
 - 7 Selling irrigation kits or post harvest equipment
 - 8 Linking farmers to financial institutions
 - 9 Providing threshing or de-husking practices for farmers
-

Discuss the benefits of offering these additional services. For example:

- 1 The CA can make additional income from these services.
- 2 The CA can work more months of the year, not just during offtaking seasons. This helps improve their income stability since they can earn a steadier income throughout the year.
- 3 Offering these services improves the yield volume and quality that farmers can achieve. This increases the amount that CAs can aggregate and also helps them meet company's quality expectations. This increases income for CAs.

CA TRAINING: GOOD CUSTOMER RELATIONSHIPS



Be a good
communicator



Be timely



Be available



Offer additional
inputs and services
for sale



Offer competitive
prices – don't
exploit farmers!



Be honest and build
trust



The field extension staff who are training CAs should review the importance of building a loyal customer base. They should mention that loyalty helps in the following:

- 1** Increase the volumes CAs aggregate and the kgs of inputs they sell. If farmers are loyal to you, you can aggregate or sell more.
- 2** Increase the quality CAs can aggregate. If farmers are loyal to you, they will strive to deliver the quality that you and the company expects.

- 3** Sell more services to farmers.

This can increase the CA's profit and income, as the more services you sell, and the more volumes and quality a CA aggregates, the more money he/she makes. It will also benefit the company and ensure the CA can do business with the company season after season.

The company staff can provide tips to CAs for building a loyal customer base. Examples may include:

- 1** CAs should be timely when dealing with farmers. Show up when you say you are going to show up and at the appropriate time to offtake.
- 2** CAs should be available to help farmers and offer additional inputs and services. Come at the right times in the season to offer inputs and additional services.
- 3** Be honest. Offer competitive prices that benefit both you and the farmer. Don't exploit them! If you don't exploit farmers, you will have a business partner for life. If you do, they will find someone else to deal with.

- 4** Be trustworthy. Use weighing scales that are honest.
- 5** Be a good communicator. Be up front with farmers from the beginning and tell them the volumes, quantity and prices you expect from them. This will ensure offtaking goes smoothly. Be honest about what improved seeds and other inputs you will provide for the farmers. Being honest will ensure that farmers return back to you season after season and will continue to sell their harvest.

If the company is planning to support CAs to advertise their services through radio talk shows, spot messages, DJ mentions, etc., explain this to CAs so they can manage their expectations.

CA TRAINING: OTHER IMPORTANT TRAINING TOPICS



Good Record
Keeping



Communication
Techniques and Conflict
Resolution

Other topics to train CAs about may include:

- 1** Record keeping for CAs
- 2** Managing farmer records
- 3** Conflict resolution with farmers
- 4** Negotiation

STEP
06

PROVIDING ONGOING SUPPORT TO CAS

THIS NEXT SECTION EXPLAINS HOW SUPPORT TO CAS IS CONTINUOUS - THE COMPANY NEEDS TO PROVIDE ONGOING SUPPORT TO COMMERCIAL AGENTS TO OPTIMISE THEIR USE FOR THEIR BUSINESS OPERATIONS.

HOW COMPANIES CAN SUPPORT CAS



Frequent,
One-on-One
Contact



Value CAs



Link the CA to Other
Businesses and
Service



Offer incentives on
volumes or sales



Provide ongoing
training



Offer advance
financing (or linkages
to financing)

The company should ensure that CAs have a contact person to come to with any questions or problems. This person can provide one-on-one assistance to the CA, usually through phone calls. This person should also be available when CAs come to the business to deliver so that any issues can be resolved quickly and easily.

The contact people should check in regularly with CAs via phone calls to monitor:

- 1** If the CA is facing any issues
- 2** What assistance or advice the CA may need
- 3** If the CA clearly knows the price that the business is willing to pay for different produce, or the specifics of inputs they are selling to farmers

Keeping in regular contact with CAs helps to ensure that issues can be addressed immediately. This continuous contact will pay off in terms of helping increase the sales volumes for input providers and improving the volumes and quality that CAs deliver to buyers.

