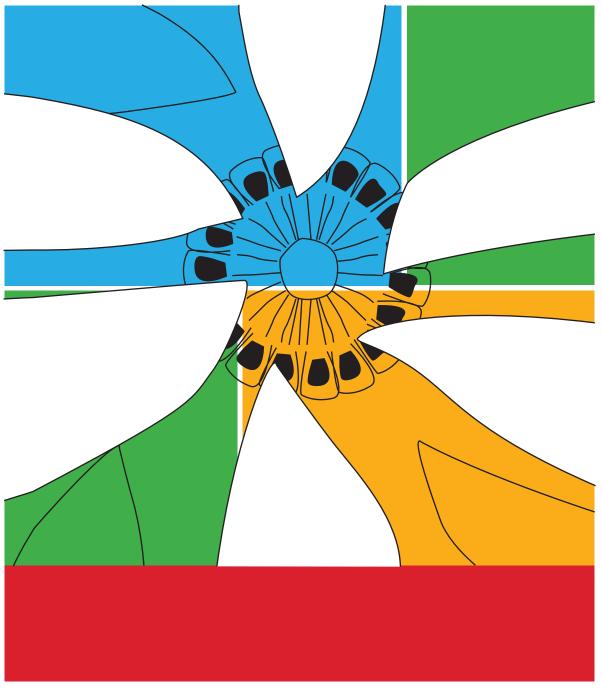
INCLUSIVE BUSINESS MODELS Toolkit

Link Methodology (abridged version)







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INCLUSIVE BUSINESS*

"Inclusive Business models include the poor on the demand side as clients and customers, and on the supply side as employees, producers and business owners at various points in the value chain." (UNDP, 2008)

"A profitable core business activity that also tangibly expands opportunities for the poor and disadvantaged in developing countries." (BIF, 2011) *That which includes or is designed to include someone or something.

A commercial relationship between a private company and a group (formal or informal) of producers whereby both the buyer and seller generate social, economic and environmental value in order to sustain long-term profitable interdependence.

"Engage the poor as employees, suppliers, distributors, or consumers and expand their economic opportunities in a wide variety of ways." (BIF, 2011)

"An economically profitable, environmentally and socially responsible entrepreneurial initiative." (WBCSD, SNV, 2011)

PERFORMANCE vs. INCLUSIVITY

Based on the LINK methodology, you should be able to identify two dimensions to enhance business performance:

- Those problems and opportunities which require interventions aimed at improving the inclusivity of a business relationship, which is the main thrust of LINK Methodology.
- Those problems and opportunities identified during the previous exercises, with solutions that result in improving the overall performance of an organisation.

Why is this distinction important?

Generally, it is assumed that inclusivity and overall performance are mutually strengthened through positive feedback loops. This means that greater inclusivity contributes to better overall performance, and better performance, in general, contributes to greater inclusivity.

This mutual strengthening is the result of a bilateral phenomena: for the actor who wishes to be included, a strong overall performance is more commercially attractive, which in turn increases the possibility of him being included in a business relationship. Conversely, for the actor who implements inclusion, strong performance results in greater ability to include.

Inclusive Business Performance vs. Inclusivity

However, in order to develop an action plan, determine respective roles, responsibilities and financing for an innovation, it is important to be aware of the distinction between the two terms. Given that inclusion is a bilateral action which involves both parties assuming responsibilities, interventions to improve inclusivity automatically involve both actors in the trading relationship. In contrast, interventions to improve the overall performance of an organisation can usually be carried out more independently of the client/provider (although they may well involve indirect partners and stakeholders such as NGOs, consultants, state actors).

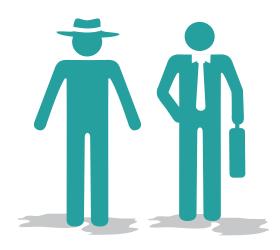
What does LINK offer?

LINK can help your business facilitate a systematic learning process between actors from a selected value chain, and discover new opportunities for innovation, based on the application of a participatory toolkit, with four main tools:

- 1 The value chain map Used to understand the macro context of markets and the businesses which link rural producers with buyers.
- 2 The business model canvas Used to understand in more detail each business which links rural producers with buyers.
- The New Business Model principles Used to determine whether each business which links rural producers with buyers is truly inclusive.
- 4 The prototype cycle Used to continuously improve the inclusivity of every business which links rural producers with buyers.

By the end of the process you will have

- understood the relationship between specific business models (buyer and seller) and the overall value chain;
- identified critical areas for improvement;
- designed, implemented, evaluated and improved on the innovation prototype for the business model you selected; and
- evaluated the effects of these changes on small-holder farmers and on the business itself.



"I want to visualize how the value chain works." "I want to zoom in on critical aspects of the business."

"I want to identify bottlenecks and opportunities."

The value chain map

Goal

To understand the concept in which the business operates.

Key questions

Who are the actors and what roles do they play?

How do products, service and information flow through the chain?

The business model canvas

Goal

To examine how a specific organisation functions, using a wideangle lens.

To define the current situation and vision for the future.

Key questions

How does your organisation work?
Does it have a viable
business model?

ROADMAP

Goal

To design and implement inclusive strategies using a cyclical learning process.

Key questions

How do you move from theory to action?

How can you incorporate innovation ideas into a work plan?

Goal

To evaluate how inclusive a trading relationship is.

Key questions

How inclusive is this trading relationship? How can you identify areas for improvement?

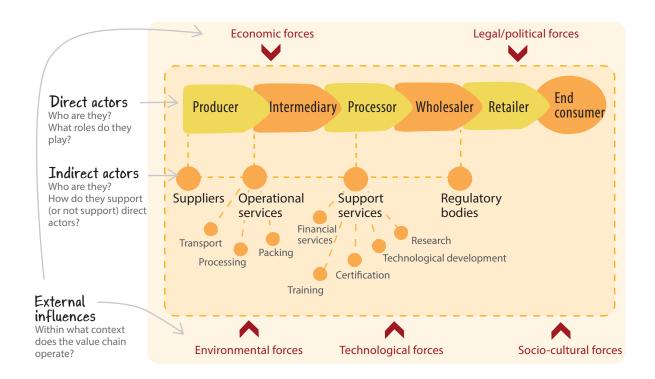
The prototype cycle

The New Business Model principles

0

"I need help to implement an inclusion strategy." "I want to evaluate
the inclusivity of a trading
relationship between small-scale
producers and their buyers."

