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EVALUATION OF THE BANGLADESH SOCIAL MARKETING PROGRAM

by

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Fieldwork
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Table of Contents

Project Identification Data	iii
Glossary	v
Executive Summary	vii
1. Introduction	1
1.1 Evaluation Scope of Work	1
1.2 SMC: Historical Overview	1
2. Achievement of Contraceptive and ORS Output Targets	5
2.1 Output Targets Related to SMC's Products	5
2.2 Output Targets Related to Overall USAID Program	6
3. Social Marketing Company Organization and Management	7
3.1 SMC Structure and Mandate	7
3.2 Recent Reorganization and Redirection	7
3.3 In-House and Contracted Functions	9
3.4 Relationship with PSI	10
3.5 Strategic Plans for Managerial Sustainability	10
3.6 Communications with USAID	10
3.7 Linkages with Other Organizations and Projects	11
3.8 Conclusions	11
3.9 Recommendations	11
4. Financing and Cost Recovery	13
4.1 Factors to Consider	13
4.2 SMC's Strategic Plan for Increasing Financial Sustainability	13
4.3 Activities to Date and Results	14
4.3.1 Five-Year Business Plan	14
4.3.2 Commercially Oriented Income Generation Ventures	15
4.3.3 Efforts to Diversify Donor Base	17
4.4 Realistic Targets	18
4.5 Conclusions	18
4.6 Recommendations	18
5. Communications	19
5.1 Research	19
5.1.1 Research Capacity in Bangladesh	19
5.1.2 Research Focus	19
5.1.3 Use of Research	20
5.1.4 Response to Prior Recommendations	20

5.2	Promotion	21
5.2.1	Brand Advertising and IEC Campaigns	22
5.2.2	Advertising Subcontractors	23
5.2.3	Media Used	24
5.2.4	Pharmacist Training	25
5.2.5	The School ORT Program	25
5.3	Conclusions	26
5.4	Recommendations	27
6.	CBS Pilot Project	29
6.1	Development of Model	29
6.2	Implementation	29
6.3	Conclusions	31
6.4	Recommendations	32
7.	Future Roles of PSI, SMC, and USAID	33
7.1	Historical Roles	33
7.2	The Question of Future Roles	33
7.3	Conclusions	34
7.4	Recommendations	34

List of Appendices

Appendix A	Scope of Work
	Evaluation Methodology
	Persons Interviewed
	Documents Reviewed
Appendix B	SMC Organizational Chart
Appendix C	Illustrative Sales/Projection Charts
Appendix D	Updates of Selected portions of September 1990 Financial Analysis
Appendix E	Illustrative New Product Business Plans
Appendix F	SMC Research, 1975-Present
Appendix G	A.I.D. Evaluation Summary, Sections H and J
Appendix H	Recommendations

Project Identification Data

1. Project Title: Family Planning Social Marketing Project
2. Project Numbers: Contraceptive Social Marketing: 388-0071
Oral Rehydration Therapy: 388-0050
3. Cooperative Agreements: CSM: 388-0071-A-00-7081-00
ORT: 388-0050-A-00-5031-00
4. Critical Dates: Agreement signed: CSM - August 20, 1984
ORT - July 1, 1985

End date: CSM - September 30, 1992
ORT - September 30, 1994
5. Project Funding:

CSM Authorized LOP Funding: \$22,000,000
CSM Funding to Date: \$20,670,000

ORT Authorized LOP Funding: \$15,000,000
ORT Funding to Date: \$13,863,907
6. Scope: Bangladesh
7. Mode of Implementation: Two cooperative agreements between USAID/Bangladesh and Population Services International
8. Grantee: Population Services International
Washington, D.C.
9. Major Activities:
 - Social marketing of condoms, oral contraceptives, and oral rehydration salts
 - Promotion of family planning, child spacing, and rehydration

Glossary

A.I.D.	United States Agency for International Development
BDG	Bangladesh Government
CBD	community based distribution
CBS	community based sales
CPS	Contraceptive Prevalence Survey
CSW	community sales worker
CYP	couple year protection
DANIDA	Danish International Development Agency
EC	European Community
EDCL	Essential Drug Company Limited
IEC	information, education, and communication
JICA	Japanese International Cooperation Agency
KAP	knowledge, attitudes, and practices
MIS	management information system
NGO	non-governmental organization
ORS	oral rehydration salts
ORT	oral rehydration therapy
PCS	Population Communications Service
PRITECH	Technologies for Primary Health Care
PSI	Population Services International
RSL	Research Surveys Limited
SIDA	Swedish International Development Agency
SMC	Social Marketing Company
SMP	Social Marketing Project
SWOT	strengths, weaknesses, opportunities, threats
TBA	traditional birth attendant
UE	<i>upazilla</i> executive
UNICEF	United Nations Children's Fund
UNFPA	United Nations Family Planning Association
URC	University Research Corporation
USAID	United States Agency for International Development (mission)

Executive Summary

Introduction

This evaluation focuses on the Social Marketing Company (SMC), formerly called the Social Marketing Project (SMP). This activity has been funded by USAID since 1974 and has had continuing technical assistance from Population Services International (PSI). It has long been acknowledged as a major factor in the increase of short-term methods contraceptive prevalence in Bangladesh (60 percent condoms and 21 percent oral contraceptive pills according to the 1989 Contraceptive Prevalence Survey). Its field sales force is regarded as among the best in the country. SMC sponsored the nation's first wide-scale family planning and oral rehydration solution (ORS) multi-media advertising and information, education, and communication (IEC) campaigns. The program is an important element in USAID's family planning and oral rehydration therapy (ORT) program. After 16 years as a project operating under a council chaired by the government, it was established as a private non-profit company with a private sector board in 1990. Its social objectives remain unchanged.

Evaluation Purpose and Methodology

SMC has not been externally evaluated on its own since 1986. Selected aspects were covered in the 1986 Overall Evaluation of the USAID/Bangladesh Family Planning Services Project, the February 1990 Population Sector Review, and the September 1990 Family Planning and Health Services Project Midterm Evaluation (released in July 1991). The present evaluation was scheduled for September 1990 but was delayed due to SMC's recent reorganization.

Initial discussions with USAID at the beginning of the evaluation assignment resulted in agreement on the four key issues to be addressed:

- prospects and strategies for increased financial sustainability;
- the nature, extent, and quality of SMC's communications and research activities;
- the fit between the community based sales (CBS) program and SMC as a whole; and
- future roles of USAID, SMC, and PSI.

It was further agreed that these issues should be addressed within the context of SMC's overall organization and management, as increased technical and managerial sustainability is an underlying issue. In addressing the key concerns, the evaluation team was also charged with assessing the extent to which relevant recommendations from the three prior evaluations have been implemented. However, the 1990 Family Planning and Health Services Project Midterm Evaluation, only received by USAID in July 1991, was not officially available to SMC prior to the arrival of the evaluation team.

This evaluation was conducted by two consultants fielded by the Population Technical Assistance Project. Activities included assembly and review of pertinent documents, discussions with

representatives of key organizations (including research and advertising subcontractors to SMC, other USAID-sponsored programs, and other donors), and field visits to the CBS project site in Brahmanbaria and the SMC area office in Mymensingh. Briefings were held with USAID and SMC. Extensive consultations were also held with both organizations during data collection, analysis, and preparation of this report, and draft sections were constructively reviewed by the USAID Project Officer.

Project Implementation

Organization and Management

Since incorporation as a private non-profit company in 1990 and the hiring of new executive management, SMC has made major organizational and management gains. Examples include internal reorganization resulting in less top heavy management, better and more sophisticated use of management information system (MIS) data, higher productivity in such operations as packaging and sales, professionalization of the research and advertising unit, improvements in and better codification of operating systems and procedures, and structured outreach to new business opportunities with the potential to subsidize SMC's main product lines and increase financial sustainability. SMC's impressive gains should continue, using clearly articulated management objectives as guidelines.

SMC still needs improvement in disseminating information effectively and efficiently to USAID and in developing functional relationships with other organizations, such as USAID projects involved in complementary activities as well as other donors. SMC's reporting requirements are spelled out in the USAID-PSI and PSI-SMC cooperative agreements. Though one category of reports is now behind schedule, USAID generally gets basic information on monthly sales and quarterly progress. However, USAID is not aware of many of the management and business innovations described in this report and voices frustration about not getting data on cost recovery and other aspects of the operation that enjoyed lower priority when the agreements were signed but are now major concerns. SMC, as a marketing organization, should be able to market itself more effectively to USAID and other organizations (e.g., other donors, local groups such as the Chamber of Commerce, etc.). USAID could help by redefining its official reporting requirements.

Financing and Cost Recovery

SMC is a social enterprise. Its mission, environment, and target consumers preclude total cost recovery. This fact has been acknowledged since project inception, and there has never been any suggestion that SMC operate without subsidy. Nevertheless, USAID's competing priorities and declining resources make it difficult to continue support at present levels. SMC and PSI understand the imperative to increase financial sustainability. SMC's strategy has four components: 1) more aggressive sales; 2) generation of revenue from new, more profitable products; 3) donor diversification; and 4) cost containment. Sales gains are slated as a result of sales force productivity improvements and new advertising campaigns. Cost containment is being addressed by productivity and other management improvements. USAID has assisted SMC in securing condoms through the European Community; SMC's independent donor diversification efforts have not yet resulted in new support. In terms of new revenue generation, SMC is carefully developing a package of products and services that is consistent with its mission and does not place large, additional burdens on the organization. A wide variety of new ventures have been scrutinized, and detailed business plans for

those with merit have been developed. Although expected returns are relatively modest in the near term, these ventures demonstrate SMC's growing entrepreneurship and its commitment to increase financial sustainability.

Communications

SMC is also a marketing organization, albeit socially oriented and non-profit. Thus, its operating objective is to sell its products, and the purpose of its research should be to increase sales. Recently hired staff bring new research and marketing experience and expertise to the organization. Also, the project and its advisors have helped develop the capabilities of local research firms. In addition, there are now other projects and organizations which undertake broader-scoped research upon which SMC can draw. Now is the time for SMC to establish a strategic plan for its research component, along with other components in its program. This kind of plan will maximize resources and ensure that company research is directly supportive of company programs.

There is little information on how well different media reach audiences in Bangladesh. This information is critical for SMC and other projects that use the media for education and for product advertising, as projecting impact is difficult. SMC has begun to collect what scattered information does exist, as well as to initiate small studies to increase the body of knowledge. An investment in expanding this body would have substantial payoffs and assist USAID in deciding how to support communications programs.

CBS Project

USAID is considering whether or not this program could be better managed by one or more non-governmental organizations (NGO) and how to market the program to NGOs as well as the Bangladesh Government. The initiation of this project followed years of study and discussion regarding design and implementation. The original objective was to develop a new community-based distribution model that would reduce recurrent costs of large staffs in USAID-supported programs. The potential for field workers to become self-supporting sales agents for contraceptives and ORS products was to be tested. Consensus was that SMC provided the most appropriate home for this project. The documentation is ambivalent about whether the design established a five-year project slated for a single home or a pilot phase for SMC and a second phase for possibly another organization. SMC has experimented over the years with ways to extend reach to rural areas. CBS should be viewed as part of this continuum. Continuing adjustments are producing an increasingly viable methodology. Transferring the project early would not be fruitful.

Actual income of the community sales workers (CSW) averages only slightly more than 10 percent of what was projected. Competition is increasing from government field workers, who sell products at much lower prices. Project workers are undercutting their recommended sales price, and their commissions are being eroded. With its in-house business, marketing, and sales expertise, SMC can develop and test alternative strategies to help this project realize its potential.

Future Roles of PSI, SMC, and USAID

The SMC project has been supported by USAID through PSI since 1974. Under USAID's oversight, PSI has provided invaluable assistance in establishing and building the project structure, helping develop sales and distribution networks, and providing staff training. PSI has also brought other

resources to the project, such as assistance from Manoff International Inc., in developing the IEC campaign which began in 1983. In addition, PSI has fostered the development of the research and advertising firms with which the project has subcontracted. Past relationships and continuity of support have worked well. The question now is what configuration of resources will stimulate the further development of SMC. USAID expects greater eventual managerial and technical sustainability on the part of SMC, and that future gains will eliminate the need for resident advisory assistance. USAID also wonders whether the present arrangement will adequately support SMC's future short-term technical assistance needs.

USAID's interest in these issues is reasonable, given its generous, continuing support. Unfortunately, there are no easy answers at this time. It is too early in SMC's life as an independent entity, and there are too many uncontrollable factors. However, two things can be said. First, now is not the time to withdraw PSI resident support. The organization is too vulnerable to pressures and stresses, and PSI's role as a buffer as well as a technical resource is essential. Second, there are too many uncontrollable factors that must be figured in the equation. Significant support changes would not be beneficial at this time. However, it is essential that PSI and SMC develop long-range plans for some kind of transition, and that these plans specify assumptions about SMC's growth and the environment, as well as about criteria on which future decisions should be made.

Major Recommendations

Organization and Management

1. SMC should continue to seek structural and procedural ways to strengthen organizational management and contain costs through improved efficiency. This process should be governed by clearly established management objectives identified through an overall strategic planning exercise carried out during the next 12 months.
2. SMC should develop better strategies to market its achievements (actual and planned) to USAID. USAID could help by making its interests clearer. For example, USAID could formally request data on cost recovery and revenue use.

Financing and Cost Recovery

3. SMC should cautiously continue its experimentation with new commercial products, carefully monitoring the costs and financial benefits as well as the impact on the company's main line of business. Even a small amount of unrestricted revenue will be beneficial to the company.

Communications

4. As part of its overall organizational strategic planning exercise, SMC should prepare a written strategy for its research activities within the next six months. This will describe what kinds of studies it will do (and why), what work will be done in-house and what contracted out, criteria and methods for field testing, and technical assistance and resource needs. This work will be shared with USAID for comment and review.

5. USAID should assist SMC and other communication programs to research and summarize information on how well different media reach audiences.

CBS Project

6. The CBS project should stay at SMC through the five-year project period; after that, USAID and SMC should carefully study options for a permanent home.

7. Since adequate incentive is the key to CSW satisfaction and retention, PSI, SMC, and CBS management should explore alternate ways to stimulate higher profit from sales without increasing costs to the program.

Future Roles of PSI, SMC, and USAID

8. Within the next year, PSI and SMC should explore options regarding the nature of their relationship in the future, with particular reference to overall PSI advisory services to Bangladesh. These options should be in written form and state assumptions about SMC's managerial and financial sustainability over time, and also about the environment in which SMC operates. They should be shared with USAID.

9. Within the next eight months, PSI and SMC should develop a formal short-term technical assistance plan for the next three to five years indicating what kind of expertise will be needed. USAID should assist PSI and SMC in assessing what resources are most appropriate to meet these needs. Once the options (8 above) and the formal short-term technical assistance plan have been developed, an external team should review the viability of these plans and strategies.

1. Introduction

1.1 Evaluation Scope of Work

The last USAID evaluation focusing exclusively on the Social Marketing Company (SMC), at that time called the Social Marketing Project (SMP), was conducted in 1986. SMP was also covered in the 1986 Overall Evaluation of the USAID/Bangladesh Family Planning Services Project. A subsequent SMC evaluation scheduled for September 1990 was postponed due to profound organizational changes (see Section 1.2). SMC was addressed in the February 1990 A.I.D./Washington Population Sector Review and the September 1990 Family Planning and Health Services Project Midterm Evaluation, both of which resulted in a number of recommendations regarding SMC. Those evaluations, however, were not designed to address all aspects of the operation or to focus in depth on all of the key SMC issues as now perceived by USAID.

The scope of work for the present evaluation was developed by USAID in the spring of 1991 (see Appendix A). During discussions between the evaluation team and USAID at the beginning of the assignment, agreement was reached on the four key issues to be addressed:

- prospects and strategies for increased financial sustainability;
- the nature, extent, and quality of SMC's communications and research activities;
- the fit between the community based sales (CBS) program and SMC as a whole; and
- the roles of USAID, SMC, and Population Services International (PSI).

It was further agreed that these issues should be addressed within the context of SMC's overall organization and management. This perspective is particularly important as SMC matures as a private non-profit company and moves toward increased technical, managerial, and financial sustainability during the next project period. (See Appendix A for evaluation methodology.)

The scope of work also required that the team assess the extent to which recommendations from prior evaluations have been addressed. This question is answered within the context of each major topic area (Section 3 through Section 7). It must be noted, however, that SMC had not received the September 1990 Family Planning and Health Services Project Midterm Evaluation prior to this evaluation visit and thus had not had an opportunity to respond.

1.2 SMC: Historical Overview

The Social Marketing Project was initiated in 1974 when A.I.D./Washington, at the request of the Bangladesh Government (BDG), contracted for a two-year program to distribute non-clinical contraceptives throughout the country. A sole-source contract was awarded to PSI, which then signed an agreement with the BDG establishing the activity as a parastatal one, with a project council serving

as the board of directors. The council was chaired by the secretary of Health and Family Planning and contained representatives of the government, the private sector, and the international non-profit sector.

Products were introduced in late 1975. By the end of the following year, they had spread to all urban markets, and sales reached 4.9 million Raja condoms and about 250,000 cycles of Maya oral contraceptive pills. In 1979, the Joy brand foaming spermicidal tablet, donated by the Japanese, was introduced and sold about 3 million pieces. (Joy was discontinued in 1989 when the Japanese ceased supplying it and no other donor could be found; about 50 million tablets had been distributed.) In 1980, a second pill brand called Ovacon was introduced. Total sales for that year were 33.4 million Raja and over 600,000 pill cycles.

In 1982, after the original contract with PSI had been renewed twice, USAID decided to change to a cooperative agreement, which now expires at the end of FY 1992 for family planning and FY 1994 for oral rehydration therapy (ORT).

By 1983, a second brand of condoms (Panther) was introduced. Condom sales reached 76 million that year, with pills up to 1.7 million. PSI was asked to call in an outside agency to assist in producing a motivational campaign to promote the virtues of the small family, birth spacing, male responsibility, and the like, through mass media. This campaign was designed by Manoff International Inc., and ran for five years until an unexpected cut in USAID funding.

During 1985, SMP introduced a third condom, the ultra-thin Majestic. Total condom sales passed the 100 million mark for the first time, and pills the 2 million mark. ORSaline (a brand of oral rehydration salts) was introduced in the same year; initial annual sales of 120,000 have now grown to 10-12 million. By 1985, SMP employed almost 500 people, and its sales force was regarded as among the best in Bangladesh.

In 1988, the BDG began trying to establish SMP as a totally government program. Protracted negotiations with USAID ensued through 1989 and into 1990, and USAID funding was suspended from March through September 1989. All available resources during this period were devoted to distribution and sales, while the motivational campaign and brand advertising ceased. Sales during this period increased to their highest-ever levels. This is not unusual, because the adverse effects of suspension of advertising are rarely felt immediately. SMP condom sales peaked in 1989, at 119.3 million, and pill distribution was up 50 percent over the previous year, at 6 million. The Majestic brand condom was discontinued worldwide by A.I.D. because of quality problems.

High sales levels suggested that perhaps prices were too low. In addition, increasing emphasis was placed on greater cost recovery and financial sustainability for the project. There was also considerable concern about product wastage. Results from Contraceptive Prevalence Surveys (CPS) consistently indicated that less than 3 percent of couples used condoms for contraception, while sales of SMC products and BDG distribution figures indicated rates two to three times higher. Concern about the so-called "condom gap" peaked in the mid-1980s with several studies done to account for it. Although a number of contributing factors were identified, the matter is still an issue of some concern.

In April 1990, after funding for local costs was withdrawn and SMC was suffering the effects of the long and difficult negotiations between USAID and the government, the consumer price of the Raja condom was raised by 65 percent and the prices of all other products by 50 percent. There was

immediate market resistance. Condom sales fell to 73 million, with the popular Raja hardest hit. Pill sales stayed steady, not realizing the 15 percent increase expected. While revenues grew by \$200,000, CYP (couple year of protection) was reduced by 400,000. The extent to which this decline in sales has affected the contraceptive prevalence rate (CPR), however, is not known. As discussed above, there is consistent discrepancy between sales and distribution figures and prevalence. This may be clarified when the 1991 CPS is completed.

