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BUTTERFLIES, ELEPHANTS AND ICEBERGS

USING LANGUAGE AND DATA TO MOBILIZE VALUE CHAINS

microREPORT #147

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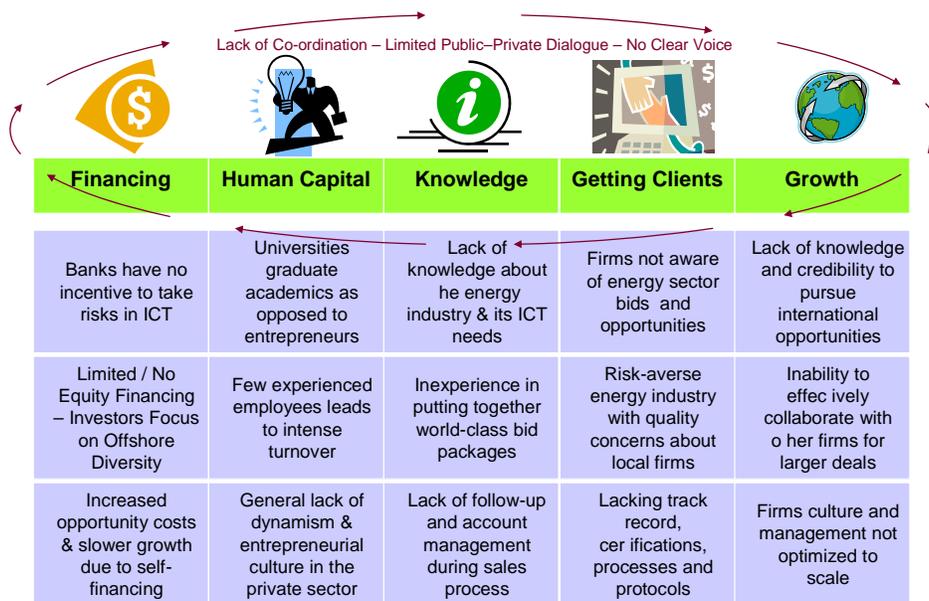
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INTRODUCTION: OUR FRIEND PATRICK

Patrick is a friend that the OTF team met during outreach efforts to the energy services sector in Trinidad and Tobago. Like many middle-class Trinidadians, he has a comfortable life, a well-paid job at the government-owned Oil & Gas Company in the information technology (IT) department, a beautiful wife and children, and a comfortable house in Port of Spain. Despite all this, he is looking for something more in life. He spends his nights and weekends writing software that can analyze seismic data from the geological surveys done by the dozens of domestic and foreign energy firms searching for new petroleum and natural gas reserves that surround Trinidad and Tobago. His dream is to open his own IT services company that will serve the needs of this large and price-insensitive industry. Despite the fact that he has software that will fit the needs of the sector, actually closing a deal and starting his own shop have eluded and frustrated him for years for several reasons. First, most of the potential clients he deals with do not seem to entirely trust his capabilities to implement a large-scale project because he is just one person. Second and closely linked to the small size of the firm is his inability to take out a working capital loan from the local banks to hire employees and operate his business full-time without mortgaging his house. Although Patrick still has entrepreneurial dreams, he will most likely work a few more years at Oil & Gas and then retire to open a retail shop in TrinCity, the country’s largest mall, like many of his peers.

This vignette is the result of weeks of desk research and meetings with stakeholders from the energy services sector in Trinidad and Tobago. Based on this research, the OTF team developed a fifteen box matrix (see below) that laid out all the issues in a systematic and structured way. The missing piece was the spark that would connect this data to the everyday lives and problems faced by clients in the energy IT services industry. Patrick is a fictional character, yet a personality that resonates with most, if not all, aspiring Trinidadian entrepreneurs. This paper attempts to provide a framework to value chain implementers and facilitators for using data and language¹ to connect with their clients, build trust and spur them to action using a detailed example from a recent OTF engagement in Burundi’s coffee industry.

Figure 1. T&T Business Issues Matrix



¹ Individual clients do respond well to a presentation of quantitative analysis. This paper approaches the problem from a “lowest common denominator” point of view where entire industries or even a country must be targeted with a message that is easily understood, yet grounded in rigorous analysis.