Key tool 1 The value chain map



Goals

- Define relationships and interconnections between the value chain actors.
- Understand the flow of products, services, information and payment.
- Enhance communication between different actors.
- Identify entry points or key leverage points to improve the value chain.

Key questions

- What are the core processes in the value chain?
- How is the chain organized?
- Who are the key actors?
- How do products, payments, services and information flow through the chain?
- Who are key partners?
- What are the external influences that affect the performance of the chain?

What it can do?

- Visualise the diverse roles and connections between participating actors in the chain and identify sources of innovation and improvement.
- Provide information from a macro perspective about situation and context; provide a systemic overview and identify the context.
- Trace product and information flows.
- Support a visual- and actor-oriented learning process.
- Identify blockages, bottlenecks and disruptions in the market system.



♥ What it can't do?

- Provide a detailed review of the inner workings of participating organisations.
- Function to its full potential without the active participation of key actors.
- Generate organisation-specific innovation processes.

Phase 1

Mapping the actors and their relationships

1. The direct actors and their roles

Who are the actors involved in each link? Where are they (geographically) located?

What do they do within the chain?

What are their characteristics (e.g. gender, age, education)?

Which actors are missing?

2. The indirect actors

Who supports each link in the chain?

What support services and what operational services are necessary for the activities in the chain?

Who provides the production inputs?

What services do they provide?

What services are lacking?

Who could provide the missing services?

What motivates the indirect actors?

How is power distributed amongst the partners, and how is it being used?

What kind of relationship is there with key partners? Is it good, bad or indifferent?

3. Product flow and information flow

You can use different types of lines to illustrate the connections between actors. You also need to think about connections that are not sequential, for example, from producer to retailer.

Who does each actor sell his/her product to?

What type of information flows between the actors?

Who provides whom with information?

How do the different actors communicate? What modes of communication do they use?

4. Relationships between key actors

How would you describe the relationships between direct actors? Good, bad, or regular? Why? How would you describe the relationships between indirect actors? Good, bad, or regular? Why?

5. Product characteristics

Describe the characteristics of the product (size, colour, appearance, texture, presentation, etc.).

At the end of each phase, summarise the main conclusions reached during the work session, using the corresponding map as support. This is a useful way of ensuring that the map as it stands is indeed a faithful representation of the group's opinion, and that no information is missing. It will also help you to verify whether all participants are up to speed. Do remember the importance of ensuring that these conclusions and final discussions are documented.

Phase 2

Mapping commercial figures

Draw up a separate chain for the direct actors. This will ensure that participants do not get bogged down with the amount of information, and will help them to visualise the commercial figures. Having done this, the facilitator should lead a discussion with the group, based on the questions below. Finally, the group should write up the main results of the discussion on card and paste them on the relevant links in the chain map.

1. Prices and payments

What is the sale price at each link in the chain? At which points or seasons in the year does the price increase or fall? How do the buyers of the product pay (cash, cheque, electronic transfer etc.)? How often do the buyers pay (e.g. up front, weekly, monthly, etc.)?

2. Volume

What volume of the product (e.g. kilos, tonnes, units) is sold to each buyer? How frequently is the product sold to each buyer (daily, monthly, per harvest, etc.)? During which period(s) is the product more scarce and/or more abundant?

3. Returns

How much does it cost to produce each unit (e.g. kilo, litre etc.)? At what price is the product sold? What is the sales margin? If the product is transformed, what are the conversion ratios (e.g. 2.5 kg of fruit for 1kg of pulp)?

Phase 3

Mapping external influences

For this map, it is better to start with a newly drawn chain which includes only the basic structure (direct and indirect actors, product flow, information flow and inter-connections), rather than trying to use the maps drawn up in the previous two phases.

The facilitator should then outline the five external forces, based on the questions below. The group should decide which areas are the most relevant in the context of their specific value chain, and the key information should be noted down on cards and pasted onto the relevant part of the chain (previously prepared).

1. Economic forces

Which macroeconomic forces affect the performance of the value chain (e.g. global market conditions, exchange rates etc.)?

Which microeconomic forces affect the performance of the value chain (e.g. access to infrastructure, credit accessibility, land tenure)?

What socioeconomic forces affect the performance of the value chain (e.g. income, land tenure, housing, healthcare, quality of life, etc.)?

2. Political/legal forces

How do laws, regulations, standards or taxes influence the value chain and the selected market? How do private sector standards and business practices influence the value chain and the selected market?

How do other policies influence the value chain (pricing policies, consumer policies, etc.)?

3. Socio-cultural forces

What are the cultural, religious, demographic, educational and ethnic factors of the value chain's actors and partners?

How do values, beliefs, attitudes and lifestyle influence consumer preferences, business practices and producer organizations?

4. Environmental forces

How does climate change and climate variability influence the value chain? How does the chain relate to key environmental functions (e.g. water access, soil health) and how do these support or inhibit the development of the chain?

5. Technological forces

Is technology available for the value chain actors and their partners?

Is the use of technology desired or possible?

How do the costs and availability of technology affect the value chain?

Is technology developed and available locally for the chain or does it come from external sources?

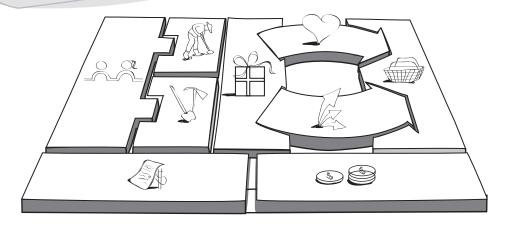
For further explanation, please refer to pages 34–35 from the full version of the LINK methodology 2.0. For case examples, please refer to pages 43–45 of the full version of the LINK methodology 2.0.

Key tool 2 The business model canvas

BUSINESS MODEL

"A business model describes the rationale of how an individual firm creates, captures and delivers value."