Following USAID-BDG agreement, SMC was established as a private, non-profit company in 1990. Funding resumed, a new non-government board was constituted, and new management was hired.

2. Achievement of Contraceptive and ORS Output Targets

The USAID-PSI cooperative agreement for family planning, initiated in 1984 to cover three years, has been amended eight times to extend through FY 1992. The initial USAID-PSI cooperative agreement for ORT covered the period July 1985 to September 1989 and has been amended seven times to extend through August 1994; Amendment No. 3 adds the CBS project. The PSI-SMC agreement runs from January 1990 through September 1992.

2.1 Output Targets Related to SMC's Products

These cooperative agreements set a number of output targets for SMC's commercially marketed products:

- Increase sales from 1,030,000 CYP in 1988 to 1,450,000 in 1991.

CYP in 1989 was just over 1,300,000. SMC sales in 1990 and early 1991 were adversely affected by the price increase instituted in 1990 and by the suspension of USAID funding, but sales appear to be recovering for the hard-hit Raja brand. 1990 CYP was about 1,000,000. As of July 1991, CYP was 687,000, or about 100,000 per month. At a steady rate, this would make the 1991 CYP 1,200,000. However, SMC reports traditionally heavy sales in the last quarter, after the harvest is sold. Therefore, the target of 1,450,000 (using the USAID standard of 150 condoms = one CYP) may be reached this year.

- Expand the total number of sales outlets from 107,000 in 1984 to 120,000 in 1987, especially in rural areas.

This target has been achieved. SMC estimates that its products are sold now at approximately 150,000 outlets nationwide.

- Increase overall marketing emphasis for oral contraceptives from 27 percent to 31 percent.

Using relative CYPs as a measure of marketing emphasis, this target has been exceeded. SMC has traditionally achieved most of its CYP through condom sales. In 1991, however, these sales have accounted for 444,000 CYP to date, while pill sales have accounted for 391,000. Thus, pill sales account for 47 percent of SMC's CYP. The 1989 CPS showed that 60 percent of condoms used were SMC products. The corresponding figure for pills was 21 percent. According to the latest published figures of the BDG Directorate of Family Planning (February 1991), SMC's national market was 16 percent for oral contraceptives in February 1991 and the same for the period July 1990 to February 1991. Corresponding figures for its condom market were 52 percent and 60 percent, respectively. The government's share for pills remained about the same (69-70 percent), and its condom share rose from 25 percent to 33 percent.

- Increase oral contraceptive and condom sales at the rate of 20-30 percent per year.

This target was included in the USAID-PSI family planning agreement. This initial target growth rate most likely reflects much earlier history in the program (e.g., from 40 million in 1980 to 52 million in 1981, from 85 million in 1983 to 110 million in 1984, from 93 million in 1986 to 102 million in 1987). At SMC's current sales levels, a 20-30 percent growth rate per year is unrealistic, would be well beyond the resources of USAID and other donors, and is not being achieved. SMC's current business plan is based on 2 percent annual increases in condom sales and 10 percent in pill sales.

- Increase ORSaline sales from 8 million (packets) in 1988 to 24 million in 1992.

SMC's records show that ORSaline sales were about 7 million in 1988 and 1989 and rose to 7.2 million in 1990. The estimate for 1991 is about 12 million (with high sales due to the cyclone); for 1992 it is about 10 million. The target was apparently based upon mathematical calculations using population and episode statistics rather than true business or sales estimates. Also, local manufacturers would be hard pressed to meet this kind of demand. A more modest growth rate would be more appropriate.

2.2 Output Targets Related to Overall USAID Program

There are four targets in the USAID-PSI ORT agreement that relate to USAID's overall program and are not tracked by SMC: (1) increase SMP's total ORS market share from 9.4 percent in 1988 to 12.9 percent in 1992; (2) increase SMP's percent share of total ORS distribution from 13.2 percent in 1988 to 26.9 percent in 1992; (3) increase ORT treatment rates from 29 percent (rural) and 32 percent (urban) to 60 percent nationwide by 1992; and (4) increase the effective treatment rate of the 0-4 age group from 2 percent in 1988 to 12 percent in 1992. SMC does monitor its share of the commercial ORS market, which is now about 70 percent, and other available data indicates that 40-50 percent of ORS nationwide is attributable to SMC's ORSaline. Recent UNICEF statistics show a decline in treatment rates to 24 percent.

3. Social Marketing Company Organization and Management

3.1 SMC Structure and Mandate

SMC was incorporated as a non-profit company under Section 26 of the Companies Act, 1913, on April 19, 1990. Its Articles of Association list 23 corporate objectives. These objectives are consistent with the original mandate of the SMP, which was to increase access to and the use of safe and effective temporary methods of contraception in the country's urban and rural areas. The Articles also emphasize the company's primary commitment to social objectives, the use of social marketing techniques, and utilization of local resources for marketing and distribution. They require that income derived from all activities be directed solely toward the company's social objectives.

As a private company, SMC is overseen by a board of directors. The Articles of Association prohibit board membership by Government of Bangladesh employees, which represents a sharp distinction between SMC and the SMP. The Articles require that at least one director be from the non-profit community in the fields of family planning, population, or maternal and child health care, and that a second have a background in marketing or communications. The current board of directors exceeds these criteria, with representatives of the Department of Accounting at Dhaka University, Grameen Bank, Therapeutics Bangladesh Ltd., Duncan Brothers (Bangladesh) Ltd., The Pathfinder Fund, and the Family Planning Association of Bangladesh. The chair is a former minister, now chairman of Aziz and Company. The board is empowered to hire an executive director, who serves on contract for three years. Recently, the board expressed its confidence in the executive director by negotiating a power of attorney that enables him to make all appropriate management and operational decisions.

Under the terms of SMC's agreement with PSI, PSI provides funds, services, equipment and materials, and commodities to SMC.

3.2 Recent Reorganization and Redirection

The establishment of SMC as a private company has brought with it new management and organizational requirements. Coupled with these new requirements is the prospect of declining USAID support, particularly in terms of free condoms. These changes challenge SMC to increase its overall organizational sustainability. Strong management is key to meeting this challenge.

SMC has made major strides towards organizational and management improvements since its incorporation as a non-profit company and the appointment of a permanent executive director in October 1990. Significant initiatives include the following:

- **Reorganization.** Internal reorganization has reduced the number of top management positions.¹ For example, in the past there were two sales managers, each responsible for several

¹One anomaly in this regard was the initial establishment of the CBS project management position at the director level. According to board of director meeting minutes, the board felt that this decision may have been premature. CBS administration is now at the manager level. (There are four director-level slots: marketing, finance and management services, logistics, and sales.)

regions. One position was eliminated, and the incumbent was designated distribution manager. Eight area managers now report to a single sales director. As another example, the formerly large administration department has been dismantled, and its functions realigned within other units, including a logistics department. The reorganization has also promoted decentralization, granting more authority and responsibility to SMC district levels. For example, security guards and other support staff in the district offices used to report to the administration department at headquarters. Now every district office manager has authority over all staff within the district. All reorganization steps have been carried out without significant disruption to the work force. (See Appendix B for the SMC organization chart.)

- **Better use of management information system (MIS) data.** SMC has an extensive MIS system that tracks sales by product, sales staff members, region, etc. The MIS also maintains financial data. The system is highly flexible, permitting aggregation of data in a variety of formats. Computerized at SMC headquarters, data are collected and recorded manually in the field. Field computerization is not advisable at this time because of the scarcity of maintenance and repair services. The MIS system was initiated in 1986 and redesigned in 1988. Its routine reports have been used to monitor sales. Recently, management has developed new formats in which to display the data in order to improve both planning and monitoring. For example, MIS and other data are used to project annual sales of each product in terms of sales units and revenue. Sales progress/projection charts (see Appendix C) provide a quick but detailed overview of actual sales versus projected and last year's sales. Based on these data, management updates its forward planning every three months and readjusts its forecasts. The data also facilitate planning by area managers and supervisors of packaging and other supply operations by projecting specific material and supply needs. This minimizes the potential for oversupply or shortages.
- **Streamlined packaging operations.** SMC has assigned a new manager to the packaging operation, improved working conditions, and changed a number of processes to increase productivity. For example, a two-step process has been combined into one for the packaging of Ovacon and Maya oral contraceptive pills.
- **Productivity measurement.** Productivity is now being measured more aggressively, reflecting management's concern for efficiency and cost-containment. Concurrently, new procedures are being introduced and operational management is being strengthened. As a result, daily packaging productivity of Norquest has risen from 800 to 1200 (or 50 percent) since May 1991. The corresponding rise for Raja 100s is from 300 to 330 (10 percent). New productivity standards have also been introduced for the sales force. These standards require 440 effective sales calls per person per month. These are calls that result in purchases. Each salesman also has individual volume targets by product. In Mymensingh alone, with a sales force of eight, effective calls have increased from 900 per month in May 1991 to 3,500 per month in July. Each SMC salesman whose performance is 20 percent or less of annual target has received a warning letter.
- **Better monitoring of points of sale.** Area managers are now required to spend much more time visiting retailers (up to 20 days per month). They are also required to report in detail on their activities, by site. This produces much more accurate data on actual purchases and enables SMC to determine that its products are reaching consumers.
- **Revision of the administrative manual.** SMC systems and procedures have been recodified to document changes associated with the reorganization and modified operations.

- **Reinvigoration of the sales force.** In addition to establishing higher effective sales call quotas as described above, SMC has instituted a number of systems and procedures to improve sales. New guidelines on how to sell have been distributed. Each salesman has been given a diary in which he is required to record plans for the next day's sales as well as results from the previous day. The incentive plan has been improved. Motivational letters are sent to high-performing salesmen. Annual training of area managers continues; plans are currently under way for a presentation by PSI sales staff from Delhi. All of these initiatives reflect SMC's recognition that concerted actions are necessary to recover from recent sales declines. Increases in condom sales during May and June 1991 suggest these measures have achieved some success, although it is certainly too early to proclaim recovery.

- **Warehousing improvements.** The Dhaka Central Warehouse moved to a new, more spacious, and cheaper location in January 1991. SMC installed a company-wide cardex system in July 1991, making the tracking of first-in-first-out (FIFO) procedures easier and more efficient. Plans are also under way to install shelving that will increase stocking capacity at all facilities. The 1990 Family Planning and Health Services Project Evaluation recommended that USAID help SMC review its warehousing system to identify deficiencies. This was apparently the result of a visit to the Chittagong facility, and no details on deficiencies were provided in the evaluation report. USAID has not yet implemented this recommendation. A visit during the current evaluation to the Mymensingh operation revealed a clean, well-organized, adequately ventilated, and carefully tracked operation. Products were stacked on pallets at the correct height, cardex forms were neat and up to date, FIFO procedures were followed, products were nowhere near expiration dates, dates were visible, every stack was properly identified as to product and date of receipt, and no water or other carton damage was observed.

- **Strengthening research expertise.** SMC has acquired increased skills in research and communication through reformulated job descriptions and the hiring of new staff. The objective is to increase SMC's capacity to oversee its research contractors and to carry out special in-house studies quickly and inexpensively, not to eliminate the use of outside research firms.

- **Consolidation of the sales staff.** From 1981 to 1988, SMC employed a special cadre of medical sales officers to promote SMC products to physicians and rural medical practitioners. This cadre gradually grew in size from four to 27. Other sales were promoted by regular sales officers. At the end of 1990, the sales force was consolidated so that all sales staff can market the full range of products to all channels. Regular sales officers participated in two training sessions, one by gynecologists and the other by pharmacists, to improve their skills in promoting to physicians and rural practitioners.

- **Increased outreach to new business opportunities.** SMC is aggressively pursuing new product lines sufficiently profitable to generate revenue, subsidize the regular lines of socially marketed products, and increase the organization's financial sustainability. These activities illustrate management's commitment to improving the viability of SMC as a private company and are described in detail in Section 4.

3.3 **In-House and Contracted Functions**

SMC manages its own marketing, sales, training, and distribution activities in-house and provides the necessary administrative and oversight support for them. Historically, it has contracted out most

research and advertising functions (see details in Section 5). The 1990 Family Planning and Health Services Project Evaluation recommended continuing this practice, and SMC is doing so. To minimize costs and prevent unnecessary expansion of the SMC workforce, sudden and temporary needs (such as increased warehousing or fleet driver requirements) will be met through short-term contracts. However, SMC's ability to reduce its staff is constrained by local employment practices and by the interests of its own union, which prevent extensive use of casual labor.

3.4 Relationship with PSI

PSI provides technical assistance to SMC and also channels USAID funds to the organization. The areas of assistance specified in the PSI-SMC agreement are management training, marketing, advertising strategy and promotional research, distribution, and new product development, with emphasis on training SMC personnel. Assistance is provided through a full-time in-country representative as well as short-term visits from backstopping technical staff.

SMC reports complete satisfaction with these services. SMC feels that, at the moment, PSI provides an effective cushion between the new organization and government. This is an important factor, considering the nature of the 1990 negotiations with the government over the future and control of SMP. SMC also feels that PSI is helpful as an intermediary with USAID. (See Section 7 for analysis and recommendations regarding this relationship.)

3.5 Strategic Plans for Managerial Sustainability

The management initiatives described above are illustrative of SMC's strategic plans for managerial sustainability in that they represent efforts to become more business-like, as a private company must, to contain costs, and to find better ways to meet SMC's objectives. The executive director is still relatively new, and other managerial changes are under consideration.

There are two other important components in planning for managerial sustainability. One relates to the CBS project and its potential managerial demands; this is addressed in Section 6. The other relates to SMC's future relationship with PSI; this is addressed in Section 7.

3.6 Communications with USAID

SMC routinely provides monthly sales reports to USAID and keeps USAID informed of major company decisions. Annual plans for contraceptives and ORT are also provided. In addition, the PSI representative is required to submit quarterly narrative reports; the last two are currently in arrears. Even when current, however, the reports in combination do not highlight innovations, new directions, or management (as opposed to sales) improvements. For example, some information, such as cost recovery status or detailed analyses of new business opportunities, has not been communicated at all. This has been a source of frustration for USAID.

3.7 Linkages with Other Organizations and Projects

SMC has begun to expand its horizons through approaches to other donors to diversify its financial base (see Section 4). It is also developing a library to centralize information on family planning research in Bangladesh (see Section 5), and is coordinating with local organizations in this process. However, the full range of linkages has not been fully explored.

3.8 Conclusions

Since achieving private company status and stabilizing after the seven-month suspension of USAID funding for local costs, SMC has focused increased attention on management and organizational improvements. These improvements have streamlined operations and place SMC in a better position to increase regular product sales as well as take advantage of new revenue generating opportunities. They have also increased prospects for managerial sustainability and, eventually, less need for outside technical assistance.

There are two areas in which SMC needs improvement, both of which are management functions. The first is disseminating information effectively and efficiently to USAID. As a market-oriented organization, SMC (with PSI as its advisor) should be able to consolidate information and present it to USAID more creatively, going beyond formal, standard reporting requirements, and to other donors and local organizations such as the Chamber of Commerce. USAID could also restate its requirements. This would help keep USAID better informed regarding SMC's progress toward increased managerial, technical, and financial sustainability. It would also help increase SMC's visibility and standing in the local and donor communities.

The second area in which SMC needs improvement is linkages with other organizations and projects involved in related activities. Closer linkages would promote greater sharing of knowledge and technology among organizations engaged in related activities. It would also eliminate redundancy in the activities of USAID-funded projects.

3.9 Recommendations

1. SMC should continue to seek structural and procedural ways to strengthen organizational management and contain costs through improved efficiency. This process should be governed by clearly established management objectives identified through an overall strategic planning exercise carried out during the next 12 months.

2. SMC should develop better strategies to market its achievements (actual and planned) to USAID. USAID could help by making its interests clearer. For example, USAID could request regular updates on cost recovery and revenue use.

3. USAID and SMC should identify opportunities for linkages between SMC and other related projects and organizations. Examples include other USAID-supported programs, such as Population Communication Services (PCS) and the new company it is launching.

See Section 7 for related recommendations regarding technical assistance to SMC.

4. Financing and Cost Recovery

USAID's competing priorities and declining resources make it increasingly difficult to support SMC at present levels, and the mission has been urging first SMP and now SMC to achieve greater financial sustainability. In practical terms, this means (1) increasing operational cost recovery, (2) enlistment of support from other donors, and (3) reducing costs. It does not mean total financial sustainability from sales income alone.

4.1 Factors to Consider

SMC is a social enterprise. Given its mission and the environment in which it operates, sales of its main product lines to its target population cannot be expected to result in total cost recovery. This fact has been acknowledged since project inception and has been emphasized in all prior evaluation studies. Establishment of SMC as an independent non-profit private company increases the potential for cost recovery in many ways, but it does not eliminate the need for continuing subsidies.

In developing cost recovery schemes and establishing realistic targets, the following factors must be considered:

- **SMC's mission.** The company's social objectives are critical. They cannot be sacrificed in the interests of increased financial sustainability without reducing access to contraceptives. SMC has thus far made an outstanding contribution to CPR -- 60 percent condoms and 21 percent oral contraceptive pills according to the 1989 Contraceptive Prevalence Survey.
- **Resource requirements.** The money, time, effort, and other resources devoted to new schemes for cost recovery must be reasonable. Resource expenditures must not detract from the company's basic mission.
- **Investment requirements.** SMC has in place excellent sales and distribution systems. Use of existing systems rather than development of new ones will help minimize investment requirements.
- **SMC's image.** The company's status and reputation can be affected by new commercial activities. Therefore, these activities must be selected carefully.

4.2 SMC's Strategic Plan for Increasing Financial Sustainability

Basically, SMC's strategic plan for increasing financial sustainability has four components: (1) more aggressive sales; (2) generation of revenue from new, more profitable products; (3) donor diversification; and (4) cost containment. The latter involves management and productivity improvements and was discussed in Section 3. Both management and the board of directors are conscious of the need to implement this strategy without detracting from SMC's central mission and main product line. It is important to remember that SMC is a new kind of organization, and that implementation of this plan must be carefully thought out. The prime consideration is the potential

tradeoffs between branching out (in terms of new products as well as new donors) and maintaining the organization's focus on and commitment to its central mission.

PSI has assisted SMC in establishing criteria for involvement in new commercial activities. These criteria have been used in helping develop the concrete terms of the overall strategic plan. They are

- Products must be compatible with SMC's objectives and purpose.
- Products must be socially desirable and useful.
- Products must fit into SMC's distribution, marketing, and sales network.
- New ventures must require minimal packaging, advertising, promotion, or market research support from SMC.
- New ventures should generate at least \$100,000 annually with little or no additional logistics support from SMC.

Preliminary study revealed that no one product would meet these criteria. Therefore, SMC is working towards establishing a package of products and/or services that is suitable, manageable, and will meet its financial objectives. This package is under development, as described below.

4.3 Activities to Date and Results

4.3.1 Five-Year Business Plan

SMC has implemented the recommendation of the 1990 Population Sector Review to develop a five-year business plan ("Financial Analysis," September 1990). This plan projects costs and revenues for the main products through 1995 (at various levels of condom purchase and selling prices). Projected costs are based on sales objectives and goals, equipment replacement requirements, cost of living allowances (COLAs), and inflation estimates. The plan does not include the new ventures discussed below, as these were developed later. As described below, the total revenue from these ventures is so small compared to SMC's overall budget that it would not be a productive use of time to integrate them into the overall plan.