THEORY AND FRAMEWORKS: THREE KEY SUCCESS FACTORS FOR MOBILIZING VALUE CHAINS

Strategy can be defined as “informed choice, timely action.”² In the context of value chain development, implementers or facilitators have a critical role in both components of strategy. A key tenet of competitiveness is a sophisticated understanding of both customer needs (obtained through end market research³ of specific customer segments), and competitors’ positioning in the market. The analysis of this data should yield insights that facilitate an *informed choice* about how a value chain should configure itself to compete. *Timely action* is driven by two factors. First, facilitators must encourage productive attitudes across the value chain. OTF’s Mental Models technology is an approach that allows the attitudes of stakeholders to be quantified and segmented according to beliefs about competitiveness, collaboration and long-term thinking. Each of the segments requires a different communications strategy to fully address their needs and shift them towards a more pro-competitive mindset that can lead to a virtuous circle of firm- and value chain-level upgrading. The second ingredient to spur industry-wide action and mobilization is the effective use of language. “Language works by some transference of one reality to another.”⁴ This quote from a text about adult learning suggests the importance of the effective use of language in the form of metaphors and other imagery in value chain mobilization. Transforming the data from the customer research and Mental Models analysis into a story that clearly explains a problem and highlights the way forward is the best way to ensure that good analysis and reports do not simply “gather dust on a shelf,” but instead are used to illuminate a clear path towards improved competitiveness of the industry.

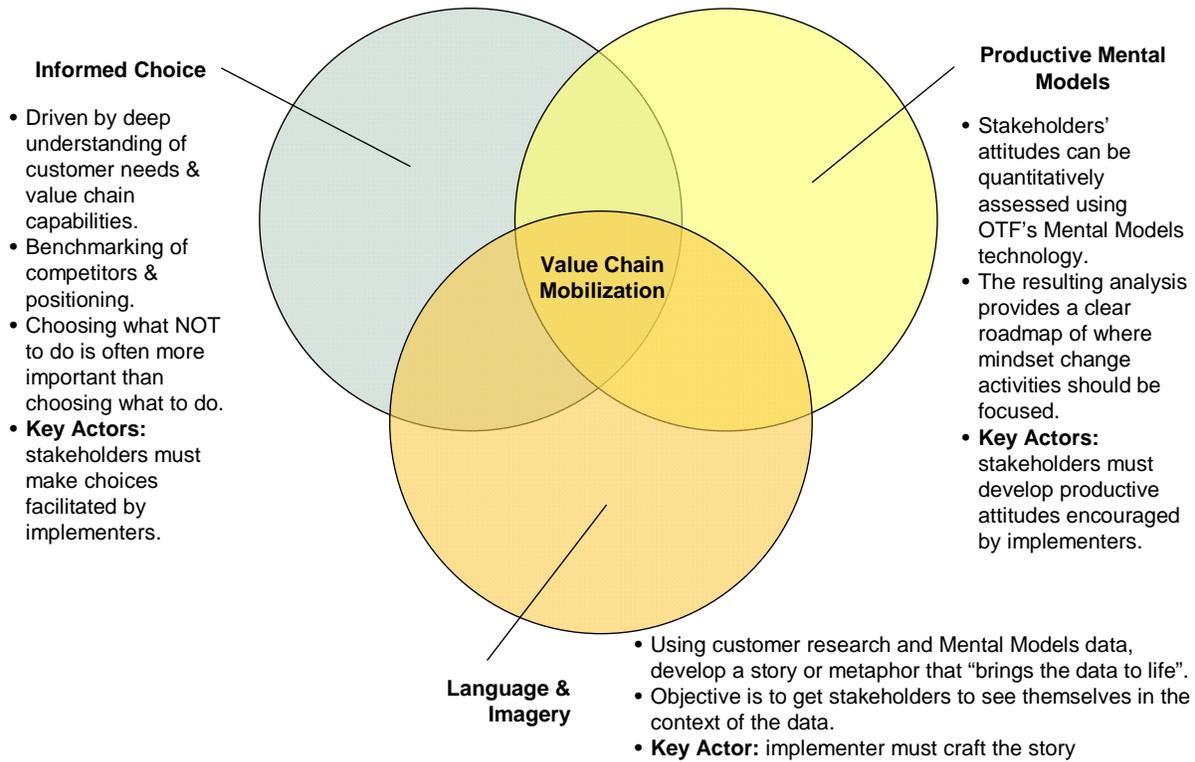
The intersection of these three components is represented in the graphic and text below, followed by a more detailed example in the next section of the document.

