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Report
on
The Marketing Program
of the
Uganda Cooperative Central Union Ltd.

under the

Food Production Support Project

A.I.D. No. 617-0102-A-00-2005-00

by

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for

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1. SUMMARY

This report covers the third of five three month consultancies in Uganda, which began in June 1983 when the original report on the feasibility of establishing a marketing program within the Uganda Cooperative Central Union Limited was completed. During the second of these consultancies, from April - June 1984, a marketing department was organized within the Uganda Cooperative Central Union (UCCU), and four up-country marketing representatives and one Marketing Coordinator were hired. A one week indoctrination seminar was held for these new employees conducted by the Sales Marketing Consultant; they also received training in driver education from the ACDI Transport Management Consultant.

Since July 1984 the program has progressed. Two marketing representatives have moved up-country, and established residences in Mbarara (Western District - Francis Oching) and Tororo (Eastern District - Rashid Iyiga). The third (Dr. Ferdinand Bitanihirwe) is based in Kampala, and unfortunately the person selected to serve in the northern district was terminated for non-performance of duties. It is expected that this vacancy will be filled shortly. With this one exception, all the individuals selected for these positions have effectively assumed their new responsibilities. In addition, Dr. Bitanihirwe has proven to be a valuable resource in animal health and veterinerary drug knowledge which should assist UCCU enter this specialized market more successfully.

Three sales marketing and training seminars have been held to assist the new marketing representatives solicit new accounts, survey markets, sell and book commodities and collect monies owed to UCCU.

A decision has been made by UCCU to incorporate the marketing department into the supplies division along with the establishment of a procurement department. The gin and coffee engineer's departure to join Shell/Uganda has left a vacancy in the supplies division.

In the six months that the marketing representatives have been employed by UCCU it is evident that some of tasks originally proposed for them have been addressed. Communications with customers have been established and by the end of September they had called on over 200 retail outlets. Market identification for vegetable seeds, hoes and animal health drugs has been completed. Orders for agricultural inputs amounting to 71,507,474 Uganda shillings have been taken together with additional orders for gin

and coffee spares. 76,755,00 shillings owed to the UCCU has been collected by the representatives. (See Appendix A).

However, there has not been enough time to develop the UCCU inventory control for seasonal items, to maximize cash flow nor to provide the necessary agricultural inputs. Additional time will be required to achieve these objectives. Overall, however, the presence of the marketing representatives has created recognition and respect for the UCCU, has promoted the cooperative system and encouraged the free market economy.

2. PROCEDURES/ACCOMPLISHMENTS

Training of the marketing representatives has been paramount. During this period of the consultancy three training seminars were held in conjunction with sales meetings. The first two were held at the Rubaga Social Training Center and the third held at UCCU headquarters. Andrew Mbangi ably assisted the Marketing Consultant in implementing these seminars.

The first seminar was held 3 - 7 September, 1984 and covered the following:

- Expectations in a selling career
- Course overview
- The sales person
- Selling activities
- Forms of marketing
- Buying motives
- The customer and the company
- Products and competition
- Communications

The participatory method, as opposed to the lecture technique, was used in the presentation of these seminars. Participants indicated their preference for this method. (See Appendix B)

The second seminar, held from 22 - 25 October 1984 addressed the following:

- Communications (continuation)
- Prospecting

- Approach
- Presentation
- Selling aids
- Objections
- Closing

The evaluations of this seminar indicate that the field work, while rating lower than the classroom sessions, was of benefit to the overall training in salesmanship. Travelling with the marketing representatives in their own districts, the consultant was able to observe techniques being used which had been learned in this seminar. (Appendix C)

The marketing representatives expressed a need for information on business finance and management, and as a result, the third seminar which was conducted by Andrew Mbangi, Diana Lule, UCCU legal counsel, and the consultant, covered the following:

- Structure and principles of management
- Practical accounting (reading and interpreting financial reports)
- Costing for pricing
- Management information systems
- Legal aspects of marketing

This information should enable the representatives to determine the financial condition of their accounts and distinguish those which are better managed.

The marketing representatives are expected to pass on the information from these seminars to their retail outlets. They will be expected to train their accounts in improved selling, marketing and business procedures to increase their profitability and efficiency, which should in turn improve the UCCU's position in the Ugandan economy.