Selected parts of the overall plan have been updated during the course of this evaluation to reflect actual data for 1990 and revised projections for 1991-1995 (see Appendix D). These figures show that SMC's actual 1990 revenue was considerably less than projected when the plan was developed in September 1990 (approximately \$1.7 million versus \$2.1 million). However, actual expenditures (including commodity costs) were also lower (approximately \$9.8 million versus \$11.9 million). Cost recovery for 1990 was

	<u>Total</u>	<u>Excluding Commodities</u>
Contraceptives	15%	42%
ORS	26%	31%
Combined	17%	38%

Recently revised 1991 projections estimate increases in revenue, from approximately \$1.2 million to \$1.8 million for contraceptives and from \$500,000 to \$833,333 for ORS. If these estimates hold, cost recovery will be as follows:

	<u>Total</u>	<u>Excluding commodities</u>
Contraceptives	15%	45%
ORS	49%	60%
Combined	19%	49%

The locally manufactured ORS is always a profitable product for SMC. However, unexpectedly high ORS sales volume due to the cyclone is a major factor in these 1991 increases, and future projections do not reflect this factor. With the introduction (probably sometime in 1992) of European Community (EC) commodities valued at about half of USAID's, SMC's total contraceptive cost recovery is estimated to rise to about 22-23 percent.

4.3.2 Commercially Oriented Income Generation Ventures

The 1990 Population Sector Review also recommended feasibility studies of increasing contraceptive and other product lines to promote retail sales, some of which might generate excess revenues to improve the company's overall cost recovery. SMC has undertaken a number of initiatives in this regard.

Two such initiatives are currently under way, one for sanitary napkins (with sales scheduled to begin in September 1991) and the second for higher-priced Carex condoms (with sales beginning in August 1991). Both of these ventures have been subject to a SWOT (strengths, weaknesses, opportunities, and threats) analysis. Marketing plans have also been developed, projecting costs and sales and analyzing revenue potential. (See Appendix E for examples.) These plans recognize the potential danger of introducing more profitable products that are more attractive to retailers and may divert the attention of SMC's sales staff from SMC's main product lines. To prevent this from happening, SMC's business plan for the sanitary napkins includes a proviso that no sales representative will receive any incentive from sales of this product unless he achieves 100 percent of at least two contraceptive sales targets and 100 percent of his ORS target. Sales of the new product will result in an incentive only when the salesperson achieves over 90 percent of the napkin sales target. There are no incentives associated with the new condoms, since this is a test marketing of a small quantity, and SMC will not fix a price for retailers of this product. Projected earnings from the sanitary napkins are about \$10,000 for three months in 1991, \$76,000 in 1992, and \$86,000 in 1993, while the first year's advertising budget is about \$29,000. Advertising expenditures will be shared equally by SMC and Femme Industries Ltd., the manufacturer. Projected income from one million condoms is about \$23,500. No media advertisements are planned. SMC does not feel this kind of expenditure is warranted for a market it knows well. The importer will supply point of purchase leaflets and materials. Thus, this venture has no advertising or marketing costs.

SMC has explored marketing and distribution of other products as well, subjecting them to similar SWOT and market analyses. Examples include the following:

- Singer light bulbs -- SMC has approached the Singer company regarding sales of light bulbs through the SMC network. SMC wanted sole distributorship for this product and estimated on that basis total eight-month income of \$119,168 (low) to \$188,160 (high). Singer, however, which

already has established distributors, was unwilling to take this risk and counterproposed that SMC essentially compete with these other networks. SMC concluded that such competition would involve too much time and effort, detracting from its principal lines, and that the return would be insufficient.

- Ethical drugs -- Discussions are under way with Essential Drug Company Ltd. (EDCL), the government-owned company that makes ORSaline, to sell the company's generic drugs through SMC. There are no legal impediments to this venture. This agreement is attractive to the drug company because of SMC's market penetration. At present, the company supplies only government hospitals and clinics and has no brands of its own. SMC products would be branded. A signed written agreement is currently under government review and is expected shortly. SMC has done extensive analysis on these products and has made projections accordingly. These estimates are based on using 20 new sales officers to market these products and project gross earnings of \$156,000 in year one, \$186,000 in year two, and \$216,000 in year three. Excess revenue for the first year is projected at about \$136,000, but does not include training and overhead costs and is therefore overly optimistic. This is a highly competitive market, and SMC may realize considerably less than the estimated market share. However, this venture has potential and merits testing.

- Distribution of Reckitt & Coleman drugs: SMC was approached by another local manufacturer to market Disprin tablets and Dettol liquid. Disprin is a popular product, but SMC determined for a variety of reasons that the venture overall would not be productive. For example, the liquid is bottled, which increases the burden on transportation and storage. Also, EDCL has similar products and offers a much higher margin (30 percent as opposed to 3.5 percent). Finally, this manufacturer wanted its supervisors to work with the SMC sales force, which would be inconsistent with normal SMC operations.

- Sales of film advertising time -- SMC's mobile film unit programs are 150 minutes long and provide unique access to rural audiences. SMC is considering selling 7-10 minutes for commercial advertising of health-related products. The first expression of interest came from a cigarette company and was rejected by SMC for ethical reasons. Discussions with ICI and Lever Brothers for advertising of more acceptable products look optimistic. SMC is also considering changing its marketing strategy and trying to sell this service through advertising agencies rather than directly to manufacturers. Based on an 11-month year (excluding the Ramadan period) and on commercial advertisements for seven minutes per day, SMC estimates income from this venture at \$45,000-\$48,000 annually. SMC is aware that this kind of activity might affect the education program itself and therefore plans to monitor audience reaction carefully to determine whether or not the main message is undermined. This will be done through exit interviews.

SMC has also made overtures to Organon, which is already manufacturing and marketing oral contraceptives in Bangladesh. SMC was interested in the Marvelon brand, which sells at Tk 35 (US \$1.29) per cycle and was not achieving sales targets. If SMC took over Marvelon (selling at Tk 12 [US \$0.41] per cycle), then Organon could concentrate its efforts on marketing another brand (Ovostat). These negotiations have been unsuccessful to date. SMC was reluctant to accept Organon's demand for sales of one million cycles annually. Also, the Dutch parent company has not been interested in a joint venture.

Discussions have also been held with Wyeth regarding marketing of Nordette and with Schering. The Wyeth arrangement would have required that SMC purchase and import the product, which would be too expensive. The Schering venture has also been dropped because it was not workable. In addition, SMC has conferred with Medimpex, a Hungarian promotion company marketing various

pharmaceutical products, including a micro-dose pill similar to Nordette. At present, Medimpex has an arrangement with the Trading Corporation of Bangladesh which pays for imports against a buy-back guarantee from the importer. A similar arrangement was offered to SMC. It was rejected for financial reasons and also because the products are not registered in Bangladesh and are of poor quality.

As recommended in the 1986 Overall Evaluation of the USAID/Bangladesh Family Planning Services Project, SMC (then SMP) did pilot the use of trained traditional birth attendants (TBA) as sales agents for safe delivery kits. Results were unimpressive: the TBAs were not sufficiently willing to purchase the kits for resale, and they were ineffective at marketing them to mothers. Kits are now being sold through the CBS project direct to mothers, and this market looks better. However, SMC has been unable to find a donor willing to provide continuing funding for these commodities. Approaches to UNICEF and SIDA (see below) have been unsuccessful. Commercial purchase would not allow a sufficient margin.

The 1990 Population Sector Review made several recommendations related to increased sales and product diversification. One was for SMC to enlist non-governmental organizations (NGO) as retail outlets to extend coverage and facilitate access to contraceptives. SMC reports that this option has been considered in the past and rejected on the basis that, even if NGOs purchase SMC products as a retailer would, NGO workers are likely to give the items away free instead of selling them. This would seriously erode SMC's trader network. This arrangement would be feasible only if the NGOs sold the products at the correct price, and SMC would be unable to monitor or control this process. The other recommendations suggested a variety of contractual agreements with the Government of Bangladesh involving SMC logistics services, films for integration into government information, education, and communication (IEC) efforts, and the use of family welfare assistants as promoters of SMC products and concepts. Given the strained relationship between the BDG and SMC and the various donor inputs into government programs, these arrangements are not realistic at this time.

4.3.3 Efforts to Diversify Donor Base

In addition to commercially oriented income generation strategies, SMC has recently begun concerted efforts to diversify its donor support base. This was also one of the 1990 Population Sector Review recommendations. With USAID assistance, the EC has made a commitment to supply condoms beginning in 1992. Since the EC can purchase at world market prices, which are one-half of U.S. source prices, this shift significantly increases SMC's cost recovery. SMC, assured of continuing USAID pill supplies, has not sought alternative pill sources which might further increase cost recovery. Given the number of pressing demands on the organization, such efforts would not be a good investment at this time.

PSI and SMC have met with UNFPA in Dhaka and New York. UNFPA has supplied an injectable for testing a dispensing module. Discussions regarding support for other products have not been fruitful. SMC has also approached the World Bank, JICA, SIDA, and DANIDA in Dhaka, and PSI has been following up with contacts abroad. A specific appeal to SIDA for safe delivery kits was rejected, although the Swedish ambassador and commercial counsellor visited SMC for a presentation and expressed their support for SMC's mission and program. JICA has advised SMC to recontact the organization in September 1991 regarding resupply of Joy foam tablets.

4.4 Realistic Targets

Given the nature of SMC and its mission, self-financing targets must be realistic. Projected cost recovery targets of 19-22 percent in total (depending on contraceptive source) and 50 percent excluding commodities are reasonable for SMC. It is unlikely that a social enterprise in Bangladesh can achieve much more, although the effect of productivity improvements will, in the long run, reduce costs. The new product revenue target of \$100,000 is probably too ambitious initially but may be achievable within a few years.

4.5 Conclusions

SMC is aware of the need to increase revenue generation, from both traditional and new products, and to diversify its donor funding base. This is a central concern of management, and numerous initiatives are in various stages of development. Commercial revenue targets for non-traditional products have been established, and some appear to be reasonable. However, it is not clear that these targets reflect accurate consideration of all of the costs associated with the new ventures. This is particularly true of overhead costs. Also, it is hard to estimate to what extent, if any, these activities may draw on resources needed to maintain sales of socially marketed contraceptives and ORT. Until these new efforts have been tested, long-term income projections -- and the overall value of these ventures to SMC and achievement of its mission -- would be highly theoretical. Most important, the commercial ventures are unlikely to have any substantial effect on SMC's cost recovery figures. Annual in-country costs for the next five years run between \$4 million and \$6 million without commodities and will total about \$9.5 million to \$12 million from 1993 to 1995 including commodities, assuming the lower-priced EC condoms. Commercially generated revenue of \$100,000 is not significant in comparison to these figures.

With regard to donor diversification, SMC is constrained by the donors' bilateral orientation. As a private company, SMC is not immediately eligible for support and has a hard time attracting concrete interest from any of these organizations. Prospects can be expected to improve because the interests of some donors are changing.

4.6 Recommendations

4. SMC should cautiously continue its experimentation with new commercial products, carefully monitoring the costs and financial benefits as well as the impact on the company's main line of business. Even a small amount of unrestricted revenue will be beneficial to the company.

5. SMC should continue to focus on increasing its normal sales revenue and containing costs through improved productivity and other management innovations. Specific cost containment targets should be developed.

6. USAID should provide outside assistance in new venture development and analysis if requested by SMC. (See Section 7 for recommendations regarding technical assistance planning.)

7. USAID should continue its aggressive assistance to SMC in marketing to other donors, as it has, for example, in connection with the EC.

5. Communications

This section is divided into two parts: research and promotion. These are followed by conclusions and recommendations addressing both components.

5.1 Research

5.1.1 Research Capacity in Bangladesh

Global experience with social marketing has confirmed the need for research on factors that influence consumer demand, consumer brand loyalty, and retailer supply. Studies designed to assess these factors are modeled on commercial marketing research. The purpose is to increase sales. This kind of research is an ongoing process in product selling. Since its inception, the policy of the SMP program has been to help develop local research capacity, not to build in-house capability that might divert attention from its central marketing task. Advertising agencies and private sector research firms were groomed in conducting studies to develop and pre-test packaging, price structures, advertising materials, and promotional materials. The activities of this project, which brought with it consultative services from PSI to local firms, have helped make many of these firms today's technological leaders in Bangladesh. By the time ORSaline was incorporated into the project's product line in 1986, the capabilities of the local research community had been vastly improved. Nevertheless, capability remains weak in the areas of conceptualization and prioritization of pertinent data and information, and even the best researchers still depend on outside assistance in these areas as well as survey instrument design, analysis, and report writing.

The greatest weakness is in available qualitative research skills. Although qualitative methods have been used in Bangladesh, local skills remain underdeveloped. PCS, another USAID contractor working in Bangladesh, trained its own staff in qualitative interview techniques, but the capability of local research firms is not yet mature. SMC now has its own in-house experience in qualitative research. The new manager of Research and Communications participated in focus groups and other interview techniques during her employment with the market research arm of a major advertising company. This will enable SMC to assess more carefully the relative usefulness of subjective versus objective research to meet SMC's data needs.

5.1.2 Research Focus

The history of research conducted for or about the Bangladesh social marketing program indicates a focused attempt to glean information needed to develop a successful marketing program. Appendix F chronicles research undertaken since 1975.

SMC has invested in several baseline studies to gather data on consumer and retailer knowledge and information about contraceptives and ORT/ORS. These will benefit its strategic planning. They could provide valuable information for other programs as well. Baseline and companion follow-up surveys show trends in understanding, satisfaction, misconceptions, and wrong information about methods. The kind of information developed by the 1990 follow-up to the 1986 Knowledge and Information Survey has important marketing implications. It also emphasizes the need for improved IEC campaigns to address health concerns by all family planning programs. The baseline research

undertaken for SMC's motivational campaigns in the 1980s helped formulate the strategy for generic message support. Follow-up surveys during the campaign helped improve it.

The major focus of SMC research, however, has been on marketing. Though information from knowledge, attitudes, and practice (KAP) studies has been valuable, studies that monitor the market environment are the best management tools. Clues from small, highly focused studies better indicate the need for shifts in advertising strategy or rapid adjustment in sales techniques. These are often more beneficial than more expensive, highly structured research. For instance, a January 1991 in-house study to understand reasons for sluggish sales of the newly introduced Norquest indicated pharmacists needed more product information from salesmen before they could advise customers. Additional Norquest information was then given to pharmacists. New products have typically been introduced after initial SMC marketing research, and this practice is entrenched.

Routine research monitoring is the norm with established commercial products. All products have a life cycle, and product image needs to be refreshed over time. Although this is the general practice in commercial marketing, it contradicts the recommendation of the September 1990 evaluation that SMC research focus only on new products. Standard marketing techniques include new packaging or advertising based on "new, improved" products and images. SMC plans a new launch of its products, as described below, and will undertake investigative studies if sales do not meet targets.

5.1.3 Use of Research

Two advertising firms reported that SMC has more stringent requirements than any commercial firm. Though SMC's insistence on testing is viewed by many as being over-cautious, the approach is respected. SMC makes good use of its research findings to guide campaign development. Conclusions from four studies -- *Knowledge and Information, Market Segmentation, Retail Audit, and Brand Awareness, Trial, and Usage* -- formed the basis for the 1991 contraceptive marketing strategy. The marketing strategy, addressed below, capitalizes on positive product attributes and general misconceptions and misinformation uncovered by the research. The 1991 ORSaline marketing strategy is based on the 1989 *Brand Awareness, Trial, and Usage Study*, a secondary analysis of the 1988 national Diarrheal Morbidity and Treatment Survey, and a 1990 consumer panel audit. Plans for ethical promotion, pharmacy training, and the school ORT program were also based on research findings from SMC studies as well as outside research.

5.1.4 Response to Prior Recommendations

The three prior evaluations made a number of recommendations regarding SMC research. SMC has responded to those that had the potential for enhancing sales and were affordable.

The 1986 **Overall Evaluation of the USAID/Bangladesh Family Planning Services Project** recommended a retail audit to determine commercial market share as well as to assess how the share could be increased and ineffective retailers eliminated. This relatively expensive form of survey was financed by SOMARC and subcontracted to Mitra and Associates. Findings were analyzed to assess the pattern of consumer purchases of program products and typical retailer stocks by product. The information was useful, but the technique was too costly to replicate. The protocol was modified, however, and is yielding data useful to SMC. SMC now conducts six-month retail panel audits, which cost half as much.

A second recommendation was to give high priority to completing the ongoing pill and use-effectiveness study. This was completed in November 1986.

A third recommendation, directed more toward USAID, called for CPS research on SMC brands of oral contraceptives and especially condoms as introductory methods that lead to future use of more effective methods. USAID has completed the pill compliance study. SMC has also very recently started a condom use study, with technical assistance from Family Health International.

The **1990 Population Sector Review** called for improved monitoring at point of purchase to determine customer knowledge about effective use of oral contraceptives and condoms as well as use patterns. SMC's *Brand Awareness, Trial, and Usage* study, in which rural and urban men and women in 860 households were interviewed about awareness, ever-use, current use, and trial as translated into current use of oral contraceptives and condoms, yielded analogous information. This kind of study is relatively costly, but the information has been effectively incorporated into SMC's marketing plans. A recommendation to determine price sensitivity to condoms and oral contraceptives was not implemented because SMC/PSI leadership has consistently felt that price elasticity studies are not practical in Bangladesh.

The **Family Planning and Health Services Project Midterm Evaluation** included several recommendations, although, as noted earlier, USAID did not receive this report until July 1991 and, at the time of the current evaluation, SMC had not yet officially received a copy. Nevertheless, SMC is moving ahead with establishing a research documents center that contains computer data files accessible to other organizations. Another recommendation suggested that SMC research new rather than existing products. As discussed above, this runs counter to accepted wisdom in marketing. A third recommendation encouraged the continued use of private sector research firms, a standard SMC practice.

Recommendations to USAID that affect SMC called for encouraging cooperation in research among USAID programs, developing use of qualitative methods, and obtaining technical assistance to develop an overall research strategy and plan for product research. It remains for SMC and USAID to assess the relative importance of each of these recommendations in light of recent SMC actions and activities.

5.2 Promotion

SMC has always promoted its products to consumers through mass media, outdoor, and point-of-purchase advertising. This strategy is basic to commercial product marketing. Recently established as a private sector company, SMC now has greater control over the design and focus of campaigns. However, like all private firms, it is constrained by government policy regulating use of the media. For example, television advertising of pills is permitted only after 10:00 p.m. (when Bangla language broadcasting ends), and condoms not at all. In addition, SMC's ethical concerns make its advertising constraints more stringent than those of firms selling shampoo, cosmetics, and similar consumer products.

All communications are funded by USAID and must be consistent with USAID's total program. USAID is concerned that its investment in SMC's promotion be used wisely, and communications consume a large part of the annual inputs to SMC. Thus, USAID is seeking ways to strengthen technical inputs to promotional strategy.

5.2.1 Brand Advertising and IEC Campaigns

The social marketing program in Bangladesh uses both commercial brand advertising and IEC campaigns. Family planning IEC campaigns differ from commercial style promotion. It is important to consider these differences in evaluating SMC's performance in carrying out both. Traditionally, IEC activities are designed to educate a broad audience about one or more contraceptive methods. Therefore, they communicate information on things such as the benefits of family planning, what methods suit specific categories of potential users, how and when methods are used, and where they can be obtained. They are generic in nature, whereas marketing campaigns promote name brands to persuade consumers to buy and use products.

IEC Activities. The program concentrated initially only on brand product advertising and promotion. As with all social marketing programs, it focused heavily on the crucial demand creation aspect of marketing. Most social marketing programs benefit from the IEC campaigns of other local programs. These did not exist in Bangladesh. Because of the dearth of other efforts, SMP initiated a motivational campaign in 1983. This was an IEC effort directed toward males, the principal buyers in both rural and urban areas. SMC initiated a second IEC campaign in 1987, focusing on both men and women and on all contraceptive methods. USAID also encouraged development of a national BDG program with specific IEC technical assistance from other expert groups, such as the PCS project. More recently, PCS has turned its attention to working with the donor community and NGOs to produce a coordinated IEC strategy, which will include SMC.