² Mark Fuller, co-founder, Monitor Group

³ Note: for guidance on implementing end market research, please refer to “Upgrading Value Chain Competitiveness through Informed Choice: A Toolkit for End Market Research”, USAID / AMAP, Forthcoming Fall 2008.

⁴ Taylor W. (1984) “Metaphors of Educational Discourse”, in W. Taylor, Metaphors of Education. London, Heinemann.

Figure 2. Key Success Factors for Mobilizing Value Chains



INTEGRATION WITH THE USAID VALUE CHAIN APPROACH

This paper provides a framework to integrate end-market analysis with an understanding of attitudes vis-à-vis competitiveness to inspire stakeholder ownership of value chain strategy and its implementation. The framework described above addresses the following areas of the value chain approach:

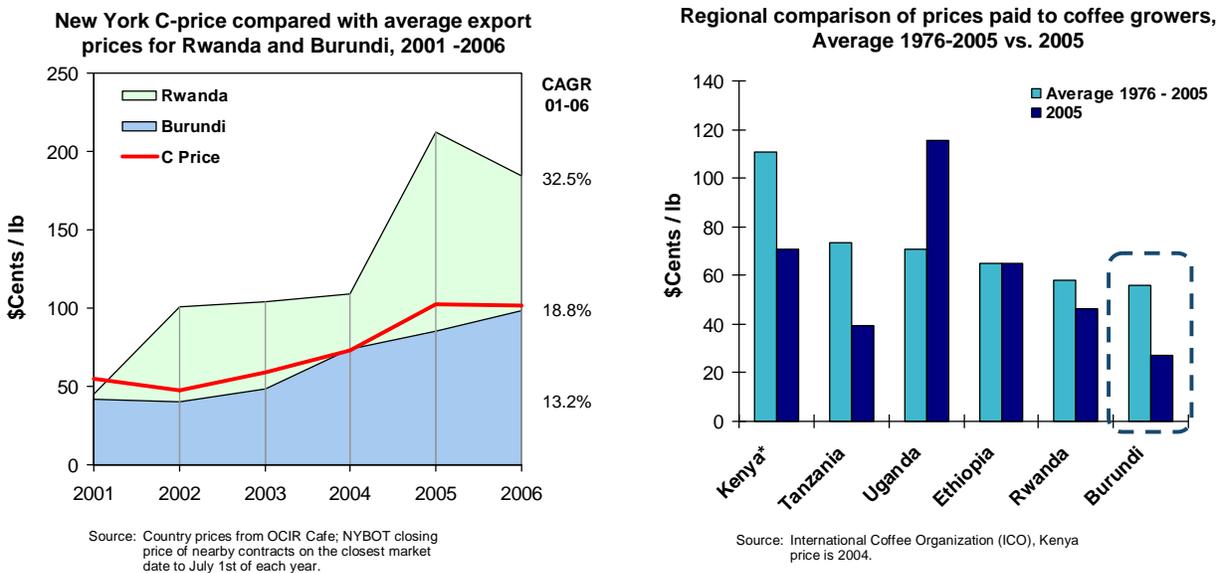
- **A focus on end markets and competitors.** Competitive strategy starts with a detailed understanding of the needs and requirements of specific customer segments and the way in which competitor value chains configure and position themselves to win in these segments. This knowledge should be the cornerstone of all value chain upgrading initiatives.
- **Facilitating changes in firm behavior.** Encouraging firms to change their behavior and make investments in their long-term competitiveness requires a deep understanding of both structural constraints to growth in the economy and individual attitudes towards what constitutes competitiveness in a specific value chain. The Mental Models technology conducts a diagnostic in both of these areas and provides the data required to design a communications strategy around it.
- **Empowering the private sector.** Ultimate success in value chain development is defined by local ownership of an upgrading strategy and its implementation. The methodology described in this paper is designed to mobilize and empower the local private sector to compete differently.