Alexander Osterwalder



C Goals

- Assess how a key business in the value chain functions.
- Develop a shared language to describe and assess a business model.
- Create a baseline for the development of innovations in the business model.

Key questions

- · How does my organisation or business function?
- Is the existing business model viable? What change(s) could improve the overall performance of my organisation?
- What are the strengths and weaknesses of the existing business model?
- What external influences impact positively and negatively on the business model?
- Is the buyer's business model open to the inclusion of small-scale producers as providers?
- Does the buyer's business model contain a double-facing value proposition (i.e. both towards their customers and towards their providers)?
- Does the producer organisation's current model make it attractive as a business partner for a formal buyer?

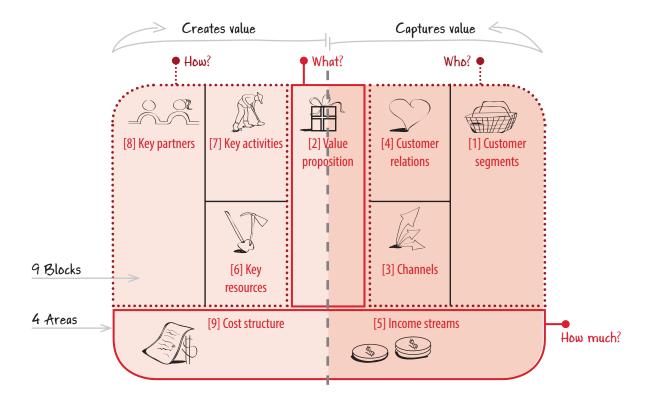
♥ What it can do?

- Facilitate a grounded dialogue between farmers and buyers in order to establish formal business relations.
- Highlight bottlenecks and (financial) imbalances in the business model.
- Identify areas for innovation or improvement.
- Present complex business issues in an easy and accessible fashion.
- Help enhance business thinking at the farm level.
- Evaluate how distinct business relationships between small-scale farmers and formal buyers are functioning.
- Provide a quick sketch of an organisations's business model in order to facilitate future analysis.
- Nourish the construction of a business plan.

♥ What it can't do?

- It can complement, but not replace, existing work on value chains, competitiveness and financial analysis.
- The business model constitutes an additional tool that can support our growing rural enterprise development toolkit. As with the other tools, it is possible to misuse this approach or apply it superficially.

The business model canvas



Key questions to be answered visually



Key partners

(producers, input suppliers, trans-Who are your key direct partners porters)?

partners (financial institutions, research centres, universities, NGOs, public sector agencies, etc.)? Who are your key indirect

Additional questions

of the resources gained from your What key resources do you gain How would you rate the quality from your partners? partners?

Key activities

associated with processing? associated with production? associated with the sale of What key activities are What key activities are What key activities are products?

financing of the business? associated with logistics What key activities are What key activities are associated with the management?

What type of product do you sell to Value proposition

What are the tangible characteristics of the product?

each customer?

What are the intangible characteris-What makes your product different? tics of the product?

What is communicated to each customer?

Is our customer relationship good, bad or

indifferent? Why?

Additional questions

Which products include additional processes that add value to the postharvest (selection, packing, washing, etc.)?

Is the value proposition complemented products is rejected by each customer? What volume or percentage of the by some other service?

Customer relations

retailers, end consumers)? processors, wholesalers, (e.g. intermediaries,

Where is each customer **Additional questions**

customer (e.g. kg, litres, What is the volume and sales frequency for each monthly etc.)?

What form of transport is used to deliver

Channels

the product to the customer?

Additional questions

When did the business relationship start?

What delivery terms are there (pick up from the farm, delivery to the customer, etc.)? Who bears the transport costs? How long does transport take? How is the product stored?

How frequently do you communicate with

Customers

What does each customer Who are your customers need?

What method of communication is used

with each customer?

Additional questions

tonnes etc; daily, weekly, (geographically)?

agreement is maintained with each customer? What type of commercial

standards)

ost structure

Social resources (relationships and networks, community, cultural

Intellectual property (branding, patents, certificates, rules and

Human resources (competences, expertise, know-how, personnel)

Physical resources (infrastructure, machines, technology, Financial resources (cash flow, credit, savings, insurance)

Natural resources (raw material, water, solar energy)

What key resources are necessary to develop and sustain the value

Key resources

public services, maintenance, supply, raw materials, certification, credit-related costs, etc.)? Which costs associated with the business model are the most important (e.g. staff, rent,

Additional questions

Which costs are fixed? Which are variable?

What percentage of your costs is covered by third parties (e.g. corporations, projects, subsidies, etc.)?

Revenue streams

What is the profit margin per customer? What is the total sale value per customer What is the total sale value per product Income from the sale of products: (e.g. monthly, annually)? category?

What payment method does each customer

How often does each customer pay? Other income:

What income other than sale of products do vou have?

The value proposition

product or service over another. To identify the value proposition the origins of the product or the processing of the product, such as and include properties such as health, or characteristics to do with or need that your product or service satisfies. In most cases, the and smell. Intangible characteristics cannot be directly perceived value proposition has a tangible component which includes all characteristics that can be perceived with the five senses, such as the size of the product, nutritional composition, colour, taste for each customer or customer segment, consider the problem The value proposition is the reason customers choose your organic agriculture or Fair Commerce.

Financial services Contracts What creates value for a buyer? Certificates and standards **Fransparency of processes** Competitive price Quality of supply Reliable quality Reliable supply

What creates value for a smallholder?

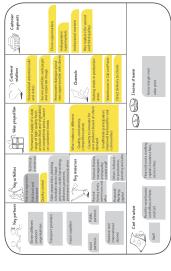
Training and technical assistance Stable and consistent demand Provision of supplies

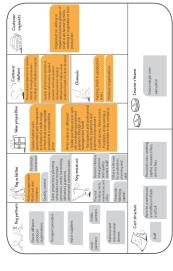
Market information

The double-facing value proposition

When buyers value their business relations with their providers (i.e., further backwards in the chain), and wish to revise these with a view to improving them, the Key Partners block ends up acting like the Customer block: buyers need to consider the needs of their providers and how they are meeting these needs.

