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The Marketing Program
of the
Uganda Cooperative Central Union Ltd.

Food Production Support Project

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Prepared by:

William R. Aldworth
Sales Management Specialist

For:

Agricultural Cooperative Development International
Suite 600
1012 Fourteenth Street
Washington, D.C. 20005
U.S.A.



Agricultural Cooperative
Development International

1. SUMMARY

This report covers the fourth of five three-month consultancies in Uganda, the first of which began in June 1983 when the original report on the feasibility of establishing a marketing program within the Uganda Cooperative Central Union, Ltd. (UCCU) was completed.

During the second of the five consultancies, from April to July 1984, a marketing department was organized within the UCCU and four up-country marketing representatives and one marketing coordinator were hired. Before assigning districts, the marketing representatives were given a week's indoctrination seminar from the marketing consultant and received driver and maintenance training from the ACDI transport management consultant.

Since the third consultancy began in August 1984, the marketing representatives have established themselves in their districts and have begun to develop marketing programs with major emphasis on establishing retail farm supply shops among the district unions and the primary societies. To provide guidance and assistance for the marketing staff, the Marketing Consultant, aided by Andrew Mbangi of the Institute of Public Administration, presented a series of five one-week seminars for the marketing representatives and the sales coordinator. On

the average, three-and-one-half days were spent on sales and marketing and one-half day in a sales meeting with management to coordinate the activities of the marketing staff with the rest of the Union's activities.

The current staff consists of:

Rashid Iyiga, Eastern District, Tokyo
Dr. Ferdinand Bitanihirwe-Bakairya, Central District, Kampala
Francis Oching, Western District, Mbarara
Authru Nduhura, Northern District, Gulu
Wilson Kalende, Sales Coordinator, Kampala

Progress has been made in all areas of marketing, but the potential increase in sales through marketing is much greater. The most significant progress has been in the sale of agricultural input commodities such as seed, hoes, pangas, pesticides, pesticides and veterinary supplies. The program has been so successful that many of these regular commodities had been sold out by the March sales meeting, and the marketing staff concentrated on selling the thirty-odd commodities which were not moving. (Appendix A)

Two main problems have been identified - cash flow and commodity procurement. Originally, in 1983, the World Bank announced that it would distribute Ush 339.1 million of agricultural inputs through UCCU from 1983 to 1986, but to date the program has not started. The only procurement assistance UCCU received from January 1984 through April 1985 was Ush 75

million worth of maize seed from Kenya under the East African Economic Community compensation program and Ush 42 million in USAID bicycles. The EEC Coffee Rehabilitation Program has turned over the sale of their excess forked hoes and bicycle tires and tubes.

The marketing program has met many of its objectives. The problem of inventory shortage can be overcome by reorganizing operations to control procurement and cash flow and by securing commodity grants from various donor agencies.

2. PROCEDURES AND ACCOMPLISHMENTS

Two seminars using the lecture and discussion method were held by the consultant and Andrew Mbangi about the theory of sales and marketing. These seminars were held in conjunction with sales meetings in the board room at UCCU headquarters. This arrangement proved better than the location at Rubaga Social Training Center because it allowed management to participate more easily and reduced the participants' absenteeism, but it also led to many interruptions, a problem which will have to be addressed at the next seminar.

The seminar held from January 28 to February 1 covered the following subjects:

- Credit Management
- Time and Territory Management
- Maintenance of Accounts
- Economist's View of Marketing.

Dr. Ferdinand Bitanihirwe presented a one-day lecture on livestock drugs and their use. The full day was too short, and time should be allowed at a future sales meeting to refresh memories and present new information.

During the sales meeting portion the principal subjects discussed were: the simplification of order-taking with the possibility of eliminating the formalities, and movement and sale of the EEC Coffee Rehabilitation Program commodities through UCCU. Mike Henson of EEC was present during this portion of the discussion. For participant evaluation of this seminar, see Appendix B.

March 18-22, the fifth seminar and sales meeting was held with the following subjects being addressed:

- Marketing in Society
- Marketing in the Firm
- Finding Attractive Marketing Opportunities
- Uncontrollable Factors in Marketing
- Gathering Information
- Consumer Marketing
- Industrial Marketing.