During each seminar time was set aside for a sales meeting between the representatives and management. The first of these meetings were weak, but as both management and marketing staff have become accustomed to the work and responsibilities of the marketing department they have grown in substance. At these sales meetings the following operations were discussed:

- Maize allocations
- Groundnut hullers
- Debt collection
- Vegetable seed bookings
- Tractor survey
- Total petroleum program
- Tobacco inputs
- Hoe, panga and shovel marketing
- EEC Coffee Rehabilitation Program distribution
- Solicitation of new accounts.

Some product information has been given at these meetings, but not enough, and it is hoped that at future meetings more time will be scheduled for this.

When the project was established, consideration was given to the training of marketing staff, but none was given to the training of management as to how such a department would operate within the existing corporate structure and what its responsibilities would be. In February the Marketing Consultant and Andrew Mbangi will conduct a weekend seminar for top and middle level management of the UCCU to acquaint them with the purpose, methods and function of the marketing department.

The marketing representatives have written weekly reports on their activities and findings. These have been circulated to top management of the UCCU. They have resulted in a great deal of statistical information about economic conditions in the country. Their great value lies in the amount of information on the availability and prices of commodities in the different districts.

A communication system that is proving reliable has been developed. The Uganda Railroad is used to get messages and small packages to Rashid Iyiga in Tororo and the Banyankole Kweterana Cooperative Union Limited. Coffee lorries are used to deliver and receive information from Francis Oching in Mbarara. An initial arrangement was made for the northern district through Uganda Airlines, and it is assumed this will continue when a representative is found to fill the vacancy in this district. These methods of communication with the marketing representatives fill a void, but radio communications are still needed to ensure an efficient and secure marketing operation.

Significant progress was made in November 1984 when the accounts department under the guidance of Bill Stonefield, ACDI Warehouse and Distribution Consultant established and produced a

monthly list of stocks on hand and their value. After the issue of the September report in November, this system was adopted with only minor changes as a catalog, price list and stock report to be sent out to all the marketing representatives. This list will in future be updated monthly, and will provide the marketing representatives with the necessary information to take direct orders rather than requests for pro formas.

To date the marketing department has concentrated on four main areas of activity: vegetable seed and maize marketing, marketing methods for hoes, pangas and shovels, and the identification and solicitation of new accounts from primary societies and private traders. At the time this report was prepared, the vegetable seed booking was not completed, but it appears that approximately eight tons of cabbage, onion, tomatoe, green pepper, swiss chard (spinach), carrot, cucumber, cauliflower and egg plant seed will be ordered from Popvriend (Netherlands) or Agway (United States), with financial assistance from the US Agency for International Development's commodity funds of the Food Production Support Project. Two hundred tons of hybrid maize was secured from Kenya by the Government of Uganda and was allocated partially on the basis of orders taken by the marketing representatives. More maize seed may come from Kenya in the near future. The staff are currently working on a method of marketing hoes, pangas, shovels and other locally made implements through rural Uganda. Secure truckbed covers (canopies) for the marketing representatives pickup trucks are needed to accomplish this, together with a secure, efficient method of payment transfer. The marketing representatives have solicited a large number of requests for gin and coffee spare proformas, which should result in an increase in spares sales over last year. In the future it is expected that the representatives will be able to identify competition as to type of spares and their prices.

Each marketing representative has made an effort to identify retail outlets in their respective territories, either through the 37 district unions, primary societies or private traders. Their reports indicate that they have called on over 200 retail outlets and have begun working with the district unions to open new farm supply shops or to upgrade existing ones. Much work can and must be done with the primary societies. The better managed and more prosperous of these will make excellent outlets for agricultural inputs in the rural areas of the country. IFAD personnel working in the eastern district have agreed to assist in identifying the better managed primary societies in that region.

Between the seminars and sales meetings, the marketing consultant spent one week in each representatives district, evaluating their work, providing guidance and suggestions and reporting to management on the conditions the marketing representatives are working under. This aspect of the consultancy has been important in establishing criteria for future action and plans.

3. FUTURE PLANS

First, while progress has been substantial and very encouraging, it is slower than anticipated. Unforeseen complications arise that require analysis and action, which take time and effort thus delaying the whole program.

One such problem was the delay in the World Bank program, through which 260 million Ugandan shillings worth of farm supply inputs were to be channelled through the UCCU. This has tightened the cash flow situation and reduced the amount of money available for the procurement of inputs for sale.

Management's need for marketing training was originally underestimated. As a result time has been spent explaining the marketing concept and system to management often without satisfactory results. In an effort to rectify this, a marketing seminar is scheduled for February 1985 for top and middle level management. It will be held over a weekend so everyone should be able to attend.