Channels, and Customers are buyers. This results in having canvas, for which Value propodifferent, while Key partners, proposition of one actor (e.g. a cooperative), can be seen from 2 perspectives (i) from perspective. In other terms, Key activities, Key resources the producers point of view sition, Customers relations, 2 different business models and Cost structure are the supplying the cooperative, Consequently, the value in that case, the Customer of the cooperative can be either the suppliers or the and (ii) from the buyer's





Channels

faces with its customers. In the case of agricultural products, the Channels refer to how the product or service reaches and intersales channel is often the same as supply chain logistics, which transfer the product from the producer to the end consumer.

For further explanation on the double-facing value proposition, please refer to pages 73–75 from the full version of the LINK methodology 2.0. For further explanation on the other blocks of the canvas, please refer to pages 55–63 from the full version of the LINK methodology 2.0.

Key tool 3 The New Business Model principles

C Goals

- Evaluate to what extent a business relationship with a formal buyer is inclusive of small-scale producers.
- Define concrete actions to improve inclusivity for smallholder farmers.

Key questions

- How inclusive is your business model?
- What options exist for better inclusion of smallholder farmers?
- Where in the business model should you concentrate innovation efforts?

These principles should not be used as a check-list but rather as guides to assess and improve business models.

New Business Model principles have a two-fold purpose: to help both buyers and sellers evaluate their current business relationship using the criteria of inclusivity.

♥ What it can do?

- Focus the business model analysis on areas that are critical to the sustained inclusion of smallholder farmers.
- Assess the performance of the business model in areas that are critical to the sustained inclusion of smallholder farmers.
- Help indentify possible areas of innovation and improvement in the selected business model.
- Provide input for the design of an improved business model such that smallholder farmers are able to connect to markets.

♥ What it can't do?

- The New Business Model principles are not a magic wand which will automatically achieve smallholder inclusion.
- These principles should not be used as a check-list but rather as guides to assess and improve business models.
- The principles will not give you a specific answer, but they will help you to evaluate and think through relevant solutions for your business model.

Overview of NBM principles and key questions



1 Chain-wide collaboration

The resolution of problems, in both commercial and social aspects of the New Business Model, means that all, or most, of the actors in the chain need to establish shared goals for collaboration.

The development of a systemic view of the chain recognises and values the interdependence of the actors. Reaching and implementing agreements often involves identifying one or more 'champions' along the chain who will lead the process.

Key questions

- Do actors share the same goals?
- Do actors exchange information regularly?
- Are there structures in place to motivate collaboration or shared problem solving?
- Is there one or more 'champions' who will lead the process of co-innovation?
- Do all actors understand and acknowledge the interdependence of the trading relationship?



2 Effective market linkages

Farmers and their organisations need to be linked to a stable market that not only provides them with access to key services, but also has clear sign-posting in terms of quality standards, volume and price (Principle 4). These linkages should contribute to improved livelihoods for the producers.

For buyers, the linkage must provide a consistent supply of safe, quality products at competitive prices. In practice, achieving both producer and buyer goals entails creating and delivering social and commercial value along the entire length of the chain.

Key questions

- Are trading relations stable?
- Are trading relations profitable?
- Do actors take advantage of market opportunities?
- Do actors respond quickly enough to the changing needs of clients?



3 Fair and transparent governance

Fair and transparent governance refers to the establishment and implementation of clear and consistent quality standards, clear commitments to buy and sell certain volumes of certain grade products at certain times, and equitable processes of risk management.

Mutually recognised interdependency between chain actors is a key criteria. Shared commercial risk and insurance against failure are frequently cited as the cement of successful relationships.

Key questions

- Are sale/purchase volumes and prices communicated clearly?
- Are quality standards clear and consistent across the chain?
- Are risks understood and shared proportionately along the chain?
- Are trading relationships based on formal contracts or clear informal agreements?



4 Equitable access to services

One of the special challenges faced by small-scale producers is gaining access to services such as finance, market information, and best agronomic practices that could improve quality, yield, food safety, and environmental practices.

Successful solutions enable smallholders to access credit, knowledge, technology, and develop incentives that encourage producers to invest in their own production based on market needs.

Key questions

- Do producers have access to technical support services provided by the buyer or an indirect actor?
- Do producers have timely access to market information provided by the buyer or an indirect actor?
- Do producers have access to financial services provided by the buyer or an indirect actor?



5 Inclusive innovation

New Business Models promote innovation in products, services and the processes that underpin both by multiple actors along the chain.

Innovations should be developed with small-holder farmers, rather than for them. Inclusive innovation development provides the means to remain competitive in dynamic markets; to improve the commercial value of goods and services; and for innovation gains to be shared among partners, all of which build business durability.

Key questions

- Are innovation processes carried out collaboratively?
- Who participates and why?
- If innovation is evident, who gains from the results?
- Are there profit-sharing mechanisms in place?
- Are small-scale producers encouraged to participate in inclusive innovation?

6 Measurement of outcomes

A business axiom states that you cannot manage what you do not measure. Our sixth principle is to incorporate tailored indicators and monitoring plans to assess the health of the on-going trading relationship, both as a for-profit business, as well as in its effectiveness as a vehicle for community development.

Constant monitoring of the health of the trading relationship reduces the risk that minor problems will destroy the business.