THE FRAMEWORK IN PRACTICE: BURUNDI'S COFFEE SECTOR COMMUNICATIONS CAMPAIGN

PROJECT BACKGROUND

In 2007, the Government of Burundi and the World Bank hired OTF Group to design a communications campaign for the country's coffee industry to support the reform (privatization and liberalization) of the sector. The goal of the campaign was to clearly identify 1) opportunity in the specialty coffee segment, and 2) the actions stakeholders needed to take to enable the entire industry to win. The country's coffee sector faced a crisis: Burundian coffee was fetching low prices and producers were earning among the lowest wages in the region. Relative to the performance of neighboring Rwanda, where many of the conditions required for producing specialty coffee were identical, the poor performance of Burundi's coffee sector was even more alarming.

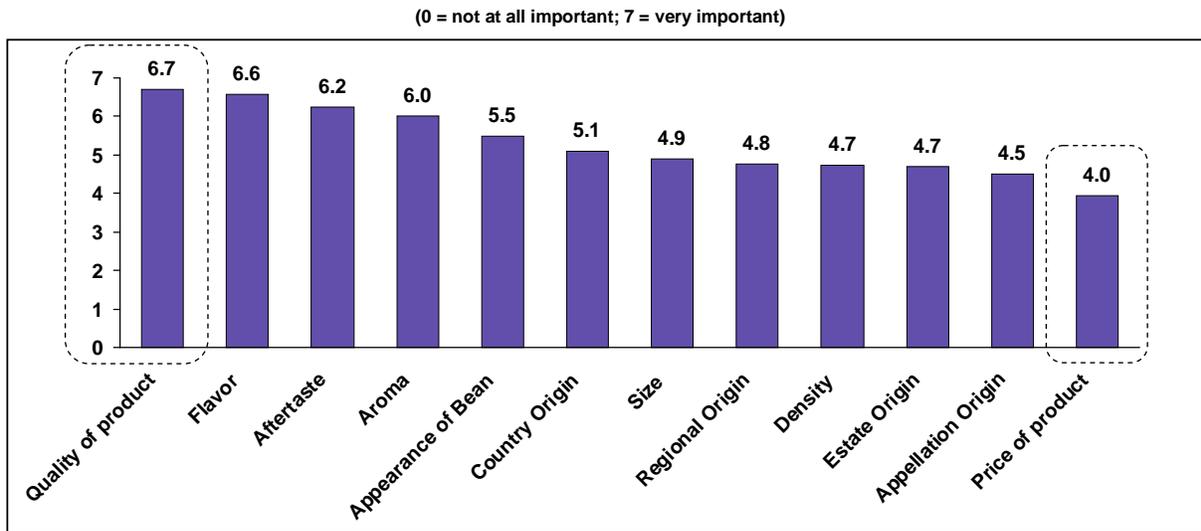
Figure 3. Prices and Wages for Burundi's Coffee Sector



INFORMED CHOICE

Although the Burundi project did not call for dedicated end-market research to assess customer needs, OTF had worked with clients to target the specialty coffee segment for ten years in East Africa and Latin America/ Caribbean. Based on our research of this potentially lucrative segment, OTF had come to understand that price is the least important product attribute in the purchase decision, while quality is the most important. This prioritization has critical implications for all players in the value chain in terms of how they configure their operations from the harvesting to the export stage.

Figure 4. Customer Needs, Product Selection Criteria for Specialty Coffee Importers