Information from two recent studies done by Mitra and Associates indicates the need for an accelerated IEC effort to increase pill continuation and reduce fears and misinformation about correct pill use. SMC believes it should reintroduce its motivational campaign and has already taken steps in that direction. Through its mobile film units, it now shows some of the films produced for the earlier campaign, as well as two new short condom use films. A 15-minute radio drama/question-and-answer program is again on the air, but on a limited basis. SMC feels that with sufficient funding it can update the campaign to address oral contraceptive and condom use based on the wealth of available research findings and pretest materials, and quickly launch a multimedia campaign. Thus, SMC is ready and anxious to revitalize and revive its national IEC family planning motivational campaign.

Brand Advertising. The focus and level of SMC product campaigns has shifted over the years to incorporate new research findings, adjust to market conditions, and improve sales. A changing promotional strategy (typical to all product marketing) characterizes the SMC program. It is key to maintaining or increasing market share. The SMC advertising level always has been high and very visible. Several national surveys suggest it is also very effective. The 1990 Family Planning and Health Services Project Midterm Evaluation noted declining 1990 sales and the need for SMC to regain its momentum and re-establish past market share. Although the recent decline relates to a number of factors, the cessation of advertising for seven months prior to the decrease probably was a major one.

Advertising resumed in mid-1990 with existing materials, films, and commercial clips. In 1991, SMC management decided to relaunch all products except Norquest (just launched in January). SMC opted for a new upscale image for contraceptive promotion. Higher quality packaging designs were pretested, and press advertising selection was based on SMC sample surveys, both urban and rural. Though consumer targets are differentiated by gender, age, and income for each product, the new emphasis appeals to consumer aspirations that exceed realistic expectations. Pitching advertisements

at this level is risky but, according to study findings, SMC management was faced with low image problems, especially for Raja condoms and Maya oral contraceptive pills. There is evidence that this approach works in Bangladesh: British American Tobacco promotes its lowest priced cigarette in advertisements showing men flying first class. The best selling saris are inferior, low-priced garments bought by factory workers who nonetheless identify with glamorous dancing models shown in advertisements.

In past years, promotional campaigns for Raja and Maya stimulated a steady growth in sales, but sales since 1989 have been relatively flat (in spite of the fact that these brand names are synonymous with condoms and oral contraceptive pills). The Ovacon contraceptive pill, which has experienced more rapid, steady growth and shows the potential for even higher achievement, has always been promoted with a mid-to-upper income product image. It is now SMC's premier product. The Panther condom, on the other hand, has never been a particularly popular item, with annual sales averaging 10 million as opposed to 100 million for Raja. SMC and Adcom (a local advertising agency) concurred that the product needed an image boost.

Although SMC is fairly confident about the upscale campaigns for Norquest, Ovacon, and Panther, it is still tentative about those for Raja and Maya. Since both products have an established market, however, SMC management feels there is room to experiment. Each is the lowest-priced method in the commercial market, and price is directly related to quality for most consumers. In addition, foreign made (especially western) products are perceived as better quality items used by successful people. The campaigns now being used were developed within these parameters. Raja is promoted as a reliable American product used by younger, married, male office workers. The Maya theme -- an ideal mother nurturing a child -- is unchanged even though settings are more upscale. SMC hypothesizes that low-income Bangladeshis will believe a small investment can bring them closer to the better life-styles and images associated with these products in the new upscale campaign. Sales are being monitored closely to determine if this holds true, especially in rural areas where studies show a strong relationship between exposure to ads and contraceptive ever-use.

Each of the other products is also positioned for a specific market segment. Panther is promoted as a dependable, quality condom used by executive or professional husbands with a one-child family. ORSaline also has a revised message to improve understanding about the causes and dangers of dehydration and when to use the product. New advertisements also show concerned mothers living in affluent households treating their well-dressed children with ORSaline when they have diarrhea. Although these changes are the result of survey findings rather than any attempt to change image or segment a target market, SMC's total product line has been revamped for better communication, with an eye toward bringing a new image to the company and its products.

5.2.2 Advertising Subcontractors

SMC contracts with local advertising agencies to help design campaigns, produce materials, and schedule time with mass media. Firms have varied. SMC currently uses Bitopi and Adcom. Both represent multinational as well as local companies. The level of SMC's promotional activities for its present six products represents significant business for the local advertising industry, and bids are competitive. Firms that win accounts strive to produce well-focused messages and quality materials based on SMC's briefing documents and verbal guidance. The firms have benefitted greatly from consultations with PSI/SMC experts.

The quality of SMC's brand promotion is impressive and compares favorably with commercial promotion in Bangladesh. SMC products have a consistent theme and image throughout all promotional media. The agencies strive to highlight these themes as campaigns evolve from basic concept to final production. Materials produced are generally of good quality. Graphics skills are very good, and shortages in local materials no longer seriously hamper production. However, production of films, an increasingly important promotional medium, is constrained by inferior equipment, though the skills of film makers have vastly improved.

5.2.3 Media Used

SMC uses the following media to promote products:

- Mass media -- This includes radio, TV, cinema, and the press. Mass media access is limited in Bangladesh. There is one radio and one TV station, both government run. The BDG Statistical Yearbook lists 47 Bangla and 11 English newspapers, 154 Bangla and 12 English magazines, and 723 cinemas (375,000 seats), which generally have three daily shows. Radio and TV broadcasts and occasional newspapers come from India. In general, mass media are more effective in reaching urban than rural residents. Radio is still the best medium, although TV has gained in importance with an increasing number of sets in electrified villages. Cinema viewership per show nationwide is high. There has been a substantial increase among cinema-goers, who belong to the urban lower-middle to lower class and to all classes in rural and semi-urban areas. Cinema is still a major source of entertainment.
- Outdoor advertising -- Ads appear on billboards, wall paintings, and strategically placed neon signs.
- Mobile film units -- SMC has 16 units which serve rural areas.
- Point-of-purchase promotion -- A full range of shop promotion appears in retail outlets, including dispensers, posters, stickers, and mobiles.
- Printed materials -- Printed materials on each brand, methods, or range of products are produced for physicians, pharmacists, and consumers. Inexpensive leaflet-type poem books for rural readers, called "puthi," carry SMC ads.
- Means of transport -- Motor launches, boat sails, buses, rickshaws, and autorickshaws display product packs and logos.
- Small giveaway items -- These range from physicians' prescription pads to key rings and coasters. An ORS saline measuring size glass displays promotional symbols.

Unfortunately, there is little information available on media reach, so it is difficult for SMC to evaluate the effectiveness of its media promotion. Estimates of the relative effectiveness of each medium can be derived from various sources. No one publication exists, as it does in many countries, for national analysis of mass media listener/viewer/reader audiences. Some advertising agencies collect demographic data in small samples to help identify which media reach what groups, but data collection is confined to Dhaka and one or two other major urban areas, and the information does not transfer to other areas. SMC is adding to the existing database with a survey to identify the relative effectiveness of mass versus traditional media, and its 1991 plan calls for studies of print media effectiveness as well. USAID is providing technical assistance for carrying out a review on

these topics and to develop an overall IEC strategy for Bangladesh. The results of this effort will be extremely useful to SMC. SMC is also considering how to sell media information generated in-house to those interested in supplementing existing information.

SMC's contracted agencies place mass media advertising with newspapers, magazines, radio, and TV, collecting a 15 percent commission. They also arrange outdoor promotion. Radio is the least and TV the most expensive mass media. The importance of radio for reaching lower income and more rural audiences make radio a cost-effective medium. SMC continues to allocate significant money to radio. Distributors handle cinema films for advertising agencies, and the mobile film units receive films directly from SMC. SMC also directly distributes point-of-purchase and print materials.

5.2.4 Pharmacist Training

Promotion of ethical products to physicians is a standard promotional technique for SMC. Almost all SMC salesmen have been trained in detailing methods. The 1986 Overall Evaluation of the USAID/Bangladesh Family Planning Services Project called for increased attention to the medical community and pharmacists with the introduction of ORSaline.

SMC began providing training to pharmacists in late 1986. This program costs \$50,000 annually. An advance man issues invitations and arranges venue for the training, which is one day long, half on contraceptives and half on ORT/ORS, and is led by a team of two. It is interactive and supported by films. The training group size is 25-30. Pharmacists leave with a folder-case containing an ORT manual and brochures on contraceptive methods. The SMC training director hopes soon to produce more audiovisuals, a family planning manual, and pharmacy charts. SMC has trained 10,806 of the estimated 25,000 pharmacists in 175 of the 460 *upazillas*. A mailing list of all those trained is kept at SMC headquarters.

In 1986, SMC conducted an urban ORT and family planning baseline survey. This was followed up in 1987 by a survey of the knowledge of trained and untrained pharmacists conducted by Research Surveys Limited (RSL). Data from the 1987/88 Diarrheal Morbidity and Treatment Survey indicate a high level of inappropriate advice by pharmacists and rural medical practitioners. SMC's 1987 survey shows pharmacists valued ORT over contraceptive training. It did not measure pre- and post-training knowledge. A more carefully designed in-house survey will be conducted in September 1991. It will compare knowledge of contraceptives and their use among 10,000 trained and untrained pharmacists.

5.2.5 The School ORT Program

This secondary school program began in 1987 and costs about \$30,000 per year. It is seen as an extension of IEC efforts. It reaches large groups of students to teach them about diarrhea, dehydration, and ORS use. These children frequently have smaller siblings or relatives and friends who might benefit during illness. One and one-half hour sessions are taught by two mobile teams. Each child receives a treatment card on ORT/ORS after the session. SMC estimates over 125,000 students have received this education in 645 schools.

A 1986 baseline survey and a 1987 follow-up study by RSL compared knowledge of diarrhoeal disease and ORT before and after reading the sample treatment cards. Both experimental groups demonstrated some increase in knowledge, but differences were not outstanding.

5.3 Conclusions

Research competence in Bangladesh has grown steadily. Options for research services and confidence in the reliability of data have improved substantially. However, SMC is still limited by existing local skills in conceptualization, analysis, qualitative techniques, and dissemination of findings. SMC's new research staff will improve the company's ability to manage research studies, apply the results, interpret them to SMC management, and supervise outside firms. Future priority rests with smaller, more rapid and frequent studies to monitor the product marketing environment and identify areas for adjustment. In general, SMC's research objectives have been directed to the singular goal of creating consumer demand.

USAID and SMC have invested substantially in communication. This reflects a clear understanding of the importance of promotion in marketing. A broad range of techniques have been used to communicate with users and potential users of SMC products. Past product promotions have been visible and successful. There are competent local resources to assist in promotion. More coordination among these resources is desirable.

SMC's new communications strategy appealing to an upscale image reflects the enthusiasm associated with its new private sector status. The desire to project a new company image partly drives the decision to revamp its product promotion. It also emanates from a real need to regain the lost momentum in sales. Management's decision to revamp promotion and relaunch all products with an upscale image may prove to be a wise move. Ultimately, sales figures will prove the decision right or wrong. It is important for SMC to closely monitor impact on sales of Maya and Raja. Small scale consumer surveys, especially in rural areas, would be effective.

SMC's interest in relaunching the IEC campaign stems from indicators that condom popularity is declining and oral contraceptive pill users do not continue. SMC has concluded that it can help turn people back into effective users, especially of its products.

USAID has a valid concern about the relative effectiveness of media used for promotion of SMC's products as well as for IEC efforts of other family planning and maternal and child health programs in Bangladesh. The results of SMC's survey to measure the effectiveness of mass versus traditional media and its 1991 plan to study print media effectiveness should provide this necessary information.

The support given to encourage product users and potential users through training pharmacists and school children is conceptually a good idea. SMC has been remiss, however, in evaluating these efforts. The upcoming pharmacist training survey is a positive move, but the impact of training efforts on pharmacy practices is notoriously difficult to measure. Also, the profit incentive frequently interferes with pharmacy promotion of social marketing products, which are less profitable than others. Nevertheless, it will be beneficial for SMC to gain better understanding of the training program. There are inexpensive ways to do this, such as "mystery shopping," which gathers information through trained field workers posing as customers. As for the school ORT program, the relative minor annual investment likely has an immediate as well as residual effect as children become parents.

5.4 Recommendations

8. As part of its overall organizational strategic planning exercise, SMC should prepare a written strategy for its research activities within the next six months. This should describe what kinds of studies it will do (and why), what work should be done in-house and what contracted out, criteria and methods for field testing, and technical assistance and resource needs. This work should be shared with USAID for comment and review.

9. USAID should assist SMC and other communication programs to research and summarize information on how well different media reach audiences.

10. SMC should complete as soon as possible the rural survey portion of in-house research on the relative importance of mass media versus indigenous methods of promotion. If indigenous methods are effective, new promotional materials should be produced.

11. SMC should continue to avail itself of technical assistance provided by PSI and other resources to enhance SMC's in-house capabilities as well as those of the outside firms.

12. USAID should require its contractors to share survey plans, research findings, and communications strategies. Cross-fertilization will benefit all organizations, avoid missed opportunities for inputs into major activities, and reduce duplication of donor activities.

13. PSI should arrange for short-term technical assistance to review SMC's pharmacy training and ORT school education programs and to suggest ways to improve these activities.

6. CBS Pilot Project

6.1 Development of Model

USAID's interest in testing a new community-based distribution (CBD) model in which field workers could be self-supporting sales agents of contraceptive and ORS products dates back to the mid-1980s. This was part of USAID's efforts to seek ways to reduce the recurrent costs of large numbers of salaried employees in its programs. Virtually all prior NGO and BDG programs using field workers paid stipends for their services. The strategy was to adapt and test a model that took its cue from Avon and Mary Kay direct selling techniques. If successful, it would contribute to service delivery, especially in more rural areas.

The model took several years to develop and went through many revisions. A Technologies for Primary Health Care (PRITECH) team conducted an initial study and concluded that SMP was the best option for housing the experiment because of its efficiency in commodity supply. The plan later developed by this team was not accepted, and USAID sought further design assistance.

A University Research Corporation (URC) team then did an in-depth analysis and designed a CBD community sales model reviewed in August 1989 by USAID, URC, and SMP. This design differed from the earlier one in that it called for inputs by several organizations: SMC for overall responsibility in project management and oversight, an NGO subcontracted for field implementation, and URC for baseline and follow-up surveys and MIS design. Further revisions were then made, including elimination of an NGO intermediary because this would be cumbersome and more costly and reduce SMP's management control. The resulting design called for a baseline study and a two-year pilot phase in one district prior to expansion by SMC. After the pilot phase, SMC could decide to continue or subcontract to an NGO. The model design capitalized on the existing strengths and operating style of SMP.

The present project is quite different from that originally envisioned. One significant move was the shift from a more scientific and controlled operations research study (testing three product models) to an applied action mode. Extension of service delivery to rural areas was always an objective. However, aspects related to women and development grew less explicit, as did the concern for developing a cost-effective model for self-supporting workers that NGOs and the BDG might emulate. There were other changes related to various implementation aspects. The central question, however, has remained unchanged: how much income (allowance plus profit from sales) is necessary to retain the community sales worker (CSW) as a rural sales agent?

6.2 Implementation

PSI contracts with SMC as the implementing agency in the CBS project. It also contracted with URC for a baseline survey and MIS design. SMC contracts with Concerned Women for Family Planning to conduct initial field worker training. The project got under way in August 1990 and began sales in October of that year. It operates in three *upazillas* in Brahmanbaria District. The SMC central office houses senior CBS management. The CBS field office in the town of Brahmanbaria houses the district coordinator and other staff.

Supervisors, called *upazilla* executives (UE), and CSWs are trained at the field office. Problems with male supervision surfaced early on, because men could not enter homes to provide direct assistance to CSWs. Three women UEs have now been hired, and the male supervisors are focusing on working with community leadership to cultivate new communities and recruit new CSWs.

CSWs receive 12 days of training. Initial doubts about the feasibility of a long session for women living away from home proved unwarranted. Monthly two-day training and problem sharing sessions are held at the field office with supervisors, management, and the woman training executive. These sessions allow more successful CSWs to share counseling and selling techniques and help develop camaraderie. They supplement on-the-job training by UEs.

The CSW is the key to good promotion through frequent direct contacts with women. SMC assists the CSW to gain visibility for and to sell her products. She is supported by an SMC mobile film unit. Radio messages are planned.

CBS maintains a detailed MIS which requires extensive record keeping and reporting by CSWs and supervisors. These reports are summarized at project headquarters and transferred to the SMC CBS unit in Dhaka for analysis and summary. Reporting by CSWs is improving with continued attention by supervisors, but still is burdensome.

Each UE supervises one *upazilla* and visits each CSW bi-weekly to deliver commodities, collect records, take orders, and help solve problems. The UE also cultivates village leaders and *upazilla* officials to solidify support for the CSWs and the CBS project.

Each CSW works about 20 hours a week making housecalls on a regular route to screen for contraindications, offer information and advice about products, solicit sales, and keep clients supplied with products on a timely basis. She receives a standard two-month initial supply of assorted products on credit and is expected to repay within one year at three percent interest on the value of the goods. The supply system is working well.

Based on a complex formula of expected sales using a hypothetical product mix and designated margins, CBS management estimated average monthly earnings of Tk 450-500 per person and that this would be an adequate incentive in addition to the Tk 250 travel allowance. Actual earnings are much lower. Average monthly income per CSW was Tk 61 during the first six months of the project; the highest performer averaged less than Tk 175. Inability to sell enough stock to earn an acceptable income was the major problem identified in the six-month assessment carried out by URC. Nearby government field workers are becoming active. They compete with CSWs, selling at much lower prices. CSWs, therefore, undercut their recommended sale price and sell close to or at retail consumer prices; thus their commission is eroded, and most are disappointed with their income.

The six-month assessment also highlighted successes. The CSW concept appears to be well accepted in the community and women welcome home visits. Demand for SMC products exists, and customers generally are willing to pay. Although about half buy on credit, a common practice in Bangladesh, the CSW collects the balance in subsequent visits. Ovacon, with a higher price and higher profit, outsells Maya and, in fact, sells far better than all other family planning products. ORSaline also sells well. The safe delivery kit, a high price and high profit item, sells quite well, although sales declined when the kit was redesigned with fewer items.

The 1990 Family Planning and Health Services Project Midterm Evaluation raised several pertinent issues for USAID, PSI, and SMC as the project was getting under way. CBS experience has shown that issues surrounding female mobility and consumer ability to pay are not serious impediments. It is too soon to assess, however, whether or not the CBS model can rely on low-paid sales agents and how best to retain CSWs. Likewise, the larger issues of cost-effectiveness -- recruitment, training, supervision, logistics, data generation and analysis, and management -- and the potential for new increments to contraceptive prevalence (and proper use of ORS) cannot be fully addressed until there is more experimentation with the CBS model.

These are important replicability issues for USAID, SMC, and NGOs. SMC must give more attention to developing a cost-effective, replicable model for itself and other USAID programs. Some adjustments may already have reduced costs while others clearly increase them. For example, an improved training strategy is likely to be less costly, while a top-heavy management structure is expensive. MIS requirements also drive up costs.

The 1990 Family Planning and Health Services Project Midterm Evaluation's question of the effect of CBS on SMC's key program is especially significant for the future of SMC's primary objective, namely, to stimulate retail sales. The 1990 Population Sector Review addressed the same question by recommending that SMC re-examine the potential of CBS as a new activity in light of the costs, risks, and constraints on the existing program. Nevertheless, that team concluded "the SMC is the logical site for the CBD program." The information they compiled about the management and logistics systems of other service delivery programs in Bangladesh, whether government or NGO, lead to that conclusion. Implicit in the issues the team raised, as well as their observations about CBD programs in general, is the need for a well-run organization to undertake experimentation with a number of elements and with ways to produce an effective *modus operandi*, before the CBS model can be presented to others as a possible technique for service delivery.

SMC and PSI believe the CBS project will not unduly constrain the program's central mission and that, by demonstration, they can assist USAID and BDG and non-government organizations to develop a more cost-effective, sustainable CBD model.