Marketing seminars will continue to be held every six to eight weeks in conjunction with sales meetings. Subjects remaining to be covered in future seminars are:

- Account maintenance
- Time and territory management
- Ethics
- Product introduction
- Promotion and display
- Role of marketing
- Market research and surveys
- Wholesale/retail
- Physical distribution
- Pricing
- Cooperative principles

Andrew Mbangi and others will continue to assist in these seminars.

The Warehouse and Distribution Consultant and myself have identified an additional problem in the UCCU's information flow. A great deal of paperwork is generated in the name of security and information gathering. This should be reduced in terms of cost and efficiency, and probably greater security. In addition, a system of planning and evaluation of results is urgently needed. Assistance in these matters has been requested and approved by the U.S. Agency for International Development and ACDI and should be forthcoming shortly. It is hoped that a systems analyst will be identified to assist UCCU, improve the cash flow and simplify the order placing and delivery process, which in turn will assist in developing a good marketing program.

Some additional problems in the marketing program identified but not yet adequately addressed, are:

- Commissions for marketing representatives (lack of records)
- Proforma/ordering procedure
- Order forms or books
- Market surveys :
 - Hoes, pangas, shovels
 - Animal health
 - Pesticides
 - Fertilizers
 - Tractors
 - Field crop seeds
- Advance payments
- Interest on past due accounts
- Use of bank drafts
- Redistribution of distressed EEC commodities
- Delivery of goods by marketing representatives
- Organized delivery of all commodities

4. RECOMMENDATIONS:

It will not be possible to implement all of the identified areas of needed assistance in the marketing program before August 1985 when the Food Production Support Project ends. If the same amount of progress is made over the next six months, enthusiasm

for the marketing department will be high. However, that enthusiasm could well lead to defeat of the concept of the marketing program, as there is no experience or operating knowledge of modern marketing concepts within the UCCU. Without continued leadership and assistance the progress that has been made could be lost, as the enthusiasm generated becomes defeat. This consultant strongly recommends that assistance continue to be provided to the UCCU in the areas of marketing and warehouse and distribution management in the anticipated follow-on to the present project.

There is a need for funds to procure commodities to place in inventory. When funds are provided they should be placed in a revolving fund so that inventory could be replaced when sold. It would be the responsibility of the marketing staff to ensure a faster turn over of agricultural inputs than the 1.3 rate of the 1983/4 fiscal year.

Capital is also needed at the primary society retail level to support inventory. Funds are needed at this level to establish a consignment program for the primary societies in the rural areas. Currently the inventory pipeline could best be described as "dry" and sluggish. It needs to be filled, and a strong marketing pump implemented to turn merchandise over.

Another potential program would be the creation of marketing outlets at remote primary societies where the need for farm supply shops is great. This could be done through repayable low interest loans to such primary societies for the purpose of stocking and running a farm supply shop. Either the marketing representative and/or the Ministry of Cooperatives and Marketing could identify those areas and primary societies eligible for such loans.

Additional assistance and supervision is needed by those societies being upgraded. The marketing representatives will assist in the area of selling and merchandising, but needs in bookkeeping and auditing in those cooperatives have already been identified.

Appendix A

UGANDA COOPERATIVE CENTRAL UNION LTD
MARKETING REPRESENTATIVES SALES LOG FOR THE MONTH OF OCTOBER

NAME OF REPRESENTATIVE Rashid Iyiga

NAME OF REGION Eastern

<u>Date Received at UCCU Hqrs</u>	<u>Name of Account</u>	<u>Description of Goods</u>	<u>Value of Order</u>
25/10/84	St. Peters College Tororo	12 bags of Hybrid Maize	112,500/=
25/10/84	Busoga C. Union	600 bags of Hybrid Maize	5,625,000/=
25/10/84	D.F.I. Tororo	40 bags of Hybrid Maize	375,000/=
26/10/84	Masaba C. Union	320 bags of Hybrid Maize	3,000,000/=
26/10/84	Bugisu C. Union	600 bags of Hybrid Maize	5,625,000/=
31/10/84	Busoga C. Union	Ginnery Spares	226,675/=
9/08/84	Bugisu Coop Union	Agric Chemicals	<u>821,500/=</u>
			15,785,675/=

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UGANDA COOPERATIVE CENTRAL UNION LTD