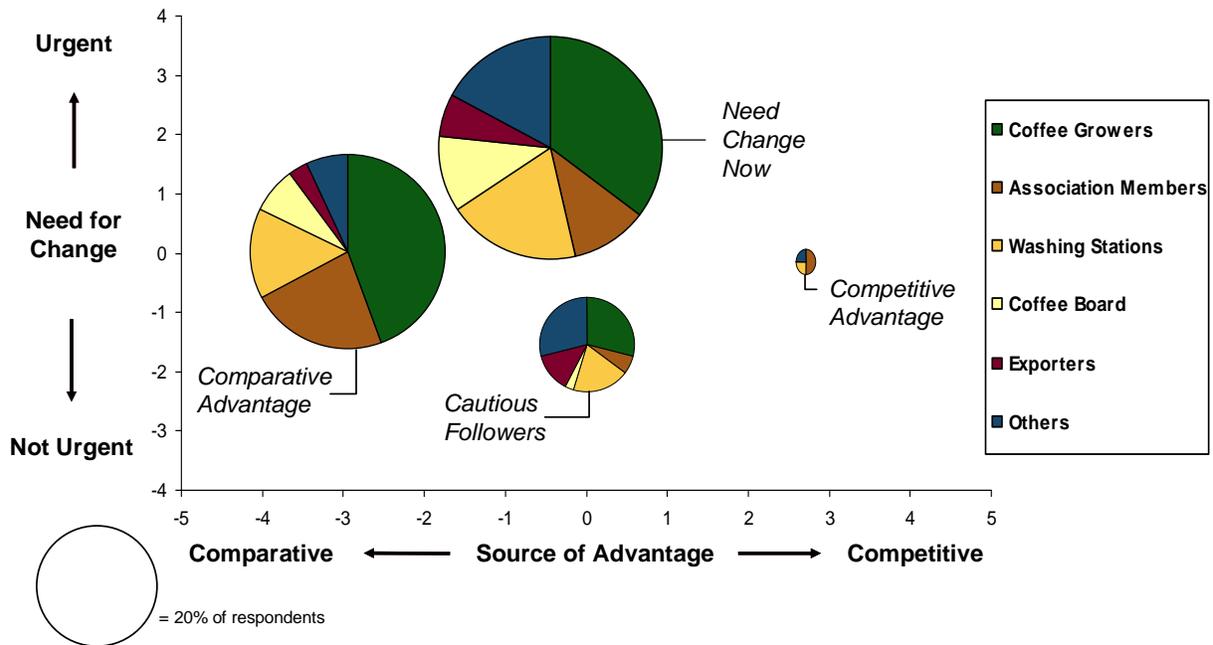
MENTAL MODELS

At the core of the coffee communications campaign was a Mental Models research effort to ascertain attitudes towards Burundi’s basis of competitiveness in the global economy and how the coffee industry should position itself to win vis-à-vis regional and global competitors. A national research effort including surveys, focus groups, and in-depth interviews was designed to identify attitudinal barriers to competitiveness. Respondents included coffee farmers, officials at the state-owned coffee board, exporters and processors. Based on the results of this survey, OTF segmented the sample using a predetermined factor analysis based on more than 500 respondents from around the world.⁵ The most remarkable finding of this analysis was the extremely small number of respondents who fell into the “Competitive Advantage” segment indicating that underlying attitudes towards the basis of the industry’s competitiveness were a fundamental problem that needed to be addressed. This was in sharp contrast to responses to more direct questions about what it takes to win in specialty coffee where over 90 percent of respondents stated that quality, not price, was the key success factor. Of the dozens of countries and industries that had participated in this type of survey, the Burundi coffee industry exhibited the lowest percentage of respondents classified into Competitive Advantage that OTF had ever seen.

Figure 5 below is a segmentation map that provides a visual representation of the Mental Models survey results. The factor “Source of Advantage,” on the x-axis, represents the range between competitive and comparative advantage. The y-axis factor is “Need for Change,” representing the range between urgent and non-urgent. The different wedges of the pies highlight the different types of stakeholders in each group and the size of the wedges represents the overall percentage of the sample classified into each segment. For example, the “Need Change Now” segment is the largest segment, is urgently looking for change on the y-axis, and is halfway between competitive and comparative advantage on the x-axis. For readers who are familiar with the analysis and presentation of market research, this format is a fairly standard way to look at three dimensions in one graph (need for change, source of advantage and size).

⁵Source: OTF Group Survey of Burundi’s Coffee Value Chain, May & June 2007, n=262. Data analysis based on predetermined segments. Note: N=561 for original segments, Segment definitions based on 1998 Monitor Company Surveys: El Salvador, Bermuda, United States, Palestinian Authority; N=262 for Burundi. Axes are Unstandardized Canonical Discriminant Function Scores at Group Mean.

Figure 5. Mental Models Segmentation for Burundi's Coffee Sector



LANGUAGE

Of the two major categories of data (industry and Mental Models), most stakeholders found the basic message concerning the importance of quality over price (i.e., the industry data) easy to comprehend. On the other hand, although the Mental Models data for the coffee value chain were insightful for the OTF team, they were too dry and complicated for people untrained in market research and analysis to truly connect with and comprehend. Although the team was able to eventually explain the meaning and implications of the Mental Models to key stakeholders, it was a relatively intense process that would not have easily scaled up to the project's national campaign mandate. To rectify this, the team used two different techniques to make the data more digestible. To allow stakeholders to more easily identify with the four Mental Models segments, the team created four profiles modeled after individuals they had met during the engagement who also corresponded to the qualities that drove the factor analysis in the segmentation above. These fictional characters form the core of the national communications strategy as characters in mobile cinemas, in radio skits, print media campaigns and other targeted activities that would serve to shift the attitude of the sector to an overall more competitive mindset. An overview of these four characters or “faces” of Burundi's coffee sector are below.