John Balabuzi, assistant supply manager, presented technical information on gin and coffee spares as well as related articles such as gunny bags, hessian cloth and spanners. The presentation lacked adequate useful information and should be presented again with the aid of the newly-hired gin and coffee engineer. See Appendix C for participant evaluation of seminar.

During the sales meeting the following subjects were discussed with management:

- Selling commodities in inventory (sell?)
- Use of pickups to deliver in commodities
 - Use in selling
 - The need for lorry delivery
 - The need for intransient warehouses
- Purchase contract of marketing representatives vehicle
- Review of EEC commodity program
- Status of USAID co-op radio program.

Between the January and March seminars, the consultant spent a week traveling with each marketing representative in his own district. The sales coordinator, Wislon Kalende, also traveled independently of the consultant with the marketing representatives for a week at a time. During these evaluation trips, it was possible to appraise their work and correlate the theory learned in the seminar and the practical situations encountered in the field. These practical situations are identified and discussed by the supervisor and the marketing representative in a positive way and result in appropriate action being taken with the results monitored by the marketing representative, coordinator and consultant. This procedure is better than a laboratory course given in conjunction with a lecture. The material in the

seminars is presented in the local vernacular to the extent possible and the practical field experience is an exercise in reality. The effect is meaningful to everyone on the sales staff. At the beginning of the project, many in management were uninformed about how a marketing staff operates and what it can accomplish. The marketing staff has gained the respect of all of the UCCU employees, because the marketing staff is accomplishing what it set out to do - identify saleable commodities and market them in an orderly fashion to reach as many farmers as is possible.

The pickup truck canopies, provided by USAID, were recently installed. Management has decided that it is desirable to have the marketing representatives move merchandise from UCCU godowns (storage areas) in Kampala to some of the farm supply shops up-country. At first, management considered the movement of merchandise impossible for security reasons, because more could be lost than gained by such an operation.

During the consultant's trips with the marketing representatives, he transported a variety of commodities, which they sold and for which they collected payment. The money was returned safely to Kampala.

At the present time, all goods transported to their destination by the marketing representatives have a 10 percent

transportation charge added. This charge will be revised after further study and cost analysis. Monies collected up-country will be converted to bank drafts before being returned to Kampala. It also is possible to put loaded vehicles under security in the evenings. When this program was initiated, management emphasized that the marketing representative was not to be a drayman. Rather, he was a marketing representative first. He should transport goods only as a secondary function, and even then he should give priority to transportation of new products which needed promotion or might induce impulse sales.

During the consultant's travels with the marketing representatives, discussions were had on how the delivery service could be expanded into a full service by using UCCU or district union lorries and district union warehouses not presently being fully utilized. These possibilities will be fully explored by the marketing staff and further developed in time.

During these trips up-country, emphasis was given to establishing farm supply shops in rural areas away from the major towns. There are several avenues which can be pursued, e.g., using the district union's gin and coffee factories or working through primary societies, much as IFAD and ARP does. Both the IFAD and ARP have been contacted by the marketing representatives and they are willing to share information and

identify which primary societies are doing the best jobs for them in distributing agricultural input commodities. Many of the co-operatives lack the financial means to stock and staff such an operation. It has been suggested that a pay-in-advance type of booking might be initiated, and the response has been positive. This procedure will be tried in the near future for USAID bicycles with those accounts which have insufficient capital to purchase their full allocation of bicycles.

The consultant worked with the individual marketing representatives on their time- and territory-management plans. The plans indicated that a possible reduction in kilometers traveled per month and an increase in nights-out would result in savings in expenses and a fifty-percent increase in actual selling time spent with accounts.

In conjunction with the time and territory analysis, UCCU's management agreed to begin to allow the Ford Courier pick-ups furnished by USAID to be purchased under contract by the marketing representatives. Simply, UCCU will pay the marketing representative Ush 150 per kilometer for business kilometers driven under an allowable maximum. Under a three-year contract the marketing representatives will make monthly payments totaling the depreciated cost of the vehicle on April 1, 1985 and import duties and sales tax. It is expected that the vehicles will receive better care and,

therefore, last longer under the contract plan than under the present arrangement where UCCU owns the vehicles and pays all of the expenses.