6.3 Conclusions

USAID has invested significant manpower, time, and money in developing the CBS project. Extensive analysis resulted in a consensus that SMP was the logical home for management of the project, and this team concurs. Ambivalence runs through the documentation about CBS design as a five-year project or a pilot for SMC and a second phase for possibly another organization. The April 31, 1989, Summary Memorandum of the URC-SMC-USAID meeting calls for a five-year SMC effort. With things finally under way, it is prudent to not invest more resources in the question of who should undertake the project.

The persistent concern about the impact of a tangential effort on SMC's mission to increase retail sales of contraceptives and ORS is shared by USAID, PSI, and SMC. This is healthy, but it should not gain the status of a major focus for the concerned parties. SMP, with PSI's assistance, has experimented over the years with ways to extend its reach to rural areas. Successful methods have been incorporated and others discarded. CBS should be viewed as part of a continuum of experiments to assist SMC and USAID's program to expand availability and access for rural residents,

especially women. Continuing adjustments are producing an increasingly viable methodology for a sustainable CBD model.

The cost of the CBS project does not now affect SMC's cost recovery or financial sustainability. CBS is separately budgeted in the USAID-PSI cooperative agreement, and SMC and PSI treat CBS as a separate cost center. In fact, CBS has helped reduce SMC operating costs by allowing deployment of management and support staff to the project.

The cost-effectiveness of CBS is a very valid concern. International experience demonstrates that family planning CBD projects are expensive to manage in relation to the contraceptive prevalence achieved. CBS will be no different. In fact, it likely will cost more because SMC staff and transport costs are more typical of business than NGO or government operations (which also often absorb some costs in overhead). The CBS project should be seen for what it is, however -- an experimental project. Generally, an experimental project, especially one with a research component, has higher costs. SMC's excellent accounting and MIS systems are especially advantageous for analyzing the cost of different levels of inputs in relationship to effectiveness. This will enable ongoing monitoring and, at the end of the project, a clear assessment of cost-effectiveness.

6.4 Recommendations

14. The CBS project should stay at SMC through the five-year project period; after that, USAID and SMC should carefully study options for a permanent home.

15. Since adequate incentive is the key to CSW satisfaction and retention, PSI, SMC, and CBS management should explore alternate ways to stimulate higher profit from sales without increasing costs to the program.

16. USAID and SMC should wait to evaluate the cost of permanently incorporating CSWs in its retail system until the end of the five-year project.

17. SMC and PSI should monitor management needs as the project matures to identify ways to transfer and/or consolidate responsibilities to achieve a less expensive management model.

18. SMC and PSI should discuss with USAID the minimum requirements for information and data on the CBS project. This might permit simplification of forms and lessen the reporting burden on CSWs.

7. Future Roles of PSI, SMC, and USAID

7.1 Historical Roles

This project has been supported by USAID through PSI since 1974. Under USAID's oversight, PSI has assisted in establishing the project structure, helping develop sales and distribution networks, and providing staff training, both on the job and abroad. PSI has supplied both resident and short-term technical assistance. A PSI subcontract with Manoff International Inc., facilitated development of the motivational campaign which began in 1985. Subcontracts with local advertising and research firms have done a great deal to develop these resources in Bangladesh. In the course of various project activities, PSI has provided technical assistance to these firms as well. SMP, now SMC, has been a major component of USAID's overall family planning program in Bangladesh, and USAID has taken an active role in project development. USAID collaborated closely with PSI in facilitating the establishment of SMC as an independent entity.

None of the prior evaluations have suggested a change in roles and responsibilities. However, the two most recent ones were completed prior to the hiring of new SMC management and too early in the life of the new organization to assess its potential viability. Moreover, this issue was not before those evaluation teams. It was before this team, as stated in the scope of work.

As indicated in Section 3, SMC has made a number of organizational and management improvements, and there is every indication that further advances are likely. The partnership between SMC and PSI has been an important factor in this progress, and will likely continue to be. Both PSI and SMC report that PSI functions as a buffer or cushion between SMC and the BDG and between SMC and USAID. This is a functional role at the moment, given the prior tensions with the government and the administrative burden of dealing directly with USAID which many local organizations (in many countries) find confusing and burdensome. PSI also continues to provide technical assistance through long- and short-term personnel. This, too, is important given the new structure of SMC, and it is valued by SMC.

The continuity of support through PSI has been an important factor in the steady growth of the organization and its development into one of the most effective sales and distribution networks in the country and in extending access to family planning services in Bangladesh. This continuity has also helped USAID, as the development of functional working relationships with contractors often takes considerable time. In addition, PSI's status as essentially the funding intermediary helps meet USAID's accountability requirements.

7.2 The Question of Future Roles

Past relationships have worked well. PSI's assistance has been invaluable in working with USAID to guide the development of the social enterprise now called SMC. This project has been a major source of increased access to non-clinical family planning services in Bangladesh and has reached new markets. There is every indication that it can continue to be effective.

The question now is what configuration of resources will stimulate the further development of SMC. Neither PSI nor SMC has yet considered how roles and responsibilities might evolve in the future.

USAID, on the other hand, has raised this question, with particular reference to overall PSI advisory services to Bangladesh. The question is raised not on qualitative grounds, but because of expectations of greater eventual managerial sustainability on the part of SMC. These expectations are reasonable, though subject to many uncontrollable factors. USAID also wonders whether or not PSI provides the best access to the kinds of expertise SMC will need as it matures. These are valid questions regarding a project that has received continuing generous USAID support, and one that is expected to evolve further in the future.

7.3 Conclusions

There are no easy answers to what would be the best configuration of resources at this time. Certainly, an imminent change, such as withdrawal of PSI resident support, would damage SMC. The organization is still vulnerable to numerous influences, under pressure to contain costs and raise revenues, and involved in a self-assessment to improve both its operations and its impact. This is not the time to withdraw what has been an effective source of support and change the rules for SMC management. It is also too early to determine exactly when SMC's resident support needs will change, though early signs indicate that eventually they may. However, the risk of eliminating an effective buffer and of losing the perceived legitimacy that attaches to an expatriate presence cannot be considered lightly.

Although continuity of PSI support is important, it does not rule out additional or alternative sources of short-term assistance. This depends on a clear, short- and long-range plan detailing SMC's special short-term technical assistance requirements, and SMC does not yet have a structured process for this formal kind of assessment. If it were clear that other sources are more appropriate, then alternatives could be explored, both local and expatriate. USAID might be able to meet some of these needs through existing A.I.D. contractors. If new resources are added, however, it is essential that they be carefully integrated with those of PSI. Inputs that are too diverse and difficult to manage will not benefit SMC.

In summary, significant changes in support services would not be beneficial at this time, nor would they stimulate achievement of USAID's family planning program objectives. A better strategy would be to define conditions which should exist before any changes are contemplated (such as environmental stability and the management and financial strength of SMC), and then monitor the status of these conditions.

7.4 Recommendations

19. Within the next year, PSI and SMC should explore options regarding the nature of their relationship in the future, with particular reference to overall PSI advisory services provided to Bangladesh. These options should be in written form and state assumptions about SMC's managerial and financial sustainability over time, and also about the environment in which SMC operates. They should be shared with USAID.

20. Within the next eight months, PSI and SMC should develop a formal short-term technical assistance plan for the next three to five years indicating what kind of expertise will be needed. USAID should assist PSI and SMC in assessing what resources are most appropriate to

these needs. Once the options and the formal short-term technical assistance plan have been developed, an external team should review the viability of these plans and strategies.

21. USAID should monitor the organizational growth of SMC and, in concert with PSI and SMC, establish criteria for determining when and how a change in roles and relationships should take place. Appropriate measurements should be developed for determining when the criteria are met.

2

Appendices

Appendix A

**Scope of Work
Evaluation Methodology
Persons Interviewed
Documents Reviewed**

Appendix A

Scope of Work

EVALUATION OF SOCIAL MARKETING PROGRAM

I. ACTIVITY IDENTIFICATION:

The activity to be evaluated is the Social Marketing Program, which was initially funded under USAID's Family Planning Services Project (FPSP, 388-0060), and is currently funded under USAID's Family Planning and Health Services Project (388-0071). The task is to carry out a progress evaluation.

II. EVALUATION PURPOSES:

1. To enable USAID to assess the progress of the Social Marketing Program in relation to the purpose of the overall Family Planning and Health Services Project.
2. To assist USAID and the Social Marketing Company (SMC) to determine how the contribution of Social Marketing Company to contraceptive prevalence and delivery of oral rehydration therapy (ORT) can be strengthened over the next five years.
3. To assist USAID and the Social Marketing Company in addressing the goals of service delivery and financial and managerial sustainability.

III. BACKGROUND:

USAID/Bangladesh began supporting the Social Marketing Program in 1975. Its objectives are to market and expand distribution of contraceptives and oral rehydration salts (ORS) through the private retail sector. USAID support is provided through Cooperative Agreements with Population Services International (PSI)

The program has shown that Bangladeshis can pay for contraceptives, and it has contributed significantly to contraceptive prevalence. The 1989 Contraceptive Prevalence Survey found that the Social Marketing Company supplied two-thirds of condoms and 81% of contraceptive pills used in Bangladesh. The private commercial sector is firmly established as a primary distribution source for its products, with over 130,000 outlets selling them nationwide, at highly subsidized prices.

During the past two years significant changes took place in the program's organization and management. In particular, its metamorphosis from the parastatal "Social Marketing Program" to the private, non-profit "Social Marketing Company, Ltd." took place in January 1990 after extensive negotiations between USAID and the Bangladesh government. The appointment of the Executive Director to Social Marketing Company in September 1990 completed the transition process.

The last comprehensive evaluation of USAID's support to the Social Marketing Program was conducted in 1986. Although the Mission planned to carry out another evaluation in September, 1990, this was postponed in view of the recent far-reaching organizational changes. However, during 1990 two external evaluation teams examined different aspects of the SMC within the context of the entire USAID/Bangladesh population portfolio: (1) the AID/W Population Sector Review (February 1990), and (2) the USAID evaluation of the Family Planning and Health Services Project (FPHSP), September 1990.

The Bangladesh Population Sector Review which occurred immediately following SMC's privatization acknowledged SMC's contribution to contraceptive prevalence and recommended several actions to improve SMC's business management and cost-recovery capabilities. In particular, the review recommended that SMC prepare a five-year business plan with cost-recovery targets based on various pricing and subsidy scenarios. Due to resource constraints, USAID plans to significantly reduce its support to SMC by phasing out the supply of condoms, which account for the bulk of SMC's sales. This placed particular urgency on following the review's recommendations, which have since been partially fulfilled by SMC. In September 1990 PSI completed its first financial analysis of SMC, and a draft business management plan is now under review. This plan considers the addition of a number of new products which could be sold at a profit to subsidize SMC's "social" marketing components. At the same time, promising negotiations with other donors (EEC, NORAD and World Bank) indicate positive interest in supplying SMC with condoms as USAID phases out this procurement. The Mission has, for the current (1991-95) CDSS period, set modest cost-recovery targets for the SMC, which were consistent with the projections of PSI's financial analysis. Despite these positive steps, the picture is mixed; sales of SMC condoms declined significantly below targets after SMC increased prices on all its products in April 1990.

The September 1990 external evaluation of the overall Family Planning and Health Services Project (under which SMC subcomponent is funded) endorsed SMC's contribution to contraceptive prevalence. The team also strongly cautioned the Mission against emphasizing achievement of financial self-sufficiency at the cost of service delivery in a country such as Bangladesh with few resources and great need.

Therefore, two major issues will continue to confront both

USAID and the SMC in the near-term: (1) how to sustain and strengthen SMC's contribution to contraceptive prevalence and the delivery of oral rehydration therapy in Bangladesh, and (2) how the re-organized program can become more sustainable, both managerially and financially. Accordingly, these issues, along with examination of SMC's advertising and educational efforts, will be the areas of emphasis for this progress evaluation.

IV. STATEMENT OF WORK:

The evaluation shall evaluate USAID's assistance, through Population Services International, to the Social Marketing Co., Ltd. and provide analysis and recommendations with respect to the following:

1. Evaluate the extent to which the Social Marketing Project (SMP) has achieved its output targets as specified in the PSI Co-operative Agreements, in relation to provision of contraceptives and oral rehydration salts at low cost to consumers;
2. Determine the extent to which the project has addressed the recommendations of previous evaluations, i.e., the 1986 overall FPSP evaluation, the AID/W population sector assessment (February 1980), and the evaluation of the umbrella FPSP project (September 1980);
3. Assess the effectiveness of SMC mass media advertising and educational programs in reaching consumers and communicating information about correct use of SMC products as well as generic family planning/health messages.
4. Examine the pharmacists' training program with particular reference to the effectiveness of the materials used to train pharmacists in the use of ORT and contraceptives.
5. Assess the impact of SMC's privatization, and the extent to which this has been successfully used to enhance operational efficiency in the areas of management and cost-recovery, by examining the following questions:
 - How has SMC capitalized on its private sector status? How might the organization make more of this opportunity?
 - What are the managerial and organizational implications for SMC and USAID as new donors begin to support the program?
 - How feasible is the launch of new "for profit" products to serve as an "engine" for SMC's traditional and important goals of extending health and family planning service delivery? What managerial and organizational changes would this entail and how could USAID facilitate this change?

- What are realistic and appropriate strategies for the managerial and financial sustainability of SMC ? Can cost recovery targets and a gradual shifting of USAID support from core operations to "social " costs be implemented ? What additional support will be needed, and for how long ?
- 6. Evaluate the efficiency and performance of project oversight and management, in relation to the respective roles of USAID, PSI, and SMC.
- 7. On the basis of findings with respect to the ~~above~~, provide (1) specific, prioritized, actionable recommendations for USAID, PSI and SMC; and (2) specific directions and guidelines for the development, management and implementation of the program during the next five to ten years.

V. METHODOLOGY:

The evaluation team shall determine the most appropriate methodology for addressing the above questions. The Mission suggests the following evaluation approach:

1. Review of key project documents and reports, including but not limited to the following:

General Background:

YPUSF evaluation (1980)
Population Sector Review (1980)
Contraceptive Prevalence Surveys (1988 & 1989), (for data on brand usage, market share, etc.)
FPSP Evaluation (1987)
Diarrhea Morbidity & Treatment Survey (1987)

SMC Background:

ORT & FP CA's
SMC/PSI Agreement
Detailed Project Descriptions of ORT, FP and, CDS
SMC Financial Analysis (1980)
FP & ORT Marketing Plans (1989 and 1990)
Monthly Sales Reports

Previous SMC Evaluations:

SMC Evaluation, Holmes, et al (1986)
Ancient History: Oral Contraceptive Marketing in Bangladesh, (1984)

SMC Research Reports:

Major Studies Undertaken by SMP since 1988 and Actions Taken on the Basis of the Findings (1989)
Bangladesh Contraceptive Retail Audit , 1988
Contraceptives: Usage and Attitude Survey , 1988
Family Planning Motivation Campaign, 1988
SMC promotional and educational materials (films, videos, advertising clips, etc.)

2. Interviews with key individuals and officials in relevant organizations and Government units, including but not limited to the following: (1) SMC and its Board of Directors, (2) Population Services International, (3) Ministry of Health and Family Welfare, (4) USAID/Bangladesh, (5) other donor organizations (e.g., UNICEF), (6) research organizations, and (7) advertising firms.

3. Visits to principal offices and representative field sites, including SMC Dhaka and one SMC regional sub-office, CBS Field sites (e.g., Brahmanbaria), and commercial outlets.

VI. TEAM COMPOSITION AND LEVEL OF EFFORT:

The Contractor shall be responsible for selecting a team with the skills appropriate to the tasks described above. USAID suggests a team comprised of two highly-qualified professionals having combined expertise and experience in the areas of : 1) family planning program management, with a private sector emphasis; 2) advertising, marketing and educational promotional efforts for sales staff and clients; and, 3) business/ organizational development and commercial sales.

The level of effort shall include four work-weeks in country for each of the two team members, and one week's additional work in the U.S. by the team leader, to finalize the final report. A six-day work-week is authorized.

VII. TIME FRAME:

The evaluation shall begin o/a July 15, 1991. In-country work shall be completed o/a August 11, 1991. The team leader shall undertake 6 additional work days in the U.S., and the final report shall be submitted to USAID/Dhaka no later than August 29, 1991.

VIII. REPORTING REQUIREMENTS:

1. The evaluation report shall contain the following sections:
 - A. Executive Summary: Approximately 4 pages, single-spaced.

B. Statement of Findings, Conclusions and Recommendations: Findings and Conclusions should be short and succinct, with the topic identified by a short sub-heading related to the the areas of investigation identified in the statement of work. Recommendations shall correspond to the major findings, shall be prioritized, and shall specify who or which agency shall take the recommended action in approximately what time frame. Recommendations shall be provided not only for the remaining period of USAID support but also for the medium-to-long term (up to ten years).

C. Body of the Report: The report should provide evidence and analyses to support the findings and conclusions. It should not exceed 60 pages, single-spaced, in length.

D. Appendices: These are to include at least the following:

- 1) The Evaluation Scope of Work
- 2) A description of the methodology used to obtain and analyze the information.
- 3) Selective tabular presentations of quantitative empirical information.
- 4) Selective presentation of supplementary qualitative information.
- 5) A bibliography of documents consulted.
- 6) A list of persons interviewed.

E. Completed sections of the A.I.D. Evaluation Summary: II: Evaluation Abstract, and J: Summary of Findings, Conclusions and Recommendations.

2. Submission of Report:

The evaluation team shall present a work plan o/a July 17.

A report outline (i.e., detailed Table of Contents) shall be provided to USAID for comment o/a July 28. Ten copies of a first draft report shall be submitted to USAID for comment o/a August 7. Twenty copies of the final report shall be submitted to USAID no later than August 29, 1991.

IX. TEAM BRIEFINGS AND DEBRIEFINGS:

1. A USAID briefing will be conducted o/a July 15 to include the evaluation team , the Office of Population and Health (OPH), and the Program Office.

2. A second briefing will be carried out on the same day to

include the evaluation team, the PSI Project Manager, the SMC Executive Director and SMC Chairman of the Board, key SMC Directors and representatives of the Office of Population and Health.

3. Two formal team debriefings will be conducted o/a August 8: one for the Mission Director, Deputy Director, OPH representatives, Program Office representatives and members of the Project Committee; and a second debriefing to include USAID officials and the PSI Project Manager, the SMC Executive Director and SMC Chairman of the Board, and key SMC Directors.

X. LOGISTICS:

The Contractor is responsible for organizing the logistics with respect to conducting the evaluation. This includes housing, office space, computer rental, secretarial, professional and other support services, transport and scheduling of interviews. USAID will provide advice and assistance wherever possible to facilitate logistics.

44

Appendix A

Evaluation Methodology

This evaluation was conducted by two consultants fielded by the Population Technical Assistance Project. One arrived in country on July 28, 1991 and the other on August 4, 1991. Activities included assembly and review of pertinent documents, discussions with representatives of key organizations, and field trips to the CBS project in Brahmanbaria and the SMC area office in Mymensingh. Persons interviewed include representatives of the following organizations: USAID, SMC, URC/Bangladesh, PCS, UNICEF, CWFP, Adcom, Mitra and Associates, and Bitopi. Extensive interim consultations were held with both USAID and SMC during preparation of this report. Initial report drafts were constructively reviewed by the Project Officer.