In addition, the company can link the CA to other businesses. Explain what linkages the business will help the CA to make such as with:

- 1** Banks and micro-finance institutions, to help the CA secure financing for their CA business
- 2** Service providers such as other input sellers and mechanisation services so the CA can sell additional inputs and services to farmers.

STEP
07

REVIEWING AND IMPROVING CA MODEL OPERATIONS

THE COMPANY REVIEWS AND CONSTANTLY WORKS TO IMPROVE
OPERATIONS USING THE CA MODEL.

END-OF-SEASON REVIEW MEETING WITH CAS

**WHAT WENT WELL
THIS SEASON?**

**HOW CAN CAS
IMPROVE THEIR
OPERATIONS NEXT
SEASON?**

**WHAT CAN THE BUSINESS
DO TO BETTER SUPPORT
CAS?**

**WHAT DIDN'T
GO WELL?**

At the end of the season, the company should hold an end-of-season meeting with CAs. During this meeting they discuss:

1 What went well this season?

2 What didn't go well?

3 How can CAs improve their operations next season?

4 What can the company do to better support CAs?

The business should also review each CA's performance and determine whether to continue working together or not.

Possible reasons to discontinue working with a CA may include:

1 They do not deliver or don't deliver enough volumes after receiving an advance.

2 They are not meeting minimum standards on quality.

3 They are not meeting sales targets.

4 They are not timely in delivering to the business or to farmers.

5 They have poor relations with farmers or the company staff.

6 They are untrustworthy and default on company pre-financing.

Note: Companies may decided to hold meetings at different times during the season, especially for mechanisation or input dealers. End-of-season meetings are typically held for aggregating and processing companies.

COMPANY REVIEW OF THE CA MODEL

END OF SEASON/YEAR REVIEW

**WHAT SUCCESSES
HAVE WE SEEN WITH
THE CA MODEL?**

**WHAT CHALLENGES
DO WE HAVE AND
WHAT CAN WE DO TO
ADDRESS THEM?**

**WHAT ADDITIONAL
CHANGES SHOULD WE
MAKE IN OUR MODEL
TO MAKE IT MORE
EFFECTIVE?**

**HOW CAN WE
CONTINUE TO
ENSURE CAS
ARE LOYAL TO US?**

Throughout the season, the company should review how the buying or selling is occurring. Issues to discuss include:

1 What successes are we seeing related to:

- Supply and quality of produce
- Sales
- Income/revenue/profitability
- Dealing with CAs
- Our processes and policies

2 What challenges do we have and what can we do to address them?

3 What additional changes should we make in our model to make it more effective?

- Additional training/resources needed for CAs?
- Start/increase pre-financing for CAs?
- Replace CAs who are not performing?
- Add more CAs to our model? Add more youth/women to our CAs?

4 How can we continue to ensure CAs are loyal to us?

- Offer the best price
- Add additional services that CAs can offer farmers
- Improve the relationship between the CA and the company
- Offer pre-financing
- Streamline processes for delivery or sales
- Create incentive systems

At the end of each season, the company should do a final review of the season and plan for future seasons. They should review the data and strategise how to change and adapt so that they are even more effective and profitable for the next season.

IMSAR

Improving Market Systems for Agriculture in Rwanda

Improving Market Systems for Agriculture in Rwanda (IMSAR) was a project implemented by Palladium in conjunction with Swisscontact, and funded by UKAID. IMSAR piloted the Commercial Agent (CA) model with agribusinesses in Rwanda from 2019 until 2022.

However this Blueprint was mostly based on key learnings from the CA Model implemented by NU-TEC MD, another UKAID funded project implemented by Palladium and Swisscontact. NU-TEC MD rolled out the CA Model to 28 agribusinesses in Northern Uganda from 2016 – 2022.

