Good Practice Note

Developing the Offer

The Springfield Centre

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When applying a Market Systems Development lens to aid, local private sector players or public organisations are most likely to be the drivers of sustainable and inclusive system wide change because they have theoretically the incentives for change, are closer to the market information that drives trends and innovation, and have the resources to reach target groups.[1]

Therefore, systemic change – leaving behind a system that works better for segments of the society that are otherwise neglected – requires genuine partnerships with private sector and public organisation that change how business as usual is done.

What is an 'offer'?

In short, your programme offer[2] is a set of capabilities and resources that you bring to the table in exchange for changed behaviours and practices of system players in the long run. In that sense, the offer represents the essence of a facilitating organisation – what it is and what it does in relation to these partners.

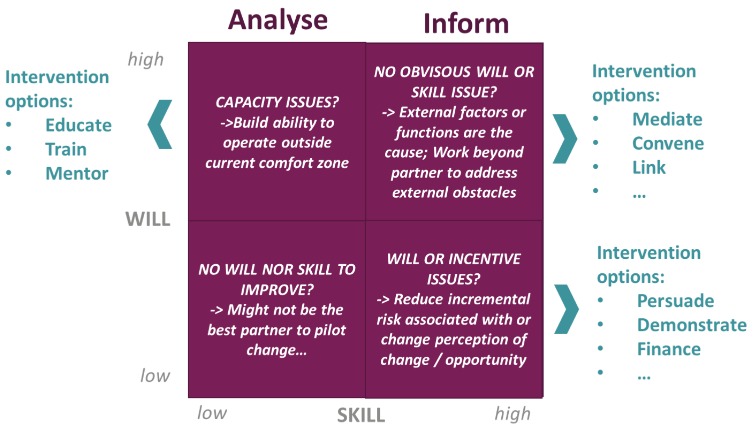
The offer is the first step toward initiating practice and behaviour change among players and will prove whether an inclusive business case is viable so that the programme can bring this change to scale.

Although central to how businesses – and business-like organisations – must behave, for many agencies that are more accustomed to doing things themselves rather than with others, developing their offer is a discipline and process that does not emerge easily.

How does it work?

To rally system players behind your idea and goals, teams need to set out a clear vision with an initial 'offer' as a basis for negotiations. Instead of 'gathering key industry players into a *'big tent' to develop a grand vision for the ecosystem'*, the vision with its objectives, assumptions and models is developed iteratively and over time. This process follows three main steps:

1. **Draft vision and strategy:** the team builds an initial strategy on the back of their evidence gathered during intense in-depth interactions with key players. Those strategies must be rooted in rough understanding of the general capacity and incentive gaps among players as this will be the entry point for developing your offer.



2. **Testing and partner screening:**
The team then engages in further discussions with players to test intervention objectives, assumptions and models but gain further insights into their will and skills to become credible partners. Once you speak Tachelese with these players about what you set out to do, the will/skill gaps of those players become much more obvious.

[1] In more internationalised systems, particularly where value chains are heavily influenced or dominated by international players, programmes would obviously look beyond national boundaries to regional and/international key players.
[2] Offer is a term used commonly in commercial situations; its use here emphasises the need for facilitators to be 'business-like' in their activities and in their orientation to partners.

3. **Partnership building:** Whilst testing the intervention strategy with players, the team will move more and more into refining and adapting their initial ideas with potential partners. To lay the path for scale early on, it is crucial however that programmes are not mainly addressing organisation-specific capacity gaps but system-wide ones that are relevant beyond a small group of pilot partners.

The nature of the partnership building process and negotiations are different to conventional projects which enter in simpler, transactional partnerships rather than co-created, transformative collaborations.