During the last consultancy, the need of a catalog became apparent and one was produced using the inventory stock list compiled each month by the audit department. After being distributed to the marketing representatives, it was discovered that the stock list used UCCU's cost prices instead of its selling prices, and the catalog was discontinued. By this time there was, however, a demand for a catalog, and separate commodity price lists of items in stock were prepared. More work needs to be done to ensure that these lists are kept current and complete.

Slow-moving commodities have been identified, and plans have been made to sell them. In some cases, prices will have to be reduced either because competitive prices are lower or because the prices of substitute commodities represent lower use costs. In several cases, the target market is very small and an attempt will be made to aim at it. In a few cases, the container size is too big for the godown. An attempt will be made to break the container size down so that it will be acceptable to the buyer.

There are 300 ox plow seeders which need attachment brackets to fit the plows. The brackets have been ordered and

the marketing representative will be holding demonstrations in the ox plow areas assisted by the technical officer of the Serere Experiment Station. Marketing efforts will be directed at individual farmers and primary societies who could lease them out to their members. Future sales effort will be placed on the sale of tools and spanners which have been grouped with gin and coffee spares in the past.

There are distribution problems in allocation and inventory finance in many of the district unions and primary societies for commodities in great demand, such as USAID bicycles and maize seed. The marketing representatives are making an effort to see that the bicycles reach the ultimate designated buyers and that the money is available for the purchase and maintenance of inventory by retailers.

The EEC Coffee Rehabilitation Program has experienced distribution problems with their forked hoes, bicycle tires and tubes and the pesticide "Round Up." The marketing staff has taken the challenge of selling these commodities in small lots to farmers, but the success of selling these other commodities is not known.

One trip was made by the consultant with eastern marketing representative Rashid Iyiga, and sales coordinator Wilson Kalende to the northern district where accounts at Gulu, Lira, Kitgum, Arua, Pakwach, Pahida and Rhino Camp as well as

ministry officials were contacted. The purpose of the trip was to become better acquainted with the territory, the accounts, the sales potential, transportation and communication facilities to make sure that the new marketing representative established his home base in the best location to serve his territory. The northern district is the largest of four, has the poorest roads and the lowest sales potential per square kilometer. It was decided that the representative should locate in Gulu and that his ability to serve the West Nile would depend on the condition of the roads. While traveling the district, orders were sought and some marketing plans discussed, especially as the plans concerned the distribution of bicycles.

3. FUTURE PLANS

The marketing staff has made great strides in selling but there is still work to be done. The need to coordinate sales, transportation and in-transit warehousing is going to be addressed more fully during the next consultancy by both the marketing staff and management.

Efforts will continue to focus on the commodities in inventory. As long as there is inventory, the marketing staff

will sell it. The real concern is, however, the needed increase in commodities to sell. Efforts will be made to have EEC release overstocked items in the Coffee Rehabilitation Program. Contact should be made with other donor agencies, such as the World Bank, in an effort to channel commodities through UCCU, Ltd., IFAD, Accord and others also should be contacted.

The Swedish Cooperative Center now is working through the Uganda Cooperative Alliance to conduct a study of the operational organization of UCCU. This study is very important, because the efficiency of UCCU depends on its effective reorganization to provide efficient records, paper flow and reporting methods. At one time, USAID and ACDI considered a similar program when it was proposed by the present UCCU consultants. It is desirable that the donor agencies work together to provide the necessary assistance for UCCU to modernize its operations.

If reorganization of UCCU's procurement procedures occurs within this consultancy, assistance will be given in the coordination of procurement and marketing with the objective of maximizing the profit and cash flow of the business.

Two more marketing seminars and sales meetings will be held. The first will be May 13-17 and the second July 8-12. Seminar topics will be:

- Segmenting and Forecasting
- Marketing Mix
- Product Management and Development
- Channels of Distribution
 - Retail
 - Wholesale
- Physical Distribution
 - Transportation
 - Warehousing
- Market Arithmetic
- Pricing
- Promotion and Display.