Key questions

- Have indicators been established that will measure the success of the business relationship?
- Are the results of the business relationship measured frequently?
- Are there feedback loops in place to guarantee effective chain-wide management and decision-making?

	inciple 1	Strongly agree	Strongly disagree	N/A	Why?	
1	We frequently exchange information formally with our customer.	54320		0		
2	We frequently exchange information informally with our customer.	54320	10	\bigcirc		
3	We are aware of the effects our decisions have on our customer.	54320	10	\circ		
4	Our commercial goals are aligned with those of our customer.	54320	10	\bigcirc		
5	Our social goals are aligned with those of our customer.	54320	10	\bigcirc		
6	Our environmental goals are aligned with those of our customer.	54320	10	\bigcirc		
7	We work closely with our customer to resolve problems.	54320	10	\circ		
8	We are able to respond quickly to problems that may occur to do with customer relations.	54320	10	\circ		
9	We recognise and value the interdependence between ourselves and our customer.	54320	10	\bigcirc		
10	Our activities and roles complement those of our customer.	54320	10	\bigcirc		
11	Incentives (financial and non-financial) exist to enhance collaborative behaviour with our customer.	54320	10	\circ		
12	Champions have been identified to lead the collaboration process with our customer.	54320	10	\circ		
13	We use information and communication technology (ICT) to enhance collaboration with our customer.	54320	10	\bigcirc		
	Total points =					
	Average score = Total points (13 – Number of criteria marked N/A) =					



	inciple 2 ective market linkages	Strongly agree	Strongly disagree	N/A	Why?		
1	Our product offer is stable for our customer.	54320	10	\bigcirc			
2	Our trading relationship with our customer is profitable.	54320	10	\bigcirc			
3	Our customer provides social value.	54320	10	\bigcirc			
4	Our customer helps us to conserve environmental resources.	54320	10	\bigcirc			
5	We generate a stable income from the sale of our products to our customer.	54320	10	\bigcirc			
6	We have the capacity to identify market opportunities and tendencies.	54320	10	\bigcirc			
7	We frequently review with our customer our position in the market in relation to potential opportunities.	54320	10	\bigcirc			
8	We react rapidly to changes in our customer's needs.	54320	10	\bigcirc			
9	Our customer is familiar with our production system.	54320	10	\bigcirc			
		Total po	ints =				
	Average score =						

Average score = Total points | (9 – Number of criteria marked N/A) =

1	
<	1
	_

	nciple 3 r and transparent governance	Strongly agree	Strongly disagree	N/A	Why?	
1	We know the quality standards required by our customer.	54320	10	0		
2	The quality standards we need to meet for our customer are consistent.	54320	10	\bigcirc		
3	We understand how our customer determines the pricing for our product.	54320	10	\bigcirc		
4	We know and understand our customer's trading terms and conditions.	54320	10	\bigcirc		
5	We have formal contracts with our buyer. (If you respond 'Yes', proceed to #6, but skip #7 and #8; if you respond 'No', skip #6 and proceed to #7 and #8.)	Yes 🔾	No 🔾			
6	We comply with the formal contracts we have with our buyer.	54320	10	\bigcirc		
7	We comply with the informal agreements we have with our buyer.	54320	10	\bigcirc		
8	We share production risk equitably with our buyer.	54320	10	\bigcirc		
9	We share market risk equitably with our buyer.	54320	10	\bigcirc		
10	The products we sell to our customer are traceable.	54320	10	\circ		
	Total points =					
	Average score = Total points (9 – Number of criteria marked N/A) =					



	nciple 4 uitable access to services	Strongly agree Strongly	disagree A/N	Why?		
1	Our buyer helps us (directly or indirectly) to access appropriate technical assistance for the production process.	543210				
2	Our buyer helps us (directly or indirectly) to access appropriate production technology.	543210				
3	Our buyer helps us (directly or indirectly) to access appropriate post-harvest technology.	543210				
4	Our buyer helps us (directly or indirectly) to access adequate transport services.	543210				
5	Our buyer helps us (directly or indirectly) to access the inputs necessary for production and post-harvest.	543210				
6	Our buyer helps us (directly or indirectly) to access appropriate financial services. (If you respond with a score greater than '0', proceed with #7; if you respond with '0', for #7 select 'N/A' and proceed with #8.)	543210				
7	The financial services provided are affordable.	543210				
8	Our buyer helps us (directly or indirectly) to access up-to-date market information.	543210				
9	Our buyer helps us (directly or indirectly) to access appropriate training services.	543210				
10	The services that are provided (directly or indirectly) by our customer satisfy our needs.	543210				
11	Our buyer helps us (directly or indirectly) to access appropriate production risk insurance.	543210				
12	Our buyer helps us (directly or indirectly) to access appropriate market risk insurance.	543210				
		Total points	=			
	Average score = Total points (12 – Number of criteria marked N/A) =					



		ı				
	inciple 5 lusive innovation	Strongly agree	Strongly disagree	N/A	Why?	
1	We develop innovations jointly with our customer.	54320	10	\bigcirc		
2	Innovation is an ongoing activity in our relationship with our customer.	54320	10	\bigcirc		
3	Our customer takes our perspectives and needs into consideration when developing innovations.	54320	10	\bigcirc		
4	The innovations we develop respond clearly to our customer's needs.	54320	10	\bigcirc		
5	We share the returns (tangible or intangible) from innovations.	54320	10	\bigcirc		
6	Innovations enable us to offer a differentiated value proposition.	54320	10	\circ		
7	Incentives form part of our motivation to participate in innovation processes.	54320	10	\bigcirc		
	Total points =					
	Average score = Total points (7 – Number of criteria marked N/A) =					



	nciple 6 asurement of outcomes	Strongly agree	Strongly disagree	N/A	Why?
1	We know and understand the indicators which define the success of our trading relationship with our customer.	54320	10	0	
2	We have established (formal or informal) mechanisms which enable us to measure the success of our relationship with our customer. (If you respond with a score greater than '0', proceed with #3; if you respond with a score of '0', select 'N/A' for all the following criteria).	54320	10	0	
3	Evaluation or feedback processes are regular and consistent.	54320	10	\bigcirc	
4	The evaluation process is simple and cost efficient.	54320	10	\bigcirc	
5	Results from evaluation and/or feedback processes form the basis for decision-making.	54320	10	\bigcirc	
6	The results of measurement rapidly lead to action.	54320	10	\bigcirc	
7	We understand clearly the purpose of measuring information.	54320	10	\bigcirc	
8	The evaluation and feedback processes are jointly designed and tested with our customer.	54320	10	\bigcirc	
9	We play an active role in deciding what information to collect.	54320	10	\bigcirc	
10	We exchange the generated information with our customer.	54320	10	\bigcirc	
11	We discuss the generated information with our customer.	54320	10	\bigcirc	
		Total po	ints =		
Average score = Total points (11 – Number of criteria marked N/A) =					