Appendix A
Persons Interviewed

UNICEF

Flora Sabanda Program Officer

USAID

Kathleen McDonald Population Development Officer
OPH

Alan Foose Director/Deputy Director (A)
OPH

Frank Young Program Officer

SOCIAL MARKETING COMPANY

Dhaka Head Quarters:

A.K.M. Shamsuddin	Executive Director
Robert L. Ciszewski	PSI Country Representative
Wallur Rahman	Marketing Director
Matlub Anam	Manager-Business Development
A.A.M. Anwar	Director, Sales
Shahadat Ahmad	Director, Finance & Management Services
Nuruzzaman Khan	Sales Manager
Perveen Rasheed	Manager, Research and Communications.
Shamsuzzaman Khan	Manager, CBS Project
Hosne Ara Mahmood	Executive Trainer

Brahmanbaria CBS Office:

A.H.M. Nawsher Ally	District Manager
Ahasan Ullah	Admin.-cum-Accountant
Golam Mustafa	Upazilla Executive
Nilufar Begum	Upazilla Executive
Dewan Humayun Kabir	Upazilla Executive
Mamtaz Begum	Upazilla Executive
Waliullah	Upazilla Executive
Monwara Begum	Upazilla Executive
Abdul Majid	Assistant Trainer

Mymensingh Area Office:

M. A. Khaleque	Manager
Abdul Mohid	Administrative Officer
Nurul Amin	Accounts Officer

BOARD OF DIRECTORS

M. Mahbubuzzaman	Chairman Aziz & Company
Mohammad Habibullah	Professor of Accounting Dhaka University
Rashid-ul Hasan	Managing Director Therapeutics Bangladesh Ltd.
Mohammad Alauddin	Country Representative Pathfinder International

OTHER ORGANIZATIONS

Concerned Women for Family Planning

Mufaweza Khan

Executive Director

Rokeya Sultana

Director Training

Maxwell S. Senior

Country Representative
The Johns Hopkins University
Population Communications
Services

Barket-e-Khuda

Director
University Research
Corporation (Bangladesh)

S.N. Mitra

Director
Mitra and Associates

M. Shahjahan Hafiz

Account Executive
ADCOMM

Reza Ali

Managing Director
Bitopi Advertising Ltd.

Appendix A

Documents Reviewed

SMC articles of Incorporation, 19 April 1990

Minutes of SMC Board meetings, 31 May 1990-31 December 1990

Mitra, S.N. Bangladesh Contraceptive Prevalence Survey - 1985, Final Report. Mitra and Associates, Dhaka, Bangladesh, December 1987.

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Social Marketing Project Marketing Plan for ORSaline - FY'90.
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Alam Marful. Evaluation Survey of Traditional Healers Project. FPAB, Dhaka, Bangladesh, 1989.

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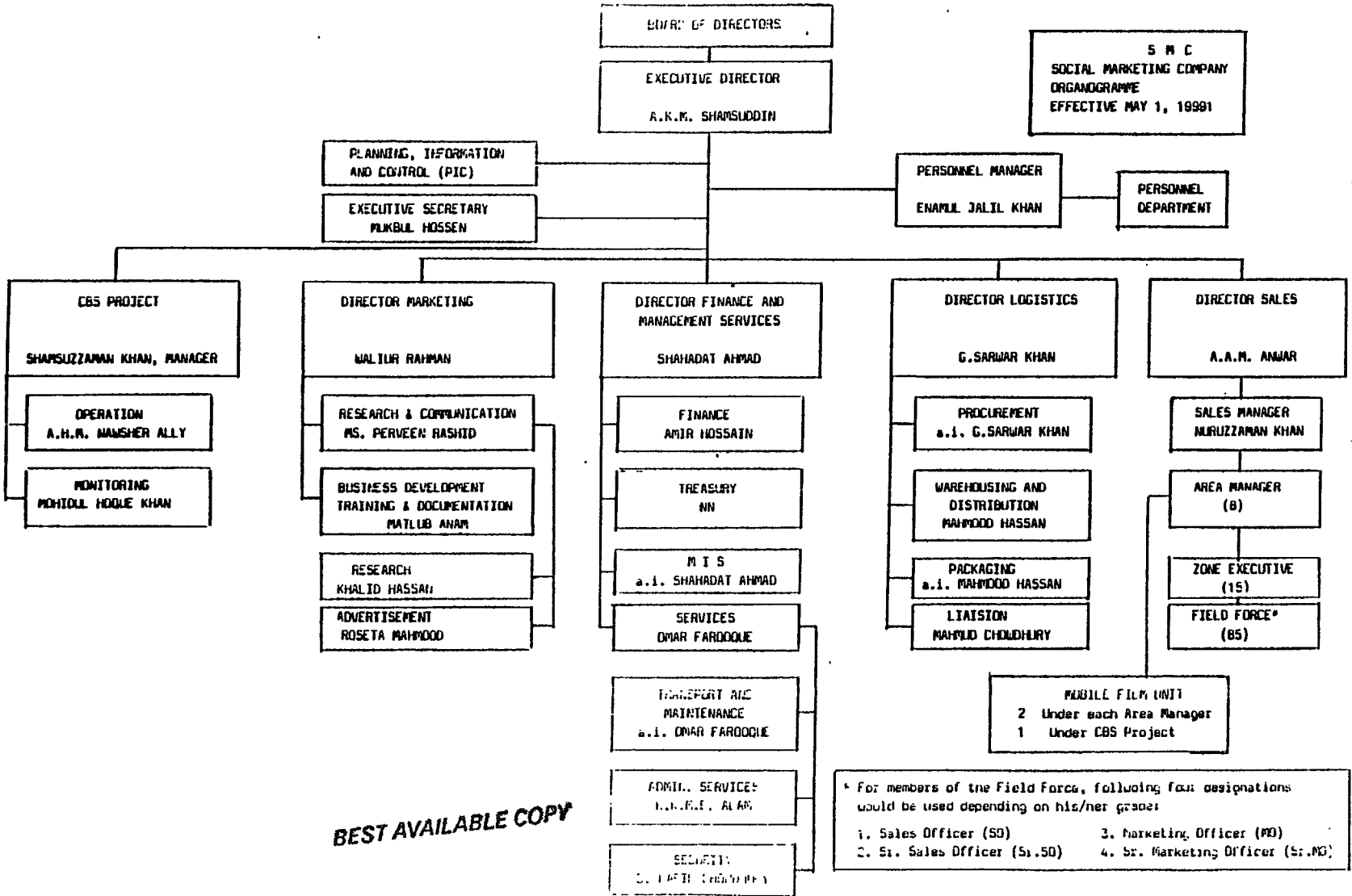
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Appendix B
SMC Organizational Chart

S M C
 SOCIAL MARKETING COMPANY
 ORGANOGRAMME
 EFFECTIVE MAY 1, 1991



SMC organizational chart

Appendix B

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* For members of the Field Force, following four designations would be used depending on his/her grade:

1. Sales Officer (SO)	3. Marketing Officer (MO)
2. Sr. Sales Officer (Sr.SO)	4. Sr. Marketing Officer (Sr.MO)

Appendix C
Illustrative Sales/Projection Charts

Appendix C

Illustrative Sales/Projection Charts

SOCIAL MARKETING COMPANY
DHAKA, BANGLADESH

Product: PANTHER

Pack: Pieces

PAST PERFORMANCE (SALES IN '000' UNIT)															
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL YEAR	MONTHLY AVERAGE	
1989	65	11	-	-	-	43	64	50	7	1141	1115	1023	3519	391	
1990	930	793	-	415	624	555	638	867	530	643	765	590	7350	668	
CURRENT YEAR (SALES IN '000' UNIT)															
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL YEAR	MONTHLY AVERAGE	
21	B	880	870	840	879	891	867	839	829	821	803	764	717	10,000	834
	A	922	901	872	1010	1326	797								
B2	B	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX		
	B														
B3	B	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX		
	B														
B4	B	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	1200	1200	1200	3600	1200
	B	1200	1200	1200	1200	1200	1200	1200	1200	1200	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	10800	1200
Prepared by:					Signature: <i>AAMA</i>					Date: 24.7.91			Received on:		

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SOCIAL MARKETING COMPANY
DHAKA, BANGLADESH

SALES PROGRESS PROJECTION CHART, 1991

Product: PANTHER

Pack: Pieces

PAST PERFORMANCE (SALES IN '000' TAKA)															
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	TOTAL YEAR	MONTHLY AVERAGE	
1989	27	5	-	-	-	16	26	21	3	466	457	419	1442	160	
1990	382	326	-	244	366	326	372	503	309	375	446	343	3992	363	
CURRENT YEAR (SALES IN '000' TAKA)															
YEAR		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	TOTAL YEAR	MONTHLY AVERAGE
B1	B	510	504	487	510	516	502	486	480	476	465	443	416	5795	483
	A	535	524	507	584	767	461								
B2	B														
B3	f														
B4	B										696	696	696	2088	696
		696	696	696	696	696	696	696	696	696	696			6264	696
Prepared by:						Signature:				Date:			Received on:		

C-2

59

SOCIAL MARKETING COMPANY
DHAKA, BANGLADESH

PACKAGING MATERIALS REQUIREMENT CHART 1991

PRODUCT: PANTHER.

PACK: 273 PACK

CURRENT YEAR'S SALES (IN '000' UNITS)														
MONTH	JAN	FEB	MAR	APR	MAY	JUN	JULY	AUG	SEPT	OCT	NOV	DEC	TOTAL YEAR	MONTHLY AVERAGE
BUDGET	880	870	840	879	891	867	839	899	821	803	764	717	10000	833
ACTUAL	922	901	872	1010	1326	801	954							

63

FORECAST FOR FINISHED GOODS								REMARKS
PERIOD	AUG-91	SEPT-91	4Q-91	1Q-92	2Q-92	3Q-92		
SALES FORECAST	1000	1200	3600	3600	3600	3600		
REQUIRED INVENTORY	4800	4800	4800	4800	4800	4800		
STOCK IN HAND	3409	4800	4800	4800	4800	4800		
PRODUCTION REQUIREMENT	2391	1200	3600	3600	3600	3600		
Prepared by:	Signature:			Date:		Received on:		

Contd... P/2

BEST AVAILABLE COPY

PRODUCT: PANTHER

PACK: 4'S PK

PACKAGING MATERIALS REQUIREMENT

	PERIOD	Aug. 91	SEP. 91	4Q-91	1Q-92	2Q-92	3Q-92	REMARKS
EXIT PACK (4'S)	Requirement	597,750	300,000	900,000	900,000	900,000		
	On hand	337,826						
	On order	=						On Order
	To be ordered	1400,000						
DISPENSER	Requirement	39,850	20,000	60,000	60,000	60,000		
	On hand	28,339						
	On order	-						In Process
	To be ordered	95,000						
PACKAGE INSERT	Requirement	N/A						
	On hand							
	On order							
	To be ordered							
STICKER	Requirement	N/A						
	On hand							
	On order							
	To be ordered							

61

61

PRODUCT: PANTHER

PACK: 4 1/2 PK.

	PERIOD	Aug, '91	3-Q. '91	4Q- '91	1Q- '92	2Q- '92	REMARKS
SHIPPING CARTONS	Requirement	1660	835	2500.	2500	2500	
	On hand	960					
	On order	-					On order
	To be ordered	1000					
LABELS	Requirement	3320	1670	5000	5000	5000.	
	On hand	36211.					
	On order	-					
	To be ordered	- N/A.					
AICA	Requirement						
	On hand						
	On order						
GUM TAPE	To be ordered						
	Requirement						
	On hand						
	On order						
	To be ordered						

CS

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62

Appendix D

Updates of Selected Portions of September 1990 Financial Analysis

Appendix D

Updates of Selected Portions of September 1991 Financial Analysis

POPULATION SERVICES INTERNATIONAL
SOCIAL MARKETING COMPANY - BANGLADESH

TOTAL SALES REVENUE AND TOTAL PRODUCTS SOLD BY YEAR
(Figures in 000)

	REVENUES IN DOLLARS FOR								
	RAJA US \$	PANTHER US \$	MAJESTIC US \$	MAYA US \$	OVACON US \$	JOY US \$	TOTAL CSM US \$	ORS US \$	TOTAL SMC US \$
1985	379,828	48,504	78,944	50,069	97,409	22,561	676,315	0	676,315
1986	292,510	28,593	53,373	36,029	108,796	25,319	536,319	0	536,319
1987	391,867	52,964	58,322	50,069	190,410	22,922	757,074	209,945	967,019
1988	488,983	59,706	30,994	89,523	263,147	25,814	1,008,557	382,681	1,390,238
1989	562,122	44,793	43,608	125,377	289,954	20,257	1,057,201	444,950	1,502,151
1990	462,071	114,041	-	154,164	443,957	8,994	1,193,117	501,254	1,694,371
TOTAL	2,507,391	348,701	318,031	508,631	1,493,573	115,056	5,289,393	1,537,830	6,827,213

	REVENUE PROJECTIONS						NORQUEST		
	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$
1991	693,000	155,992	0	206,541	686,309	294,115	2,340,959	451,765	2,492,724
1992	723,790	153,761	0	222,737	708,958	302,941	2,202,288	463,328	2,567,506
1993	749,480	171,949	0	222,274	744,406	312,388	2,207,297	488,584	2,695,881
1994	794,448	182,256	0	226,777	739,070	337,174	2,129,735	517,399	2,647,134
1995	850,360	195,025	0	253,251	844,305	360,776	2,501,517	554,151	3,057,568
	3,800,777	871,394	-	1,132,781	3,775,049	1,613,096	11,193,697	2,477,217	13,671,114

	UNITS SOLD								
	RAJA (000)	PANTHER (000)	MAJESTIC (000)	MAYA (000)	OVACON (000)	JOY (000)	TOTAL CSM (000)	ORS (000)	TOTAL SMC (000)
1985	77,154	3,364	7,066	2,226	384	3,156	10,360	0	10,360
1986	60,323	2,169	5,461	1,331	1,082	4,044	74,515	0	74,515
1987	32,311	4,229	5,972	1,074	1,941	2,562	39,098	4,439	43,537
1988	102,416	4,591	7,951	2,122	2,655	4,025	122,750	6,900	129,650
1989	106,962	3,527	4,333	2,563	4,015	3,330	125,355	6,960	132,315
1990	76,000	7,355	-	2,553	3,619	31	89,558	7,211	96,769
	508,171	25,325	31,117	11,059	14,196	17,158	605,036	25,510	630,546

	PROJECTED UNITS TO BE SOLD						NORQUEST		
	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$	US \$
1991	98,175	9,460	0	3,080	5,060	1,000	115,775	6,400	122,175
1992	101,120	9,744	0	3,172	5,222	1,030	120,278	6,592	126,870
1993	106,176	10,321	0	3,321	5,472	1,082	126,292	6,922	133,214
1994	112,547	10,345	0	3,521	5,301	1,146	133,870	7,317	141,187
1995	120,425	11,604	0	3,778	6,207	1,227	143,241	7,550	150,791
	538,443	51,384	-	16,892	27,752	5,485	640,458	35,101	675,557

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FAMILY PLANNING

SOCIAL MARKETING COMPANY, BANGLADESH

STATEMENT OF EXPENDITURE FOR THE YEAR FROM 1985 TO 1990

Line Items	1985	1986	1987	1988	1989	1990
	US \$	US \$	US \$	US \$	US \$	US \$
Management	115,843	130,665	145,503	156,722	180,538	193,330
Sales & Marketing	565,967	572,021	656,872	891,908	1,003,550	974,562
Distribution	642,899	414,198	594,997	515,201	533,395	659,902
Advertisement & Promotion	534,687	476,702	595,050	495,249	232,651	313,325
Add. AMP Motivational Campaign	616,904	252,249	250,893	328,097	43,280	-
Packaging	242,131	213,301	326,752	417,380	506,575	464,848
X F U Expenses	135,313	114,416	129,115	174,972	176,400	176,697
Research & Evaluation	65,006	25,097	35,153	42,648	19,034	23,599
In-Country Project Costs Excluding Commodities	2,917,950	2,198,649	2,734,135	3,022,357	2,704,432	2,806,263
Cost of Commodities	4,576,868	3,643,421	4,328,394	7,071,344	7,389,519	5,163,004
TOTAL IN-COUNTRY PROJECT COSTS	\$7,494,818	\$5,842,070	\$7,062,529	\$10,094,301	\$10,093,351	7,969,267

O R T

SOCIAL MARKETING COMPANY, BANGLADESH
STATEMENT OF EXPENDITURE FOR THE YEAR FROM 1985 TO 1990

Line Items	1985	1986	1987	1988	1989	1990
	US \$	US \$	US \$	US \$	US \$	US \$
Management	4,456	16,672	20,325	29,795	35,715	60,051
Sales & Marketing	26,130	117,703	132,200	162,517	166,216	195,059
Distribution	17,191	55,604	65,297	93,268	79,172	485,692
Advertisement & Promotion	20,156	194,088	349,277	238,139	96,846	677,470
Add. A&P Motivational Campaign	0	0	0	56,176	10,853	-
Packaging	2,636	20,962	38,598	40,970	40,714	52,707
X F U Expenses	5,367	18,916	21,117	258,358	29,546	30,579
Research & Evaluation	6,760	26,913	98,622	20,707	8,711	-
Community Based Sales						107,505
In-Country Project Costs Excluding Commodities	82,696	449,058	725,736	969,729	468,873	1,609,463
Cost of Commodities	0	0	189,332	289,513	352,178	346,151
TOTAL IN-COUNTRY PROJECT COSTS	982,696	9449,058	9915,668	91,259,235	9820,251	1,355,814

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POPULATION SERVICES INTERNATIONAL
SOCIAL MARKETING COMPANY - BANGLADESH
RECOVERY COSTS

	SIC COSTS IN-COUNTRY COSTS	COMMODITIES COST	TOTAL	SALES REVENUE	COSTS RECOVERED	COSTS RECOVERED WITHOUT COMMODITIES
CONTRACEPTIVE COOP AGREEMENT 00-7081						
1985	2,917,950	4,576,860	7,494,810	676,515	9.03%	23.18%
1986	2,198,649	3,643,421	5,842,070	536,919	9.19%	24.42%
1987	2,734,115	4,920,394	7,662,529	757,074	9.88%	27.63%
1988	3,022,157	7,071,944	10,094,301	1,008,557	9.99%	33.17%
1989	2,704,432	7,389,519	10,093,951	1,127,201	11.17%	41.58%
1990	2,806,263	5,163,004	7,969,267	1,183,117	14.85%	42.16%
TOTAL	16,383,786	32,773,150	49,156,936	5,289,383	10.76%	32.28%

ORAL REHYDRATION COOP AGREEMENT 00-5031

1985	92,696	0	92,696	0	0.00%	0.00%
1986	449,058	0	449,058	0	0.00%	0.00%
1987	725,736	189,932	915,668	209,945	22.93%	29.33%
1988	969,120	209,615	1,259,335	381,581	30.31%	39.36%
1989	468,071	352,170	820,252	444,950	54.25%	35.06%
1990	1,609,463	346,151	1,955,614	501,254	25.63%	31.14%
TOTAL	4,304,746	1,177,876	5,482,622	1,537,330	28.05%	35.72%

COMBINED CSN & ORT PROJECTS

1985	3,900,546	4,576,868	7,377,514	676,515	9.17%	22.55%
1986	2,647,707	3,643,421	6,291,129	536,919	8.53%	20.20%
1987	3,459,871	5,118,326	8,578,197	967,019	11.27%	27.25%
1988	3,992,077	7,061,553	11,053,630	1,390,338	12.57%	34.32%
1989	3,177,505	7,141,697	10,319,203	1,572,151	14.10%	39.56%
1990	4,415,726	5,509,155	9,924,881	1,684,371	16.97%	38.14%
TOTAL	20,588,532	33,951,026	54,539,558	6,827,213	12.50%	33%

PERCENTAGE DISTRIBUTION OF OPERATING COST COMPONENTS 1985 - 1990 (CONTRACEPTIVE PRODUCTS ONLY)

	1985	1986	1987	1988	1989	1990	% CHANGE 1990 vs 1985
MANAGEMENT	3.9	5.9	5.3	5.2	7.0	6.3	68.1
SALES & MARKETING	19.4	26.0	24.0	29.5	37.1	34.7	72.2
DISTRIBUTION	22.0	13.8	21.3	17.0	19.7	23.5	2.6
ADV. & PROM.	13.3	21.7	21.2	16.4	3.6	11.2	-41.4
HOPLV. CHARG.	21.1	11.5	9.2	10.0	1.6	-	-
PACKAGING	8.3	9.7	12.0	13.3	13.7	16.8	92.0
RFP	4.6	5.2	4.7	5.3	6.5	6.3	30.6
RES. & EVAL.	2.2	1.1	1.3	1.4	0.7	0.3	-63.7
	100.0	100.0	100.0	100.0	100.0	100.0	
TOTAL OPERATING COSTS, EXCL. COMMODITIES	\$2.918	2.199	2.731	3.022	2.704	2.306	-3.3
COST OF COMMODITIES	\$4.579	3.643	4.922	7.072	7.390	5.163	12.3
TOTAL PROJECT COSTS	\$7.497	5.842	7.652	10.094	10.094	7.469	3.3
OPERATING COSTS AS % OF TOTAL PROJECT COSTS	38.9	37.6	35.7	29.9	26.3	35.2	

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SOCIAL MARKETING COMPANY, BANGLADESH

LATEST SALES ESTIMATE, 1991.