MARKETING REPRESENTATIVES SALES LOG BOOK FOR THE MONTH OF NOVEMBER

NAME OF REPRESENTATIVE Rashid IyigaNAME OF REGION Eastern

<u>Date Received at UCCU Hqrs</u>	<u>Name of Account</u>	<u>Description of Goods</u>	<u>Value of Order</u>
1/11/84	Bugisu C. Union	50 Cartons of Pangas	1,425,000/=
12/11/84	Sebei Elgon	Livestock and Poultry drugs	689,000/=
20/11/84	Iganga Farm Supply	Agric. Chemicals	<u>8,718,000/=</u>
			10,832,800/=

UGANDA COOPERATIVE CENTRAL UNION LTD
MARKETING REPRESENTATIVES SALES LOG BOOK FOR THE MONTH OF OCTOBER

NAME OF REPRESENTATIVE Dr. F. Bitanihirwe
NAME OF REGION Central

<u>Date Received at UCCU Hqrs</u>	<u>Name of Account</u>	<u>Description of Goods</u>	<u>Value of Order</u>
17/08/84	Lukajo Enterprises	Livestock Drugs	150,000/=
23/10/84	Wamala C. Union	Ginnery Spares	1,950,000/=
25/10/84	Wamala C. Union	Hybrid Maize	1,875,000/=
25/10/84	Prisons H/Q	Hybrid Maize	3,000,000/=
25/10/84	Uganda Armed Forces	240 bags of Hybrid Maize	2,250,000/=
25/10/84	University Farm, Kabanyolo	80 bags of Hybrid Maize	750,000/=
25/10/84	Church of Uganda	200 bags of Hybrid Maize	1,875,000/=
29/10/84	Prisons H/Q	Livestock Drugs	2,384,000/=
30/10/84	Kabula Farmers	Livestock Drugs	352,000/=
30/10/84	Bwetyaba C. Soc.	Hoes & Agric. Chemicals	543,000/=

30/10/84	Ngembe Farmers	Livestock Drugs	284,460/=
30/10/84	Kayunga C. Soc.	Agric. Chemicals	1,149,000/=
31/10/84	Wamala C. Union	1200 bags of Fertilizers	<u>5,316,000/=</u>
			21,880,170/=

UGANDA COOPERATIVE CENTRAL UNION LTD
 MARKETING REPRESENTATIVES SALES LOG BOOK FOR THE MONTH OF NOVEMBER

NAME OF REPRESENTATIVE Dr. R. Bitanihirwe
 NAME OF REGION Central

<u>Date Received at UCCU Hqrs</u>	<u>Name of Account</u>	<u>Description of Goods</u>	<u>Value of Order</u>
2/11/84	Prisons H/Q	Livestock Drugs	1,750,000/=
9/11/84	Prisons H/Q	200 bags of Rock Salt	<u>800,000/=</u>
			2,550,000/=

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UGANDA COOPERATIVE CENTRAL UNION LTD
 MARKETING REPRESENTATIVES SALES LOG BOOK FOR THE MONTH OF SEPTEMBER

NAME OF REPRESENTATIVE F. Oching

NAME OF REGION Western

<u>Date Received at UCCU Hqrs</u>	<u>Name of Account</u>	<u>Description of Goods</u>	<u>Value of Order</u>
12/9/84	Kigezi District Gr. Coop Union	Vegetable Seeds and Livestock drugs	576,030/=
17/9/84	Banyaukote Kwelerana Coop Union	Fertilizer and Hardware Materials	562,750/=
26/9/84	Banyaukote Kwelerana	Fertilizer, Gunny bags and Agri. Chemicals	<u>2,401,150/=</u>
			4,039,930/=

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UGANDA COOPERATIVE CENTRAL UNION LTD
MARKETING REPRESENTATIVES SALES LOG BOOK FOR THE MONTH OF OCTOBER

NAME OF REPRESENTATIVE F. OchingNAME OF REGION Western

<u>Date Received at UCCU Hqrs</u>	<u>Name of Account</u>	<u>Description of Goods</u>	<u>Value of Order</u>
26/10/84	Banyaukote Kwelerana Coop Union	200 bags of Hybrid Maize	1,875,000/=
26/10/84	Nyakatouzi Coop Union	300 bags of Hybrid Maize	3,000,000/=
26/10/84	Kabarote Coop Union	200 bags of Hybrid Maize	1,875,000/=
26/10/84	Bucamba Rweuzon Coop Union	100 bags of Hybrid Maize	1,125,000/=
26/10/84	Kiyezi District Union	100 bags of Hybrid Maize	1,125,000/=
26/10/84	Kiyezi Veg. Coop Union	80 bags of Hybrid Maize	<u>750,000/=</u>
			8,750,000/=