These seminars will again be taught by Andrew Mbangi and the consultant, except that Warehouse and Distribution Consultant Bill Stonefield and UCCU's Store Manager George Muhuruzi will teach the topic "Physical Distribution."

More time will have to be spent with the new northern district Marketing representative to make as effective as the others. The new marketing representative will be given training and guidance in the field.

The work in developing a marketing staff will never be finished, but it is expected that the UCCU's newly

established marketing department will have gathered enough momentum to continue on its own at the end of the next consultancy.

APPENDEX A

SLOW MOVING COMMODITIES

Problems with price	
Aldrex 48% 1 X 10 x 1 Litre	81 Ctns
Dioldrex 40% 1 x 20 Litres	145 ctns
Ripcord 20 x 200 cc	171 ctns
Sulfadimidene Oral 16%	2,364 bottles
Egg Trays 1 x 140 of 30 eggs	131 ctns
Egg trays 1 x 240 of 12 eggs	25 ctns
Containers to big	
Dimetholate 40% 1 x 20 litres	66 tins
Binding wire gauge 16	90 rolls
Special problems	
Shell Copper 50% 1 x 25 Kg	142 bags
Frames for wheel barrows	28 pcs
Sales effort needed	
Dububitoke 2½% 1 x 10 kg	297 bags
Lasso Atrazine 1 x 5 litres	25 tins
Malathion 2 % 1 x 12 x 1 kg	172 ctns
Macklick Mineral Block 2 x 10 kg	105 ctns
Fenitronthion 50% 1 x 4 5 litres	248 ctns
Chick Formula 113 gm	3,812 tins
Egg Formula	2,824 tins
Poultry Formula 120 gms	5,059 tins
Chicken wire 6' x 30 mtrs	35 rolls
Chicken wire 3' x 30 mtrs	35 rolls
Shovels with handles	452 pcs
Uguma Hoes 1 x 25 pcs 1st grade	173 ctns
Barbed wire	164 rolls
Rock salt 1 x 90 kg	182 bags
Carrot Colmar 1 x 50 gms	1,299 tins
Carrot Chantaney 1. x 50 gms	3,589 tins

APPENDIX 9

MARKETING/SELLING COURSE III (28th to 31st Jan.'95)

EVALUATION FORM

1. On the overall I found Course III ^{75%} Very useful ^{25%} Useful Not useful
2. The Main strength of the course was Lecture, Homework, Credit Management, Livestock drugs, Time & territory Management.
3. The weakness of the course was (if any) Failure of management to participate, Trying to cover to much, Time to short.
4. Rate the following subjects covered to your level of satisfaction:-

	<u>Very satisfied</u>	<u>Satisfied</u>	<u>Not satisfied</u>
	5	4	3 2 1
(i) Credit Management	5 - 25%	4 - 50%	2 - 25%
(ii) Maintenance of Accounts	4 - 75%	3 - 25%	
(iii) Time and Territory Management	5 - 50%	4 - 50%	
(iv) The role of Marketing			
(v) Economist's View of the Marketing		3 - 75%	2 - 25%
(vi) Animal Health	5 - 33%	3 - 33%	2 - 33%
5. Rate the following in terms of usefulness in understanding the subjects covered:-

	<u>Very useful</u>	<u>Useful</u>	<u>Not useful</u>
	5	4 3 2 1	
(i) Lectures	5 - 50%	4 - 50%	
(ii) Class discussion	5 - 50%	4 - 25%	3 - 25%
(iii) Working Exercises	5 - 75%	4 - 25%	
(iv) Reading materials	5 - 50%	4 - 25%	3 - 25%
6. Suggestions for future courses) (e.g. subjects, duration etc.)
Time & territory management should be repeated, More economics and statistics, Animal health, Market planning.