Updated on 14.08.1991

Product	Unit	Quantity (in '000 unit)	Amount (in '000 Taka)
Raja	Piece	103,000	23,115
Panther	Piece	10,000	5,700
Maya	Cycle	3,100	7,070
Ovacon	Cycle	5,500	25,440
Norquest	Cycle	650	6,500
ORSaline	Sachet	12,000	30,000
TOTAL			97,325

Appendix E

Illustrative New Product Business Plans

Appendix E

Illustrative New Product Business Plans

MARKETING PLAN FOR

SANITARY NAPKINS

AND

COMMERCIAL CONDOMS

Contents

1. Executive Summary	1
2. <u>Sanitary Napkins</u>	
i) Objectives	2
ii) Product	2
iii) Rationale	3
iv) SWOT ANALYSIS	3
v) Marketing Plan	4
A. Potential Market	4
B. Target Audience	5
C. Estimated Sales Projection	5
D. Product Pricing	5
E. Incentives to Field Force	6
F. Sales Strategy	6
Distribution Channel	7
G. Suggested Sales Scheme	8
H. Advertisement, Budget	
Work Plan for 1991	10
3. <u>Commercial Condoms</u>	
1. INTRODUCTION	1
2. Findings from CPS 1989	1
3. Objectives	2
4. Product	2
5. Rationale	3
6. Target Market Segment for CAREX	3
7. Socio-economic Segment	4
8. SWOT ANALYSIS	4
9. Target Profile	6
10. Marketing studies	6
Product Pricing, Revenue Earning	7
11. Sales strategy	7
12. Advertisement & Promotion , Research Plan	7
13. Distribution Channel	8
14. Suggested Sales Scheme	9
15. Work Plan 1991	10
11. Bangladesh Map with Area Demarcation	11

EXECUTIVE SUMMARY

BACKGROUND :

Social Marketing of contraceptives and related items need extensive product promotion as well as product affordability. Such activities necessitates significant costs to product marketing and need adequate funding as such. However the extent of donor support for such added cost are becoming scarce day by day. SMC having faced a budget cut during the past years had to consider options available to defray cost.

Approaching to cost recovery by limiting the promotional activities or by increasing the prices will create impediment to social marketing due to shrinking of market. On the other hand marketing additional products, compatible with SMC's purpose and mission, may provide income generation from program growth, rather than program limitation.

Therefore in order to ensure the long-term viability of SMC and its continued assistance to Bangladesh it was necessary to develop a business development plan and accordingly over the past months SMC have examined a variety of options, from the standpoint of their potential, in generating meaningful additional revenue. The product and services had to conform to the following criteria :

- a. Compatibility with SMC's objectives and purpose.
- b. Socially desirable and useful.
- c. Fitting into SMC's marketing, Sales and distribution network.
- d. Requiring minimum packaging, advertising, promotion or market research support.
- e. Capable of generating sufficient fund for SMC per year.

During the investigation it has been definitely identified that the best opportunity lies in the following areas :

- i) Distribution of Sanitary Napkins
- ii) Distribution of Commercial Condoms
- iii) Distribution of Ethical Pharmaceutical Products

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This plan presents marketing analyses of the first two items, which are now almost ready for distribution by EMC.

SANITARY NAPKINS

OBJECTIVES:

EMC have been actively considering the options available to defray cost. **COMFORT-PLUS** is one such option, which is not only socially desirable and useful, but till now is not readily available to those, who want to use them.

PRODUCT:

COMFORT-PLUS is a modern Ladies' Sanitary Napkins of international standard similar to those used throughout the world by millions of female population. These are basically made of paper pulp crushed to a fluffy mat wrapped around by non-woven fabric and loops attached at ends to facilitate wearing with cord around the waist. Basic advantage of paper pulp napkins over the traditional cotton made napkins are -

- a) **COMFORT-PLUS** is Machine-made, untouched by hand, hence germ free
- b) Traditional loop for easy convenient wearing.
- c) Facilitates working women even during distressed days, since Comfort Plus can be carried in hand bag for use, just in case.
- d) Higher absorbancy for pulp fluff is a better absorbant than cotton and / or cellulose.
- e) Hand made cotton napkins are not hygienically safe.
- f) Easy disposability, since pulp napkins can be flushed through toilets as directed or may be thrown away to the ground to disintegrate and merge with the soil.
- g) Economic and affordable
- h) Sterilized

Rationale :

- * Compatible with SMC's objectives and purpose as the use of Sanitary Napkins are a health requirement.
- * Illiteracy, general shyness to purchase from stores, lack of awareness of sanitation aspects and above all due to non-availability, the eligible rural female population use home-made products risking health hazards. SMC through its extensive distribution network can make it widely available to the rural female population.
- * The urban female population are increasingly becoming used to the ready-to-use sanitary napkins and look for better quality product and convenience.
- * Clinics providing maternity service need the product in bulk quantity, where the loop is a clear advantage.
- * SMC may contribute to the health and sanitation requirement of the female population by distributing the sanitary napkins and educating them of the use leading towards better health.

It is also expected that COMFORT PLUS will have a distinct marketing advantage since it is proposed to be marketed throughout Bangladesh, whereas the other paper pulp brands are basically marketed only in metropolitan cities.

SWOT ANALYSIS :

- | | |
|-----------|---|
| Strengths | <ul style="list-style-type: none">* The entire female population in Bangladesh of age group between 12- 45 years are the potential users of Sanitary Napkins.* SMC has the largest distribution network in the country.* Soft packaging easily get into ladies hand bag.* Economic and affordable* Easy availability and disposability.* Sterilized. |
|-----------|---|

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- Weaknesses :**
- * Though the market is large, it is dominated by popular competitive brands.
 - * Some brands have both loop type as well as party type.
 - * Difficult to reach the users, since users usually are not the purchaser.
 - * Some Company sells in credit.
 - * SMC is not experienced in distribution of Sanitary Napkins.
- Opportunities :**
- * Despite large number of products, none are available throughout the country.
 - * All are in standard and hard board carton pack making at a time investment larger and carrying difficult. This presents an opportunity to introduce a softer and low-priced pack.
 - * The dispensing market comprises of two segments
 Non-Government Hospitals / Clinics including institutions like Garment Industries and the independent doctors and retailers. SMC with their wide contacts can distribute to all segments of customers.
 - * Low-priced smaller soft packs presents a greater thrust in certain target customers, who are inconvenienced during distressed but working days. Such ladies can be benefited with smaller soft pack allowing them to carry in their bags to their place of work.
- Threats**
- * Because of their higher retail margins and credit facilities, competitive brands have found their place in the retail shelves, which may be difficult to dislodge.
 - * There are about 19 competitive brands, of which 2 are major.
 - * Traders margin is between Tk. 2.00 to 10 per box.
 - * MRP ranges between Tk. 20.00 - 35.00 per box.

Marketing Plan for FY-91 :

A. Potential Market

Total urban female population (per 1981 census)	5,658,000 person
Women in age group between 15-49 years (urban)	3,651,000 person
10% of above has been taken as potential customers	365,100 person
Average annual requirement / usage per person : ($365 \div 28 \times 10$)	131 pieces
Estimated total market (131 x 365,100)	34,728,100 pieces

B Target Audience Profile

Based on our sales projection, the target profile will be

- i) Between ages of 16 and 45 years
- ii) Living in the urban and semi-urban areas
- iii) Belongs to upper socio-economic group
- iv) House wives, Lady teachers in schools, Colleges and Universities working women including the Garment workers, Girl students.
- v) Clinics

C Sales of competitive brands in 1990

	in million Taka -		in million packs	
	Min	max	min	max
CAREFREE	30	36	1.2	1.44
HYGIENA	18	21	0.72	0.84
SENORA	4.32	4.8	0.173	0.192
SOFTEX	4.32	4.8	0.173	0.192
MODEX	4.32	4.8	0.173	0.192
		60.96 - 71.40	2.439	2.856

* Sources : Sales survey conducted by Square Pharmaceutical Co. (internal record)

D Estimated Sales Projection

	1991	1992	1993
	3 months	12 months	12 months
Number of packs	120,000	576,000	6-8,000
or	or	or	or
Number of cartons	12,000	57,600	64,800
		3.5% or potential market	12.5% increase.

E. Product Pricing

Trade and consumer price and cost recovery for SMC is noted below :

Cost to SMC	Tk. 20.00 per pack
Less : 10%	Tk. 2.00 per pack on achievement of target.
Net cost to SMC	Tk. 18.00 per pack
SMC price to traders	Tk. 24.00 per pack
<u>Cost recovery to SMC</u>	<u>Tk. 6.00 per pack</u>
MRP fixed by the Company	Tk. 30.00 per pack
Traders margin	Tk. 6.00 per pack

F SMC's Revenue Earning Projection

	<u>1991</u>		<u>1992</u>		<u>1993</u>	
	<u>3 months</u>		<u>12 months</u>		<u>12 months</u>	
	<u>Tk.</u>	<u>US \$</u>	<u>Tk.</u>	<u>US \$</u>	<u>Tk.</u>	<u>US \$</u>
	'000		'000		'000	
Gross earning of Tk.50 / Carton	720	20.0	96		3,888	108
<u>Less :</u>						
i. 50% of Ad. cost	137	3.8	720	20	800	22
ii. Incentive to FF	120	3.3	576	16	648	18
Net Income :	<u>463</u>	<u>12.9</u>	<u>2,160</u>	<u>60</u>	<u>2,440</u>	<u>68</u>
(Tk. 36.00 = US \$ 1)						

G. Incentives to field force

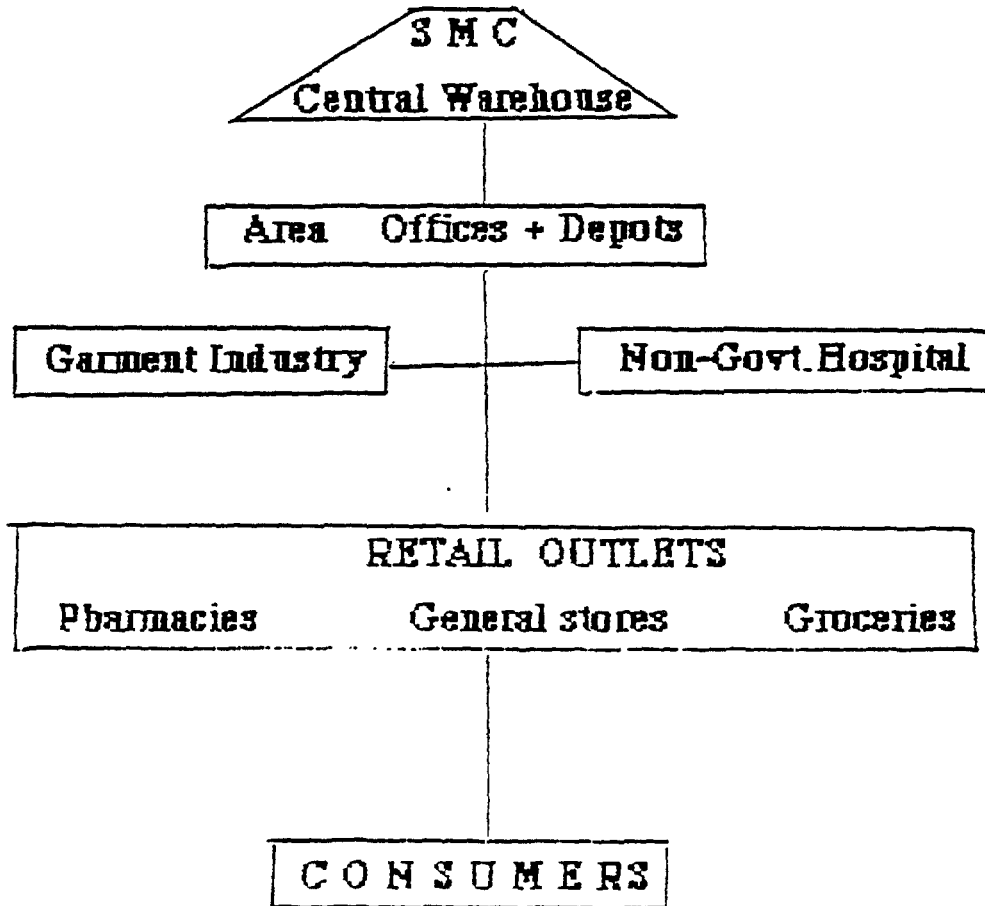
1. There will be no incentive to any field force, if he has not achieved 100% of atleast two CFS / and ORSales target.
2. Subject to above, FF will receive incentive as under

Percent of target.	
90%	Nil
91% and above	Tk. 10.00 for each pack

H Sales Strategy for 1991

The sales strategy is to supply to each of the pharmaceutical outlets, groceries and others, already under SMC coverage, with just 1 carton of 10 packs in 12 months.

DISTRIBUTION CHANNEL



H. **"COMFORT-PLUS" SANITARY NAPKINS**
SUGGESTED SALES SCHEME (AUG - DEC 1991)

<u>Area</u>	<u>No. of SOs</u>	<u>Area target (Cartons)</u>	<u>Target per Sales Officer (Cartons) 3 months</u>	<u>% PWD</u>	<u>%</u>	<u>E/C May 1991 (Reported)</u>
DHAKA	11	2,400	200	2.9	20	5,018
CHITTAGONG	11	1,800	164	2.2	15	4,016
COMILLA	11	2,040	186	2.5	17	4,075
MYMENSINGH	8	960	120	1.6	08	2,779
KHULNA	10	1,440	120	1.6	12	3,872
BARRISAL	11	1,200	109	1.5	10	3,271
RANGPUR	9	960	107	1.4	08	4,272
RAJSHAHI	10	1,200	120	1.6	10	3,840
	83	12,000	-	-	100	31,143

Sales of 1 carton per month to 100% of effective calls will mean 12,146 cartons in 3 months.

I. **ADVERTISEMENTS :**

Reasonable advertisements in dailies / Bill boards, Direct mailing to consumer and radio cinema ads, as mentioned in details in page 4. The cost of advertisement will be equally shared by SFC & Femme.

Ad. Promotional Budget for COMFORT PLUS

(For 12 months)

A. PRESS :	TAKA
National Dailies (2) [ad. size 5" x 4c & 10.5 x 4c @ Tk. 450.00 per column inch]	313,200 (9,900 x 2 x 12) 18,900 x 2 x 2
Magazines (4) [ad. size 5" x 4c @ Tk. 3,500 per magazine]	168,000 (3,500 x 4 x 12)
Design & Production charge	8,000
	489,200
B. Cinema:	
Production cost of 1 roll	6,000
Release in 25 halls for 40 weeks	200,000
Agency Commission	30,100
	236,100
C. BILL BOARDS:	
14 Nos. (30' x 9' @ Tk. 14,700 per board including maintenance)	205,800
D. PRINTS :	
Handbills @ Tk. 135 / 1000 - 5,000 Nos. : - Design cost - Delivery charge	3,355
E. TIN SIGNS	
2,000 Nos. size 11" x 24" @ Tk. 20 each	40,000
F. TERRY TOWELS :	
60,000 Nos. size 6" x 8" @ Tk. 3 each	180,000
[Material cost of terry towels is 60,000 x Tk. 3]	180,000
LESS : Add. from cost saving from packaging	120,000
Amount to be covered for promotions	60,000
TOTAL :	1,054,325
	US \$ 29,287

(Tk. 36.00 = 1 US \$)

(Total expense to be equally shared by SMC & Femme)

WORK PLAN FOR 1991

January '91

- Evaluate feasibility of Products under Business Development

February '91 to April '91

- Products under Business Development been selected and negotiation begins and finalize terms of agreements.

May '91 to July '91

- Sign contract with FEMME INDUSTRIES LTD for supply of COMFORT - PLUS.
- Redesign the proposed pack of COMFORT-PLUS to make it more attractive and useful.
- Registration of Trade Mark by Femme
- Femme places order for "roller" for soft packaging printing

August '91 - September '91

- Design ad campaign for starting from August '91
- Femme start supplying COMFORT-PLUS to SMC from End-September.
- SMC start building up stocks of atleast 3,500 cartons in CWH and Area Offices.
- Start Ad campaign for COMFORT-PLUS in all planned media.
- Start direct mailings to protected customers

October '91

- SMC start filling up the pipeline with stocks of atleast 5,500 cartons by mid-October.
- Launching of COMFORT-PLUS from mid-October
- Sales target for the month will be only 3,500 cartons.

November '91

- Monthly sales target will be 5,000 cartons for the month.
- Review first month's sale and revise the monthly targets upward, if necessary.

December '91

- Sales target for December will be 4,500 cartons per month.
- Start work on Marketing Plan for FY-92 for implementation from January '92.

MAN:qm

COMMERCIAL CONDOMS

INTRODUCTION

With an estimated population of 112 million in 1989, Bangladesh continue to remain the world's eighth most populous country. It has an average population of 2013 per square mile. It is world's one of the LDC's with an annual per capita income of US \$ 186 and the 1981 literacy rate of population 15 + in urban areas is 48%, while that in rural areas is 25% and nationwide is 29%. It has about 25 million women in reproductive age and the eligible couple ratio per FWA is 1 : 952.

Findings from CPS 1989

The final report of CPS 1989, published in August is now available for use. Some of the major findings are noted below for our study and compared with 1986 CPS figures as such :

		<u>CPS-1986</u>	<u>CPS-1989</u>
Total CRP	-	29.8%	32.8%
Total modern method used	-	22.9%	25.8%
Pill users	-	5.1%	9.1%
Condom users	-	4.0%	3.1%

Social Marketing Company have been marketing large quantities of non-clinical contraceptives at a highly subsidized price since 1975 through the commercial outlets of the country, despite that 1989 CPS shows a decline in percentage of users of condoms although the actual number of users increased. The study also reveals that the desire to control fertility is widespread since more than 55.3% of currently married women donot want anymore children and additional 22% want to wait for atleast 2 years before giving birth. However there is a cognizable gap between the percentage of potential contraceptors who wants to avoid or delay the pregnancy and the percentage of women actually contracepting. This reveals facts for us to react critically and constructively to the question : Are we stuck with the phenomenon of vast numbers of well-informed, favourably inclined persons who refuse to use the method available to them ? The tremendous disparity between the knowledge and use of family planning must be sorted out to increase the CPR.

OBJECTIVES

In view of the above, for the past few years SMC have been actively considering the possibility of offering newer items to the target audience including the commercial condoms with the following objectives :

- i) To generate additional income to offset atleast partly the ever increasing operating costs.
- ii) To see whether a commercial market exists, if so, to determine the volume of such market and the price elasticity thereof.
- iii) To increase the CPR by enlisting the new users from non-users group.

PRODUCT

CAREX is made of latex and a product of Malaysia imported by Alpha Resources Limited and will be given to SMC for distribution on credit for 60 days.

Specifications of the two existing condoms of SMC are :

Rasa : Ordinary lubricated condom manufactured by Ansell Incorporated, USA.
Size: length 160 mm, width 49 mm, Colour : Red - Packaging : Square, in 3's and also loose

Panther : Ordinary lubricated condom manufactured by Ansell Incorporated, USA.
Size : length 190 mm, width 52 mm, Colour : Natural, Packaging : Square.
in 4's.