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UGANDA COOPERATIVE CENTRAL UNION LTD

MARKETING REPRESENTATIVES SALES LOG BOOK FOR THE MONTH OF NOVEMBER

NAME OF REPRESENTATIVE F. OchingNAME OF REGION Western

<u>Date Received at UCCU Hqrs</u>	<u>Name of Account</u>	<u>Description of Goods</u>	<u>Value of Order</u>
08/11/84	Banyaukote Kwelerana Coop Union	Poultry drugs & Hardware Materials	1,263,750/=
08/11/84	Banyaukote Kwelerana Coop Union	Livestock drugs and Agric. Chemicals	1,723,396/=
16/11/84	Rusabiganzwa Coop Society	Hardware Materials	1,047,250/=
19/11/84	Hope Farm Supply Shop	Agric. Chemicals	357,000/=
19/11/84	Hope Farm Supply Shop	Vegetable Seeds & Hoes	126,000/=
28/11/84	Nyakatonzi Coop Union	Hardware Materials	<u>3,151,000/=</u>
			7,668,896/=

APPENDIX B

SELLING/MARKETING COURSE

EVALUATION FORM

1. Was this course appropriate to your needs? 100%/yes no
2. Were the general objectives of the course clear? 100%/yes no

Rank the following according to your satisfaction

TOPICS COVERED	Very Satisfied		Moderately Satisfied	Not Satisfied	
	5	4	3	2	1
3. Who is a salesman	40%	40%	20%		
4. Marketing Activities	20%	60%	20%		
5. Forms of markets	20%	60%	20%		
6. Customer buying motives	20%	60%	20%		
7. Know your company	100%				
8. Know your accounts	40%	40%	20%		
9. Know your products	40%	20%	40%		
10. Communication	60%		20%		20%
11. Any comments about the trainers? Good - stuck to point. They were satisfactory, cooperative, competent & humorous. Do not redo what what is already in the book.					
12. Do you feel that you have participated in the discussion to the extent that you wanted? Yes/80% No/20%					

13. How helpful were the following activities and materials in facilitating your learning?

	Very Helpful		Moderately Helpful	Not at all Helpful	
	5	4	3	2	1
Lectures	20%	60%	20%		
Tapes		20%	80%		
Books	100%				

14. Suggestions for future programs?

Use of slides and movies.
 More participation by participants.
 Conversations between salesman and customer.
 How do we know customers ability to pay.
 Participation rather than lecture.
 More coordination of program with lmanagement.
 Use educational films.
 Management should be present at all times.
 Salesmanship should be attached more fully.

APPENDIX C

SELLING/MARKETING COURSE II

EVALUATION FORM

1. Was the linkage between Course I and this one made well? Yes No
100% yes
2. Did you get an opportunity to apply knowledge acquired in Course I?
Yes/100% No - If yes, in what circumstances. Importance of
keeping records.

Communication skills Basic selling skills Qualifying prospects

3. On the overall, which of the two courses has been most successful?

Course I Course II 80% said course II 20% said both

Comments: Better prepared More practical

4. Rank the following according to your satisfaction.

TOPICS COVERED	Very Satisfied		Moderately Satisfied	Not Satisfied	
	5	4	3	2	1
Communication	40%	40%	20%		
Prospecting		80%	20%		
Approach (1st meeting)	40%	20%	40%		
Presentation	40%	40%	20%		
Selling aids	40%	40%	20%		
Closing		60%	40%		

5. How helpful were the following activities and materials in facilitating your learning:

	Very Helpful 5 4		Moderately Helpful 3	Not at all Helpful 2 1	
Field Work		100%			
Lectures	60%	40%			
Role-playing	80%	20%			
Exercises	80%	20%			
Books	40%	60%			

6. Do you consider the continuation of these courses still necessary for your performance? Yes No 100% said yes

Comments (if any)

Training is needed. Techniques are needed Reinforces work in the field, Certification would be appreciated.

7. Suggestions for future programs:

(a) Any topics you feel should be studied urgently.

Accounting Commercial law, Organization & Planning of sales activities.

(b) Other suggestions:

More field work, Correlation with headquarters. Use of films.