Best Available Document

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APPENDIX C

SELLING/MARKETING SEMINAR
FROM 16TH MARCH TO 22ND MARCH 1985

EVALUATION FORM

I. Overall impression of the seminar:-

- (1) Very successful ^{50%} (2) Successful ^{50%}
 (3) Not successful

2. Rank the following subjects/topics covered in the seminar to your level of satisfaction and grasping of the subject:-

	Very satisfied	Satisfied	Not Satisfied
	5	4	3 2 1
Marketing Role in Society		100%	
Marketing Role in Company	50%	50%	
The Marketing Mix. (4PS)	75%	25%	
Discussion between Marketing Representatives & Management	25%	50%	25%
Finding Attractive Opportunities	25%	50%	25%
Uncontrollable Environmental Factors	25%	50%	25%
Consumer Marketing	25%	25%	25% 25%
Industrial Marketing			75% 25%

3. Any general comment on the seminar

Satisfactory. Needs more time. More management response, Well organized.

4. Any suggestions for future Seminars?

More discussion, More coordination with management.

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VOLUME OF BUSINESS CLOSED BY MARKETING REPRESENTATIVES

WESTERN REGION

<u>DATE</u>	<u>ACCOUNTS</u>	<u>ITEMS</u>	<u>VALUE U.SHS.</u>
23/1/85	Nyakatonzi Coop. Union	50ctn of Pangas	1,905,000
		100 ^m Crocodile hoes	3,775,000
25/1/85	Kabarole Coop. Union Ltd.	230bgs Hybrid maize	2,156,250
6/2/85	Kakumiro Grs. Coop. Union	20 Chillington hoes Jinja	625,000
		10 1st Grade Ugan hoes	200,000
		30ctn Chillington hoes	937,500
6/2/85	Bunyoro Grs. Coop. Union	30ctns Malathion 2 ¹ / ₂ Dust	360,000
11/3/85	Rwanagembe Ranch	5 bottles Procillin Inj.	627,145
		6 bags Rock-salt	4,500
15/2/85	Banyankole Kweterana Grs. Coop. Union	260ctn Crocodile hoes	4,753,125
		10ctn Forked hoes	243,750
12/3/85	Nyakatonzi Coop. Union	100 lts. Round-up	1,314,000
18/3/85	Kabarole Coop. Union	150 ctn Crocodile hoes	2,742,187/50
26/3/85	Banyankole Kweterana Coop.	292ctn Crocodile hoes	9,252,750
16/1/85	Kigezi Dist. Grs. Coop.(U)	19 Coffee Pulpers	741,000
		90 Prunning saw	70,560
		333ctn Crocodile hoes	6,087,573
22/1/85	Kigezi Dist. Grs. Coop.(U)	1206pcs Bicycle tyres } 1206 " " tubes }	2,351,700
14/3/85	Abanyakamwe Grs Soc.	40ctn Forked hoes	1,000,000
21/3/85	Kafunjo Grs. Coop. Soc.	30ctn Forked hoes	750,000
25/3/85	" " " "	50ctn Forked hoes	1,250,000
9/4/85	Muriba Coop. Society	30ctn Forked hoes	750,000
10/4/85	Kigezi Vegetable Grs. Coop. Union	100ctn Crocodile hoes	1,875,000
			<hr/> 46,772,040 <hr/>