Scorecard for buyers -

ı	inciple 1	Strongly agree	Strongly disagree	21/0	Miles 2	
Cna	ain-wide collaboration	ν e	σ o	N/A	Why?	
1	We frequently exchange information formally with our provider.	54320	10	0		
2	We frequently exchange information informally with our provider.	54320	10	\bigcirc		
3	We are aware of the effects our decisions have on our provider.	54320	10	\bigcirc		
4	Our commercial goals are aligned with those of our provider.	54320	10	\bigcirc		
5	Our social goals are aligned with those of our provider.	54320	10	\bigcirc		
6	Our environmental goals are aligned with those of our provider.	54320	10	\bigcirc		
7	We work closely with our provider to resolve problems.	54320	10	\bigcirc		
8	We are able to respond quickly to problems that may occur to do with our provider.	54320	10	\circ		
9	We recognise and value the interdependence between ourselves and our provider.	54320	10	\bigcirc		
10	Our activities and roles complement well those of our provider.	54320	10	\bigcirc		
11	Incentives (financial and non-financial) exist to enhance collaborative behaviour with our provider.	54320	10	\bigcirc		
12	Champions have been identified to lead the collaboration process with our provider.	54320	10	\bigcirc		
13	We use information and communication technology (ICT) to enhance collaboration with our provider.	54320	10	0		
	Total points =					
		Δυρτασο ς	 core –		•••••	
	Total points (13 – Number of cri	Average s o teria marked l				

Scorecard for buyers-



l	inciple 2 ective market linkages	Strongly agree	Strongly disagree	N/A	Why?		
1	The product supply from our provider is stable.	54320	10	0			
2	Our trading relationship with our provider is profitable.	54320	10	\bigcirc			
3	We deliver social value to our provider.	54320	10	\bigcirc			
4	We help our provider to conserve environmental resources.	54320	10	\circ			
5	Our provider generates a stable income from our purchase of their products.	54320	10	\bigcirc			
6	We promote our provider's creation of new business.	54320	10	\bigcirc			
7	We frequently review with our provider their position in the market in relation to potential opportunities.	54320	10	\bigcirc			
8	We react rapidly to changes in our provider's needs.	54320	10	\circ			
9	We are familiar with our provider's production system.	54320	1)(1)	\bigcirc			
Total points =							
	Average score = Total points (9 – Number of criteria marked N/A) =						

Scorecard for buyers —

_

1	inciple 3 r and transparent governance	Strongly agree	Strongly disagree	N/A	Why?	
1	We communicate our quality standards clearly to our provider.	54320	10	0		
2	The quality standards we require from our provider are consistent.	54320	10	\bigcirc		
3	We help our provider to understand how we determine pricing for their products.	54320	10	\bigcirc		
4	We communicate our trading terms and conditions clearly to our provider.	54320	10	\circ		
5	We have formal contracts with our provider. (If you respond 'Yes', proceed to #6, but skip #7 and #8; if you respond 'No', skip #6 and proceed to #7 and #8.)	Yes 🔾	No 🔾			
6	We comply with the formal contracts we have with our provider.	54320	10	\bigcirc		
7	We comply with the informal agreements we have with our provider.	54320	10	\bigcirc		
8	We share production risk equitably with our provider.	54320	10	\bigcirc		
9	We share market risk equitably with our provider.	54320	10	\bigcirc		
10	We help our provider to ensure that their products are traceable.	54320	10	\circ		
	Total points =					
	Average score = Total points (9 – Number of criteria marked N/A) =					

Scorecard for buyers—



	inciple 4 uitable access to services	Strongly	strongly disagree	N/A	Why?		
1	We help our provider (directly or indirectly) to access appropriate technical assistance for the production process.	54321	0	0			
2	We help our provider (directly or indirectly) to access appropriate production technology.	54321	0	\bigcirc			
3	We help our provider (directly or indirectly) to access appropriate post-harvest technology.	54321	0	\bigcirc			
4	We help our provider (directly or indirectly) to access adequate transport services.	54321	0	0			
5	We help our provider (directly or indirectly) to access the inputs necessary for production and post-harvest.	54321	0	\bigcirc			
6	We help our provider (directly or indirectly) to access appropriate financial services. (If you respond with a score greater than '0', proceed with #7; if you respond with '0', for #7 select 'N/A' and proceed with #8.)	54321)(0)	0			
7	The financial services we provide directly to our provider are affordable.	54321	0	\bigcirc			
8	We help our provider (directly or indirectly) to access up-to-date market information.	54321	0	0			
9	We help our provider (directly or indirectly) to access appropriate training services.	54321	0	\bigcirc			
10	We are able to satisfy our provider's needs through the services we provide (directly or indirectly)	54321	0	\circ			
11	We help our provider (directly or indirectly) to access appropriate production risk insurance.	54321	0	\bigcirc			
12	We help our provider (directly or indirectly) to access appropriate market risk insurance.	54321	0	0			
		Total poir	its =				
	Average score = Total points (12 – Number of criteria marked N/A) =						

Scorecard for buyers—



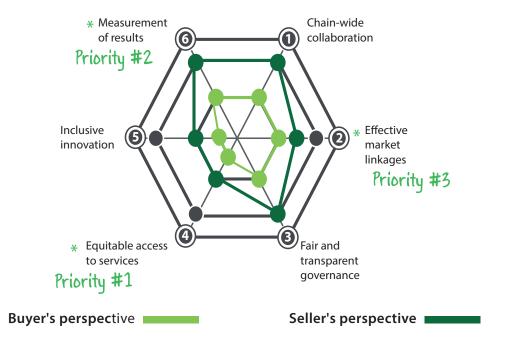
					• • •			
Principle 5 Inclusive innovation		Strongly agree	Strongly disagree	N/A	Why?			
1	We develop innovations jointly with our provider.	54320	10	0				
2	Innovation is an ongoing activity in our relationship with our provider.	54320	10	\bigcirc				
3	We take our provider's perspectives and needs into consideration when developing innovations.	54320	10	\bigcirc				
4	We help our provider to develop innovations that respond directly to our needs.	54320	10	\bigcirc				
5	We share the returns (tangible or intangible) from innovations with our provider.	54320	10	\bigcirc				
6	The innovations we foster with our provider enable us to offer a differentiated value proposition.	54320	10	\circ				
7	We offer incentives to motivate our provider's participation in innovation processes.	54320	10	\bigcirc				
Total points =								
Average score = Total points (7 – Number of criteria marked N/A) =								