In addition to characterizing the segments, the team used the metaphor of *The Elephant and the Blind Men*⁶ to explain the importance of understanding the full context in which Burundi's coffee sector was operating. This metaphor is originally from South Asia, but given the familiarity of the animal in Africa and the universality of the story, it works very well to highlight the need to take an integrated view of the world to make choices and the necessity of working together with a group to make sure you have full information before coming to a conclusion. In the story, a group of blind men are trying to determine what an elephant looks like by feeling different parts of its body. The man who touches the leg says it feels like a pillar. The one who touches the tail says it must be more like a rope. A third touches the ear and says the elephant must resemble a hand fan.

⁶ An overview of this parable can be found at: http://en.wikipedia.org/wiki/Blind_Men_and_an_Elephant

Figure 6. The Four Faces of Burundi's Coffee Sector

Name	Ludoviko, Coffee Grower	Salvator, Coffee Board	Fidélité, Washing Station	Frédérique, Private Investor
Segment	 Comparative Advantage	 Cautious Follower	 Need Change Now	 Competitive Advantage
Representative Quote	<ul style="list-style-type: none"> « I want the government to stay involved in the sector because I don't think the private sector will help us... » 	<ul style="list-style-type: none"> « Liberalization and privatization will be a good thing for the country, but we should go slowly » 	<ul style="list-style-type: none"> « OCIBU (the coffee board) needs to get out of the coffee business. It is making the entire sector inefficient » 	<ul style="list-style-type: none"> « Everyone will win with the reform of the sector. Private investors can't win in the specialty market without sharing revenues with the producers... »

In the context of value chain development in Africa, OTF has found that this metaphor is extremely effective in highlighting the importance of looking at all data available (industry specific, mental models, the context) and understanding the attitudes and beliefs of others in the value chain (Mental Models) to identify the true opportunities and constraints of building the competitiveness of a value chain. In the case of Burundi's coffee sector the combination of a clear strategy for the sector based on end market research and the data driven picture of the underlying attitudes held by the majority of the coffee industry provided the OTF team with the opportunity to “bring the data to life” and use it to kick off a national communications campaign that had the potential to engage and entertain the entire country.

Although the OTF mandate did not include the implementation of the communications campaign,⁷ the team did test the various messages with different groups within the value chain. Using core marketing principles, the team developed four key messages per segment based on push and pull marketing strategies and positive and negative attitudes and messages that emerged from the research. In addition to refining the messaging, the team used secondary research to identify the most effective communication channels (television, radio, print, etc.) with which to target stakeholders with divergent levels of sophistication (i.e., coffee growers versus senior public- and private-sector leaders) (see Figure 7 below).

The change in receptivity that resulted from animating the messages instead of using pure data was palpable. In early sessions with our core clients,⁸ when the team transitioned from presenting dry analysis to telling a story, the mood evolved from confusion to comprehension. Once the team had fully developed the story line, characters and messaging (segment specific example below) they tested them during a national launch and validation seminar. The seminar featured a role play conducted by semi-professional actors depicting Ludoviko and Frederique⁹ discussing the pros and cons of privatization had the crowd alternating between cheering for their favorite and laughing at the disagreements stemming from their different perspective on the situation. Based on this early success, what is needed