VOLUME OF BUSINESS DEALING BY MARKETING REPRESENTATIVES

JUN 4 1985

CENTRAL DIVISION

<u>DATE</u>	<u>ACCOUNTS</u>	<u>ITEMS</u>	<u>VALUE U.S.D.</u>
25/1/85	Masaka Coop. Union	320bgs Hybrid Maize	3,000,000
"	Min. of defence	200 " Portland cement	1,500,000
6/2/85	Multi-purpose Agencies (Ltd)	12 rolls chicken wire 6'x 100'x1 1/2"	222,400
8/2/85	Church of Uganda (planning & dev. centre)	29ctn 4pcs Uganda hoes	1,093,750
11/2/85	Multi-purpose Agencies Ltd.	9 rolls chicken wire 6'x100'x1 1/2"	168,300
12/2/85	Ministry of Defence	75 bgs Hybrid Maize 632	702,125
13/2/85	Wellcome Ug. Ltd.	100ctn procillin Inj.	1,620,000
15/2/85	" "	30ctns Dipen	599,400
15/2/85	Makerere Univ. Farm	80bgs Hybrid Maize	750,000
21/2/85	Kateete Produce Centre	200bgs Dudubitecke	1,100,000
5/3/85	Prisons H/Qs	600 " Kawanda maize	5,625,000
13/3/85	Min. of Defence UMLA Farms	120" " "	1,125,000
"	"	22ctns Carrot Colmar	5,200
"	"	22 " " Chantney	5,200
18/3/85	Prisons H/Qs	600 bgs Kawanda maize seed	5,625,000
7/1/85	Wamala Grws. Coop. Union	1,000 Crocodile hoes	18,281,210
21/1/85	" " " "	1,000 " "	18,281,250
5/2/85	East Mingo Grws Coop. U.	750CP 15 sprayer spares	1,968,750
		4,000ctn Crocodile ordinary	73,125,000
		10,000pc Complete Bow saws	17,550,000
		2,000 spare blades for bow saws	1,560,000
6/2/85	Masaka Grws Coop. Union	2,000 etn Crocodile hoes	36,562,500
14/2/85	Coffee Rehabilitation Programme	100 spare blades for bow saws	78,000
26/2/85	Wamala Grs. Coop. Union	1,100bgs C.A.N. fertilizer	1,755,000
6/3/85	West Mingo Grs. Coop. "	1,360 C.A.N. fertilizer	1,989,000
13/3/85	Kalisizo Maize Mill	10 etns forked hoes	250,000
14/3/85	Namugongo Associates	30 etns forked hoes	750,000
14/3/85	Munaki Kaana Coop. Soc.	10ctn forked hoes	250,000
19/3/85	Min. of Coop. & Marketing	52ctn crocodile hoes	975,000
19/3/85	Coffee Rehabilitation Programme	115 " " "	2,102,348/75

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<u>DATE</u>	<u>ACCOUNTS</u>	<u>ITEMS</u>	<u>VALUE</u> <u>U.S.D.</u>
19/3/85	Coffee Rehabilitation Programme	16ctn Forked hoes	390,000
"	"	451 Bicycle-tubes & tyres	879,450
"	"	8 bow saws & spare blades	14,060
"	"	"	6,240
20/3/85	Uganda Seed Project	20ctn Crocodile hoes	375,000
28/3/85	Mulungu Estates	3ctn Crocodile Crd. hoes	97,500
"	"	5 bow saws complete	9,000
"	"	5 spare blades for bow saws	4,000
29/3/85	"	7 ctn Crd. crocodile hoes	227,500
29/3/85	Kila General traders	20ctn Forked hoes	300,000
1/4/85	M/o Kabaseni Stores	1 ctn Forked hoes	25,000
10/4/85	Min. of Works	102 bicycle tyres & tubes	204,000

201,157,183

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JUN 4 1985

VOLUME OF BUSINESS CLAIMED BY LICENSING REPRESENTATIVES

EASTERN REGION

<u>DATE</u>	<u>ACCOUNTS</u>	<u>ITEMS</u>	<u>VALUE U.S.D.</u>
24/1/85	Bugisu Coop. Union Ltd.	200bgs Hybrid maize 632	1,875,000
5/2/85	Sebei Nijon Coop. Union	4 Pangas 16" curved	152,400
"	"	50ctns Ugan 1st Grade hoes	1,000,000
"	"	20ctn Malathion 2. Dust	240,000
"	"	20 " Aldrex 48.	320,000
"	"	30bgs Hybrid maize 622	281,250
"	"	330 " " 632	3,093,750
15/4/85	North Bukedi Coop. Union	34 Ugan 1st Grade hoes	892,500
15/1/85	Bugisu Coop. Union Ltd.	480 Pruning saws	369,720
15/4/85	North Bukedi Coop. Union	1,000 tyres & tubes	2,000,000
"	"	666 tyres & tubes	1,998,000
15/4/85	Doko Enterprise	140 tyres & tubes	4,200,000
16/1/85	Mbale District	30pcs Coffee pulpers	
"	"	37pcs hand pulp spares	

16,359,620

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