Scorecard for buyers——



Principle 6 Measurement of outcomes		Strongly agree	Strongly disagree	N/A	Why?		
1	We know the indicators which define the success of our trading relationship with our provider.	54320	10	0			
2	We have established (formal or informal) mechanisms which enable us to measure the success of our relationship with our provider. (If you respond with a score greater than '0', proceed with #3; if you respond with a score of '0', select 'N/A' for all the following criteria.)	54320	10	0			
3	Evaluation or feedback processes are regular and consistent.	54320	10	\bigcirc			
4	The evaluation process is simple and cost efficient.	54320	10	\bigcirc			
5	Results from evaluation and/or feedback processes form the basis for decision-making.	54320	10	\bigcirc			
6	The results of measurement rapidly lead to action.	54320	10	\bigcirc			
7	We ensure that our provider clearly understands the purpose of evaluation and/or feedback processes.	54320	10	\bigcirc			
8	The evaluation and feedback processes are jointly designed and tested with our provider.	54320	10	\circ			
9	We allow our provider an active role in deciding what information to collect.	54320	10	\bigcirc			
10	We exchange the generated information with our provider.	54320	10	0			
11	We discuss the generated information with our provider.	54320	10	\bigcirc			
Total points =							
Average score = Total points (11 – Number of criteria marked N/A) =							

■ Visualisation of scoring



If it is not possible to arrive at an agreement in plenary or through voting, you can use a decision-making matrix which includes criteria such as implementation, cost, dependence on external actors to implement, etc.

When selecting action areas for the business model, bear in mind:

- Time and funding constraints be realistic about what can be accomplished within given time/budget limits.
- Power relationships are a key challenge for New Business Models. It may be easier to start
 with a relatively small innovation in order to promote trust before attempting more transformative change.
- Ensure coherence around key, agreed goals. On the flip side, a common threat can also promote collaboration.

But do bear in mind:

- Even when collaborative, trading relationships will always contain an aspect of tension. It is from this tension that innovation is born.
- More important than designing a perfect solution is to start moving forward and learning on the way.

For further explanation, please refer to pages 90–102 from the full version of the LINK methodology 2.0.

Key tool 4 The prototype cycle

C Goals

• Design, test and continually evaluate the business model in order to improve.

Key questions

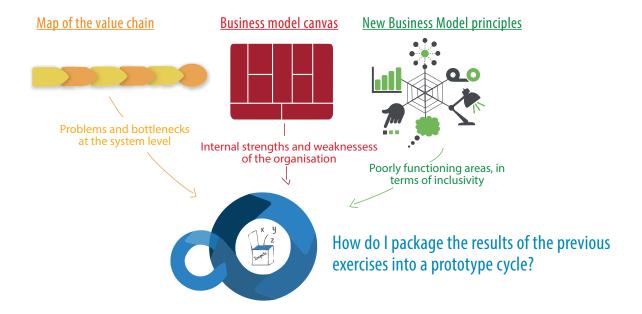
- Where is our business model today?
- Where do we want our business model to be in the future?
- What has to change?
- What would progress look like and how can we measure it?
- What worked, what did not and how can we improve?

■ What it can do?

- Provide a framework to move from the analysis of the current business model to a process of iterative design-testing-evaluation to improve specific areas of the business model.
- Facilitate practical, learn-by-doing cycles that permit rapid testing and learning to achieve faster results.
- Identify ways to measure progress towards an improved business model, highlight what is working well and what is not working well and assist in reaching scalable improvements.
- Encourage the engagement of all members of the business model in dialogue and testing of improvements.

■ What it can't do?

- Provide a perfect solution to improve your business model right away.
- The prototype cycle is designed as an iterative learning process. Learning takes place as you move towards your goals. Trying new things is inherently risky, with failure possible. This tool does not guarantee success but rather a process in which to "fail forward".



■ What is the prototype cycle?

The prototype cycle is a doing-and-learning cyclical process. The aim of the prototype cycle is to resolve those problems which impede progress, rotating between the following stages:

4a Adjust what doesn't work

THE PROTOTYPE CYCLE

What worked

2 Test/implement

Plan - Test (do) - Check (measure outcomes) - Adapt or Adopt

Performance indicators for three dimensions of change

Indicators for the business model level

The business model is the first dimension where you can expect to see change initiated by interventions.

Block 1: Customers

- Number of customers per segment/market
- Frequency of sales per customer
- Volume of sales per customer
- Duration of business relationship with each
- Type of business agreement with each customer

Block 2: Value proposition

- Description of the product(s)
- Product portfolio
- Tangible characteristics
- Intangible characteristics

Block 3: Channels

- · Means of distribution
- · Responsibility for delivery
- Place of delivery
- · Time taken to deliver

Block 4: Customer relations

- Method of communication with each customer
- Frequency of communication with each customer

Block 5: Revenue streams

Income from product sales:

- Value of product
- Total value per client
- Total value per product category
- Net profit
- · Payment method
- Payment frequency
- Cost types

Other income

Block 6: Key resources

- Availability of key resources
- Degree of efficiency in the use of key resources
- Sustainability of key resources

Block 7: Key activities

· Efficiency of key activities

Block 8: Key partners

- Number of partners necessary for the smooth functioning of the business
- Degree of dependency of key partners
- Benefits obtained by key partners
- Quality of services delivered by key partners
- Duration of relationship with key partners

Block 9: Cost structure

- Type and value of most important costs
- Value of fixed costs and value of variable costs (alternatively: value of direct costs and value of indirect costs)
- Percentage of costs covered by support partners

Indicators for the value chain level

The value chain is the next level, after the business model, where you can expect to see change.

Costs

Evolution of production costs in the different links of the chain. Are costs stable, increasing or decreasing?

Harvest per unit

Evolution of harvests or productivity per unit, nvestment or employment in the value chain. For example, production per hectare planted or quantity of cheese produced per litre of milk.

Product value

Evolution of the end product's commercial value (adjusting for currency). Is the product value stable, increasing or decreasing?