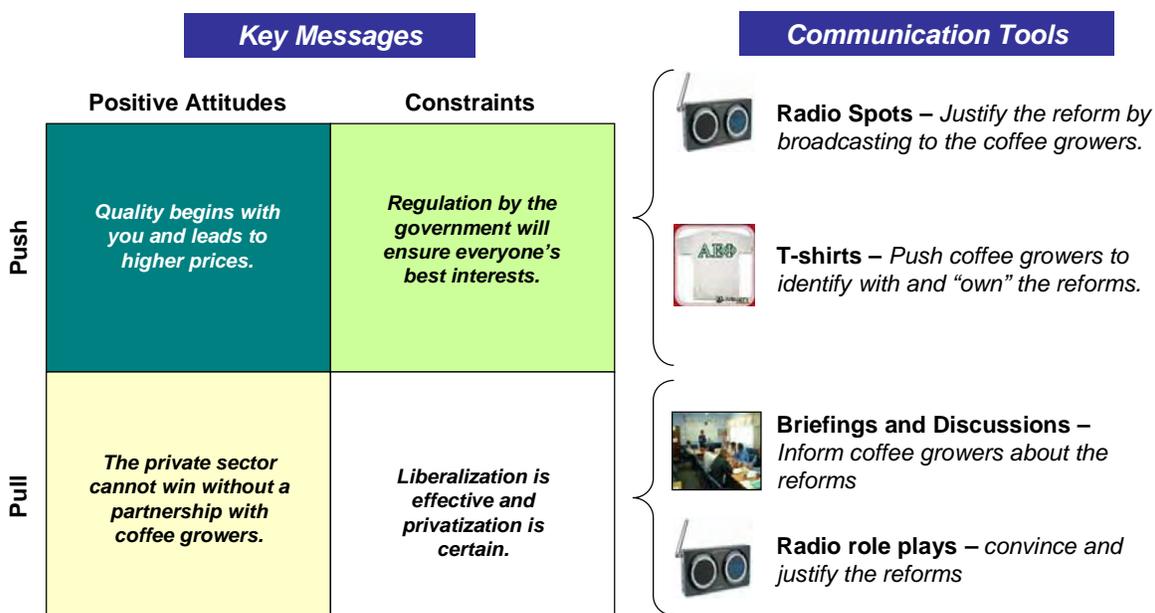
⁷ Implementation was slated to be done by a local communications, public relations and marketing firm.

⁸ The core client in the case was the Coffee Reform Committee comprised of mid- and senior-level public and private sector, all with university degrees, most with Master's degrees, so relatively sophisticated clients in a post-conflict country.

⁹ Two characters above.

now is follow up and implementation of the strategy to privatize and liberalize the industry to allow Burundi to capture the maximum value possible from a sector that is one of the country’s largest employers and export earners.

Figure 7. Communications Strategy Action Plan, Growers



CONCLUSION: IMPERATIVES FOR UPGRADING VALUE CHAIN COMPETITIVENESS

The story of Patrick from Trinidad, the characters from Burundi’s coffee sector, and the parable of the blind men and the elephant all highlight the absolute necessity of transforming the numbers generated by research and analysis into simple and engaging imagery and storytelling that can mobilize stakeholders. Without this critical last step, at best the recommendations that stem from analysis conducted as part of value chain upgrading programs will not yield their full potential. At worst, these efforts will be relegated to the shelves and filing cabinets of ministries in the capitals of countries that are in dire need of competitive value chains. In conclusion, and returning to the original framework, three imperatives to mobilizing value chains are:

1. **Understand** value chain end customers and formulate a value chain strategy based on effective end-market research. In a communications campaign, this information should be used to highlight attitudinal constraints to upgrading value chain competitiveness. In the context of Burundi’s coffee growers, over-reliance on the government to ensure an equitable distribution of profits was a priority target for behavior change in the sector.
2. **Make explicit** domestic value chain stakeholders’ attitudes and beliefs vis-à-vis competitiveness. Based on differing attitudes and preferred communications channels, design a communications strategy to address “anti” competitive attitudes and reinforce “pro” competitive sentiments with messages and techniques that will resonate best with the industry. Simple messages like “Quality begins with you” transmitted over the radio and printed on t-shirts for coffee growers is an excellent example of this from the Burundi coffee engagement.
3. **Mobilize** stakeholders by recasting the reality portrayed by the data and analysis in the form of powerful images and stories that inspire all value chain players and spur them to action. In the case of Trinidad, the

creation of the fictitious character Patrick transformed a dry technical presentation about business barriers into a story that built trust in the OTF team and clinched the clients' buy-in and validation of the value chain approach for the energy services engagement in Trinidad and Tobago.

OTF hopes that this paper and the learning captured in it can make a significant contribution to the effectiveness and impact of value chain development projects globally. Although a soft skill, the ability to effectively communicate and mobilize value chain clients can push entire industries over the tipping point where they begin to actively pursue and invest in business strategies that can upgrade the competitiveness of their firms, the industry, and even the entire nation.