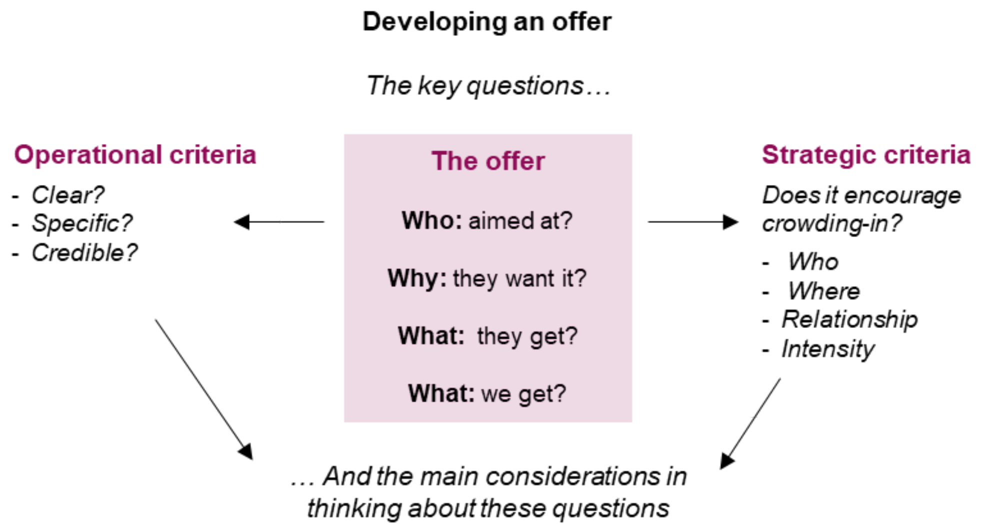
It is therefore crucial for project teams and donors to be comfortable with a certain degree of uncertainty as the 'How to' of intervention strategies and entry points might change and evolve after the diagnostic phase whilst the partnership building process further advances.

What does an 'offer' entail?

Through various engagements with potential partners, the team will test, refine and adapt its initial ideas to achieve a consent and buy-in around goals, objectives and activities of the two (or more) parties.

As the basis for negotiations, four key questions need to be addressed in developing an initial offer.

- ***Who* is our offer aimed at?** The types of individuals or organisations, their location and context.
- ***Why* should someone want our support?** The direct benefits that they could expect to derive from working with 'us' and how realistic, feasible and valuable this benefit is.
- ***What* could they expect to get?** The specific service or activity that is undertaken.
- ***What* do we expect in return?** The price charged or other form of quid pro quo.



In answering these questions, facilitators should apply both operational and strategic criteria.

Is it consistent with the main operational criteria?

Successful offers meet three main criteria:

- **Clarity of win-wins:** Both facilitators and partners should be *clear about what each will get from a relationship* and *how this will contribute to their goals*. In the absence of clarity, partners will give their own meaning to the offer, guided by their own and wider impressions of what 'development agencies commonly do' (for some, giving handouts). This can be the source of misunderstanding and eventual failure.

- **Specificity of responsibilities:** Unlike a 'simple' commercial transaction, exchanges here are likely to involve different activities and commitments as well as finance. Offers therefore need to *go beyond general descriptions to provide sufficient detail for each party to know what they will get, what they will give and why* and how this is different from other relationships.
- **Credibility of partner:** Partners need to have the necessary skills and knowledge to deliver the offer and – as important – be seen to have this capacity by potential partners so that they have confidence that they will deliver.

Is it consistent with the main strategic criteria of systemic change and scale?

Successful offers promote wider crowding-in of other market development beyond the immediate partner. In practice this means that they should:

- Be clear over whether this is a 'one-off' temporary activity or required in the market in the future.
- Be with the right market player in relation to their capacity and incentives.
- Have an appropriate relationship with a partner which also allows others to crowd-in (i.e., is not exclusive)
- Be of the right intensity and scale to develop rather than distort the market.

In practice, there are a number of more detailed 'do and don't' rules in developing a successful offer.

DO	DON'T
• Be business-like – facilitators are not profit-making businesses but do need to approach the transaction contained in the offer in a business-like manner. • Strike a balance between (a) the direct (private) perspective of a partner and (b) the wider goals of bringing in others in the market system. • Be specific about ownership questions – where innovation is supported, ensure that the ownership does not lie exclusively with the partner. • Use partner's context to shape the offer – don't seek to impose an external agenda but begin with partner's objectives and build influence and the offer from that starting point. • Strike a balance between (a) the expressed needs of the partner (what they say they need) and (b) their objective needs (what they actually need – but don't know it yet!).	• Confuse an offer with a mission statement – it has to be tighter and more focused than the loose sentiments and wording associated with mission statements. • Always insist that it is written down – this might be required (for example with a lead firm) but presenting an offer is often as much about a facilitator's orientation as about written agreements. • Focus too much on the financial element – this may often be required as a sweetener but is seldom critical to success. • Overly define initially – leave sufficient 'space' to allow tailoring for specific partner context.

Other sources and food for thought:

- A "Confessional" on Promoting Sustainable & Inclusive Value Chains - Springfield Centre
- The other 'F Word' – Kate Fogelberg