Profitability

Evolution of gross or net profit along the value chain. Is profit stable, increasing or decreasing? Distribution of benefits

How does the distribution of the final product or products along the value chain and among diverse actors evolve over time? Who retains the most value, and how does this distribution change over time?

Indicators for the level of small-scale producers' livelihoods

This level, which represents the usefulness of many interventions, is the final level in which the results of interventions can be seen. Changes at this level take place over a longer period of time.

Diversification of income sources and income stability during the year

 How do market chain activities affect income diversity and security of the target population during the year?

Use of added income of the market chain

- How does the target population use the added income generated by the market chain?
- Who decides upon the use of the added income generated by the market chain?

Employment generation

- How does the market chain contribute to temporary or permanent employment generation disaggregated by gender, ethnicity or age?
- Who from within the community gains most of these opportunities?

Participation in the local economy

 How does the relative importance of the market chain change over time in relation to other economic activities in the local economy?

Participation of income from the business model in overall livelihood strategies of the target population

- How does the percentage of the target population's income originating from the activities related to the business model evolve?
- This measurement can include the sale of products, employment or reduction in purchases as a result of the strategy to increase competitiveness. Although income gains are positive, it is critical to avoid overdependence on any one activity or business model.

For further explanation, please refer to pages 152–155 from the full version of the LINK methodology 2.0.

Guidelines for INTERVIEWING

The most important factor in making an interview a success is the attitude of the interviewer towards the persons that are being interviewed. The interviewer must be willing to take the posture of someone who is learning – as indeed he/she is – from the person being interviewed. This is reflected in the general list of "do's" and "don'ts" in interviewing that is given below. The purpose of these "do's and don'ts" is to develop a fruitful dialogue between the interviewer and the persons being interviewed, by creating an atmosphere in which the latter feel free and confident to express their knowledge and opinions freely, and are actively and passively stimulated to do so.

Do's in interviewing

- Do spend time on thorough preparation: formulate a checklist with points for the interview.
- Do introduce yourself and explain clearly who you are, where you come from, and what you propose to do.
- Do indicate a time frame, and ask if it is convenient to do the interview. If not, make an appointment.
- Do use the seven helpers for interviewing: what, when, how, who, where, how many and why.
- Do search for inconsistencies in answers given during the interview, and do try to resolve these by returning to the questions involved and asking for clarification, starting by saying: "I do not quite understand"
- Do show a keen interest in what the person says, even if you consider that what is said is less relevant.
- Do ask clear, concise questions covering only one topic
- Do be absolutely open, and put aside any preconceived views you may have on the situation. This is important to avoid "filtering out" information contrary to those views – something that may happen subconsciously.

Don'ts in interviewing

- Do not go unprepared, i.e., without having thoroughly thought out which topics to treat in the interview, and which questions to ask.
- Do not start immediately with asking questions, without an introduction and a proper explanation of the reasons of the interview, and of what will be done with the results.
- Do not push a person for an interview if it is obvious the moment is not convenient.
- Do not express your opinion on the information the person is giving, even it seems wholly implausible. Do not do this either by saying so (through correcting or stating "that's not right"), nor through "body language" (such as smiling or shaking one's head in disbelief)
- Do not confront the person with an apparent inconsistency by saying: "that can't be, because you just said ...", or "that contradicts ...".
- Do not show, either in a spoken way ("can you keep your answers short, please") or through body language (yawning, hanging in your seat, looking the other way) that you consider the information given less relevant or not interesting at all.
- Don't ask questions that combine two queries (for example: do you have a school here and is it operating well?)

Do's in interviewing

- Do be flexible and allow for a "natural" order of discussing topics that comes up during the interview, especially in informal interviews. In case of a more structured interview, you can subtly guide the person back to the main interview line by indicating that the topic he/she is discussing is very interesting, and that you have some questions about it later on in the interview, but that now it is easier for you to collect and write down the information if you stick to the format.
- Do prepare for bad interviews: some persons simply lack the capacity and sometimes, knowledge to answer your questions. In that case, conclude the interview in a polite manner, thanking the person for his / her cooperation, and leave.
- If not writing down the information during the interview, do so directly afterwards. (It has been estimated that in the first 24 hours after an interview, half of the information absorbed during the interview is lost. And this may well be more if several interviews are carried out immediately after each other.)

When interviewing in a team:

- Do work out beforehand in a general manner who is going to treat which topics.
- However, do be flexible and allow for team members to pursue certain relevant matters further even if it is not their agreed-upon responsibility. You are a team, and supposed to strengthen each other's work!
- Do give each other the chance to finish one's line of questioning.
- Do indicate when you have finished your line of questioning and are ready to hand over to another team member, for example, by saying to another team member "OK, go ahead".
- Do discuss the interview results afterwards, with the team, and hold regular meetings and brainstorming sessions.

Don'ts in interviewing

- Do not ask "leading" questions: questions that predispose the interviewed person to an answer. For example: "The school here is good, isn't it?" Instead ask: "How is the school here?" or if further clarification is needed: "Is the school here good or bad?"
- Don't "help" a person who is hesitating by making suggestions – at the most, rephrase the question.
- Do not leave out questions of which you think you already know the answer because you have heard it several times before: a new viewpoint may still crop up, leading to interesting new information and leads for further information gathering!
- Do not ask obvious questions such as, when sitting next to a school: "Is there a school here?" On the other hand, do ask if you are not absolutely sure (for example, if it is not entirely clear the building is a school). This is the only occasion that you are permitted to ask leading questions ("there is a school here, isn't there, this is it right here?"), so as to confirm your very strong impression without appearing stupid!
- Do not expect every interview to be a fluid dialogue yielding huge quantities of new, valid information: some interviews are likely to be less successful!

When interviewing in a team:

Do not interrupt other team members' line
of questioning, wait till they have finished.
Interrupt only if you feel a very important /
interesting issue is not covered or followed
up, and then not before offering an apology
to the team member involved ("sorry, but I
have some more questions about this, please
allow me?"). Then be sure to hand the initiative back when the topic is exhausted.

International Center for Tropical Agriculture Since 1967 / Science to cultivate change

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