While the specification of proposed condom is :-

CAREX : Ordinary lubricated condom manufactured by BANRUB Sdn. Bhd., Malaysia.
Size : length 160 mm, width 52 mm, Colour : Natural (transparent),
Packaging: Oblong in 3's in an attractive black pack.

RATIONALE

1. Unlike with OCs, there is no established commercial market for Condoms in Bangladesh. The only condoms available in retail markets are the low priced SMC condoms and some GOB products.
2. It is clear that there is an upscale urban market for high-priced contraceptives as evidenced by the success of Organon in selling their items at a price between 5 to 6 times the price of SMC items.
3. In Pakistan despite the enormous success of socially-marketed " Sathi ", commercial brands like " Rough Rider " and " Playboy " have captured 24% market share with 6 to 10 time higher price than socially-marketed " Sathi " .
4. SMC's preliminary order pertains to only 1 million condoms in two shipments, which when distributed will mean a further coverage of 0.05% of all married males in the country or only 0.25% of all married males in the urban area, which is SMC's initial target and is achievable.

TARGET MARKET SEGMENT FOR "CAREX"

The potential market for the SMC's existing brands can be defined as consisting of three different categories of couples based on their product or brand usage history : (Segmentation Study-1968).

1. Current users, who are satisfied with their present brands or methods and want to continue to use them.
2. Discontinued or lapsed users : Consumers who have discontinued the existing brands of SMC condoms due to perceived lack of reliability and pleasure or may be length-wise width-wise unsuitable for him.

3. Non-users (Never used any family planning methods) : This category is made of in part by newly weds of whom about 24% feel that family planning is not meant for them, while most of the newly wed wives conceive in bridal beds even before realising the risk of pregnancy. In addition a sizeable number of eligible couple do not practice family planning until atleast one male child is born.

Since category one users are satisfied with the existing brands, they should be religiously left out. The marketing and promotion strategy for CAREX brand should be aimed at category 2 and 3, with particular emphasis on category 3, who did never use any method or brand.

SOCIO ECONOMIC SEGMENTATION

Socio economic segments are defined on the basis of income and occupation. Rural socio-economic segments will not be a target for CAREX but only those of urban as noted below:

Urban Market :

Social Grade	Social Status	Monthly Gross income per household	Typical Occupation of Head of the Household
A	Upper segment	Above Tk.5,000/-	Senior Professional, Technical Managerial and Administrative position holders and businessmen.
B	Middle segment	Between Tk.2,000-5,000/-	Middle Managers, Supervisors, Officers, Traders.

SWOT ANALYSIS

- Strengths
- * SMC is well experienced in Condom marketing, in fact they are the only one.
 - * 22% of the newly married couple wants to delay pregnancy
 - * New brand with attractive packaging
 - * Saves from STDs.
 - * Very effective when used properly
 - * Husband does not have to depend on wife's consent or help, which may not be available to the just married husband.
 - * Can provide confidence and successful beginning of conjugal love.

- * Facilitates newly married husband's performance.
 - * Easy to use - used only when required.
 - * Lubricated - no side effect
- Weaknesses** :
- * Lack of sexual satisfaction due to lack of direct contact
 - * Difficult to teach the proper method of wearing - resulting in unwarranted failures.
 - * Can be worn only when erected - therefore inconvenient.
 - * Lack of reliability due to defective wearing leading to bursting.
 - * Most adults have evaluated and may have decided against it.
- Opportunities** :
- * SMC will be marketing the much talked about Grid condom.
 - * Currently about 97% of potential users are not attached to any particular brand of condom - many of these are likely customers of high priced condoms.
 - * Ideal for newly married couple from upper and middle socio-economic segments.
 - * CAREX is length-wise comparable to Raja while width-wise equal to Panther.
 - * The neutral transparent colour gives a visible feeling of contact between partners.
 - * Distinctive ultra-thin lubricated oblong packaged CAREX is a good replacement for Maesoc.
- Threats** :
- * Successful marketing may inspire others to come up with commercial condoms (Reportedly one indentor of Chinese condom have decided to import and market).
 - * Importers of CAREX may decide to distribute directly.

- * Mis-handling of condom marketing by inexperienced importers may damage the CPR in the long run and may further decline the percentage of condom users.
- * Cheaper commercial brands may not only disturb the Social Marketing of condoms but may damage the confidence developed by quality products of SMC.

TARGET PROFILE

Based on CPS findings, the target profile of CAREX will be married-men :

1. Between ages of 18-45 years.
2. Belongs to upper and middle socio-economic segment.
3. With emphasis on newly married couples.
4. Couples with no or one child.
5. Residing in urban areas.
6. Well informed of family planning methods, favourably inclined but did not use any method so far.

MARKETING STRATEGIES

Product pricing

Trade and consumer price and cost recovery to SMC is noted below

Cost to SMC pack of 3	-	Tk. 3.54 per pack
SMC price to traders "	-	Tk. 6.00 per pack
Cost recovery to SMC "	-	Tk. 2.46 per pack
Suggested MRP "	-	Tk. 7.50 per pack
Traders Margin "	-	Tk. 1.50 per pack

Revenue earnings from test Marketing

- | | |
|---|------------|
| 1. Revenue earning for SMC for million | Tk 820,000 |
| 2. Revenue earning for SMC for 30,000 FOC | Tk. 24,600 |

Tk. 844,600

Total earning : \$ 23,461

(Tk. 36.00 = 1 US \$)

SALES STRATEGY

- The sales strategy is to supply per demand to 17 large urban markets under all the eight Area Offices.
- Initially the condoms will be sold in August '91 @ Tk. 6.00 for a pack of 3 to the traders upto a quantity of 500,000 condoms coming in as the first supply.
- The next consignment of 500,000 condoms, to be delivered to SMC in October, will also be sold at the same price of Tk. 6.00 in November to the traders for a pack of 3.
- SMC will not fix any MRP for the condoms during sales of these consignments. MRP will be left to the traders to find out the price elasticity of commercial condoms.
- No incentive to field force planned, since this is a test marketing of very small quantity.

ADVERTISEMENTS PROMOTIONS AND RESEARCH PLAN

- The condom will be supported by POPs / Leaflets supplied by the importer.
- No media advertisements are planned.
- Monitoring of the customer's uptake from the retail outlets in the months of September / October / December and the profile of the customers will be noted.

CAREX CONDOMS
SUGGESTED SALES SCHEME

Area	No. of SOs	Allocation for the month of September Dispenser	November Dispenser	%	E/C in March 91
DHAKA + NAARAYAGONJ	6	695	695	20	1,423
CHITTAGONG	8	520	520	15	1,331
COMILLA + SYLHET	4	590	590	17	645
MYMENSINGH + JAMALPUR	4	278	278	8	923
KHULNA + JESORE	6	417	417	12	1,500
BARISAL + FARIDPUR	6	347	347	10	1,013
RANGPUR + DINAJPUR	7	278	278	8	1,310
RAJSHAHI + PABNA, BOGRA & SERAJGONJ	6	347	347	10	1,391
	47	3,472	3,472	100	9,536

Sales to @ 1 dispenser in months mentioned to each of 37% of the above effective calls will fetch 100% .

WORK PLAN FOR COMMERCIAL CONDOM MARKETING

May, 1991

- Place order for 500,000 " CAREX " brand Malaysian condoms with Alpha Resources for supply within 60 days from the date of order.

July, 1991

- Place fresh order of another 500,000 for supply within 60 days.

August, 1991

- Receipt of the condoms. Start filling up the pipeline in the targeted area.

September, 1991

- Launching of CAREX condoms.
- Receipt of the second consignment of 500,000 CAREX condoms
- Continue filling up the pipeline and continue selling.

October, 1991

- Start collecting data on the customer's uptake and study the customer's profile.
- Payment made to Alpha Resources on completion of the credit period.

November, 1991

- Compare sales and compare sales performance
- Determine the commercial feasibility of the exercise and decide on future ordering.
- Payment made to Alpha Resources on completion of the credit period

December, 1991

- Order of 1 million condoms is complete
- Prepare marketing plan for 2nd condom from USAID

11/24/91

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Appendix F
SMC Research, 1975-Present

Appendix F

SMC Research, 1975-Present

LIST OF VARIOUS RESEARCH REPORTS & STUDIES
UNDERTAKEN BY SMC
(1975 - 1991)
CONTRACEPTIVES

1. Study Report on Knowledge Attitude & Practice of FP-Baybasthapana Shangsad Ltd. December, 1975.
2. Report on Marketing Channel Study - Baybasthapana Shangsad Ltd., 1976.
3. Plan for National Coverage - Raja / Maya, PSI, Jan'76.
4. Social Marketing of Contraceptives in Bangladesh. Robert L.Ciszewski, March,1977.
5. Report on Price Study of Contraceptives - BSL, June'77
6. Pre-Launch Consumer Test of Neo-Sampoon - Foam Tablets- Maksuda Kader, May'78.
7. Consumer Test of Low Dose Pill : Brevicon, Nordette, Maksuda Kader, August'79.
8. A study on Rural Sex-Habit & Birth Control in Bangladesh. Nayeema Ali, August'79.
9. Report on Cinema Audience Acceptability of SMP/PSI Films on Raja / Maya - Rapport Bangladesh, August'79.
10. A Summary on the Findings of Assessment of Bangladesh Contraceptive Social Marketing Projects : Methodology and Basic Data - M. Obaidullah, Dhaka University, Jan'79.
11. A Report of Market Research on Joy, Mohammad Salek, June 80.
12. Attitude of Bangladesh Villagers Towards FP, Ellen Sattar, February, 1980
13. Design of Action Research on Mobilisation of Rural Health Practitioners for Social Marketing of Oral Contraceptives & other FP Products - Dr. A. Alimullah Mian, July, 1980.
14. Advertising Strategy of Raja / Maya, 1980.
15. Household Contraceptives distribution Evaluation Study - M.Obaidullah, Feb.'80.
16. The Impact of Adv. of Raja / Joy / Maya, Sitopi, 1981.
17. FP Communication Campaign - The Baseline Study - Mitra & Associates, September 83.
18. Bangladesh Condom Users Survey - B-Smart , 1983.
19. Users' Preference to 3 different types of Condoms - NUDA, Panther & Raja - Maksuda Kader, December'1983.
20. FP Motivation Campaign - The First Evaluation Study (2nd Wave) - Mitra & Associates,1983.
21. Report on Social Marketing of Contraceptives in Bangladesh by : WPS /RLC, January,1984.

22. Oral Contraceptive Marketing in Bangladesh by : J.Davies, Consultant, Honolulu, Vol. II, December, 1984.
23. Consumers' Test of Noristerat Injectable Contraceptive - Maksud Kader, June, 1985.
24. Assessing the Characteristics & Cost Effectiveness of Contraceptive Methods - PIACT Papers, by : Jane Hutchings & Lyle Saunders, August '85.
25. Oral Contraceptives in Bangladesh : Husband as Provider & Instructor, John Davies, Dec '85.
26. Factors Causing differentials between contraceptives knowledge & practice in Rural Bangladesh by : M.Nawab Ali & S. Waiuilah, August, 1985.
27. Segmentation of FP Product Market - Dr. Rahim Talukder, IBA & A.N.M.Waheeduzzaman, IBA, December, 1985.
28. Motivation Factors That Determine the non-use of Contraceptives - PIACT, February '85.
29. Research Study of the Condom Distribution System of SMP all over Bangladesh. MRCB '86.
30. An Opinion Study of SMP Retailers. Mitra & Associates. 1986.
31. Raja Condom Report on an Exploratory Survey in Bangladesh. RSL - March, 1986.
32. Report on a Pre-Test of Maya Radio Adv. - RSL. April '86.
33. Raja Pack Test by RSL. April '86.
34. Condom Distribution Channel Study. MRCB. 1986.
35. Panther Condom - A Retailers Opinion Survey Conducted by : SMP-RCSU Dept. Oct '86.
36. Use Effectiveness of Oral Pill & Condoms : PIACT - John E. Laing & Seen Clark. Nov '86.
37. Consumers Test of Noristerat Injectable Contraceptive : Mrs. Kader & Nayeema Matin. Mar '86.
38. Maya Radio Messages Pre-Test Report, RSL, December '86.
39. Media Survey - A Report on the Public TV Viewing Habits : ADCOMM, May, 1987.
40. Majestic Press AD (Bengali) Pre-Test. Results by : Technical Assistance. May 1987
41. Pre-test on Ovacon Film Spots - RSL, March, 1987.
42. Ovacon Press AD Pre-Test for SMP, RSL, January '87.
43. Raja AD Messages Pre-Test for SMP, by RSL, Jan '87.
44. Ovacon TV Spot Script Pre-Test-RSL January '87

45. Ovacon Radio Messages Pre-Test, RSL,1987.
46. Retailing of Contraceptives in Dhaka City - Mizanur Rahman, D.U. 1987.
47. A Pharmacists Opinion Survey on Maya - A. Rahman & Masum Mujib, RCSU-SMP, April'87.
48. Research on Retail Audit of Contraceptive Marketing : Pilot Test & Proposal for the 2nd Stage of the Research - Mitra & Associates, June'87
49. FP Motivational Campaign : Secondary Analyses of the Data from 1984 & 85. Evaluation Studies - July'87.
50. SMP's Injectable Test Marketing Program - A Client Follow up Study : SMP RCSU Deptt. , July 20,1987
51. Reliability Test of Condom -- PIACT, July'87.
52. Baseline Survey of Contraceptive Knowledge & Information : Mitra & Associates, April'88.
53. Report on Usages and Attitude Study -by RSL August'88
54. Content Analysis of FP Messages - Abu Yusuf Chowdhury. PIACT-B, Dec'88.
55. Market Segmentation Study of Contraceptives by RSL,1988.
56. Radio Messages Pre-Test on Health Risk of bearing child.1988.
57. Ovacon Press Ad Pre-Test- PIACT-B,1988.
58. Study on Repositioning of Majestic Condom, PIACT-B. 1988.
59. Bangladesh Retail Audit Study, (Contraceptive) - Mitra & Associates. 1988.
60. Pre-Testing of Press Ad.on Majestic-4 Condom.1989
61. Brand Awareness. Trial & Usage Study, MRCB,1989.
62. Price Survey of SMP Products-PIACT-B,1990.
63. Survey on Pack selection of Norquest Pill-PIACT-B,1990.
64. Contraceptives Panel Study - Mitra & Associates,1990.
65. Study on Low Sales of Raja - PIACT-B, 1991.
66. Retailers Opinion on Norquest Pill Sales - Research Deptt. SMC,1991.
67. Raja Ad.Pre-Test, Research Deptt. SMC,1991.
68. Follow-up Survey on Contraceptives Knowledge & Information - Mitra & Associates,1991.

Proposal on : (to be conducted very shortly).

Effectiveness of Communication Approaches Through Various Traditional & Non-traditional Media.

Newspaper Readers' Profile & Media Habits.

Behavioural Change of Pharmacists.

[Implementing Agencies : SMC Research Department, M/s. Mitra & Associates, PIACT-B, MRCEB & RSL]

LIST OF VARIOUS RESEARCH REPORTS & STUDIES
UNDERTAKEN BY SMC
(1984 - 1991)
O. R. T/ O.R.S

1. Consumer's Test of Orsaline, Maksuda Kader, Feb'84
2. ORS Manufacturing Plant- Techno Financial Feasibility Study, TESCON, 1985.
3. Evaluation of the National Oral Rehydration Program – Motabunnesa Curry, Sept.'85
4. Presentation on Marketing Survey for Introduction of ORS through SMP / PSI, MRCSB, 1985.
5. Market Research Survey to Introduce a Packaged ORS Through Commercial Channels for AID - Terry Louis, PSI, Pritech & MRCSB, Nov'85.
6. Market Survey of ORS in Bangladesh - Bangladesh Project Management Institute, Dec'85.
7. Distribution & Sales of ORS in Bangladesh Through SMP - S. Fabricant, Feb'86.
8. Consumer Test of Orsaline, Maksuda Kader & Nayeema Matin June/July'86.
9. Orsaline Communication Program - RSL, April'86
10. School Level Study on ORT - RSL, Nov'86.
11. Market Report on Oral Rehydration Salt (for SMP), TESCON, 1986
12. Evaluation of Mailings to Rural Medical Practitioners - A Mail Survey on ORT by : RCSU-SMP, Jan'87.
13. Qualitative Study on ORT - RSL, 1987.
14. Pharmacy Level Study on ORT for SMP, RSL, 1987.
15. Study on availability of Foreign Brand ORS in Dhaka City - RCSU, SMP, 1987.
16. ORT Study in Bangladesh, IMRB, June, 1987.
17. Radio Messages Pre-Test on : PIACT-B, 1988.
 - o Use of oral saline during loose motion
 - o Importance of using oral saline during loose motion
 - o Home based treatment for diarrhoea.
18. Diarrhoeal Morbidity & Treatment Survey (DMTS) - Mitra & Associates, 1988
19. Baseline Study of the Evaluation of the ORT Educational Program-1988
20. Pre-Test of Radio Messages on ORT -PIACT-B, 1989.
21. A Survey Report on Oral Rehydration Therapy Educational Program - MRCSB, 1989.
22. Bangladesh Panel Audit Study (ORT) -1991.
23. A Study on Cause and Remedial Measures of Diarrhoeal Episode

Appendix G

**A.I.D. Evaluation Summary
Sections H and J**

Appendix G

A.I.D. Evaluation Summary Sections H and J

H. EVALUATION ABSTRACT (do not exceed the space provided)

This evaluation focuses on the Social Marketing Company (SMC), formerly called the Social Marketing Project (SMP).. This activity has been funded by AID since 1974 and has had continuing technical assistance from Population Services International (PSI). It has long been acknowledged as a major factor in the increase of contraceptive prevalence in Bangladesh, and its field sales force is regarded as among the best in the country. Sponsor of the nation's first wide-scale family planning and ORS multi-media advertising and IEC campaigns, it is an important element in USAID's family planning (and now ORT) program. After 16 years as a project operating under a Council chaired by the government, it was established as a private non-profit company with a private sector board in 1990. Its social objectives remain unchanged.

The evaluation took place from July 29-August 22, 1991 and involved review of documents, interviews, field trips, and extensive consultations with USAID and SMC staff. It focused on five areas: (1) overall organization and management; (2) prospects and strategies for increased financial sustainability; (3) the nature, extent, and quality of communications activities; (4) the fit between the Community Based Sales (CBS) project and SMC as a whole; and (5) future roles of USAID, SMC, and PSI.

The highest priority recommendations in each area are: (1) SMC should continue to seek structural and procedural ways to strengthen organizational management and contain costs through improved efficiency, based on clearly established management objectives; (2) SMC should cautiously continue its experimentation with new commercial products, carefully monitoring the costs and financial benefits as well as the impact on the company's main line of business; (3) SMC should prepare a strategic plan for its research activities, describing what kinds of studies it will do (and why), what work will be done in-house and what contracted out, criteria and methods for field testing, and technical assistance and resource needs; (4) the CBS project should stay at SMC through the five-year project period; after that, USAID and SMC should carefully study options for a permanent home; and (5) PSI and SMC should explore and share with USAID options regarding future relationships, stating the assumptions on which each option is based.

I. EVALUATION COSTS

1. Evaluation Team

Name	Affiliation	Contract Number OR TDY Person Days	Contract Cost OR TDY Cost (US\$)	Source of Funds
------	-------------	---------------------------------------	-------------------------------------	--------------------

2. Mission/Office Professional Staff Person-Days (estimate) _____

3. Borrower/Grantee Professional Staff Person-Days (estimate) _____

(BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS)

IDENTIFICATION DATA

A. REPORTING A.I.D. UNIT: _____ (Mission or AID/W Office) (ES# _____)	B. WAS EVALUATION SCHEDULED IN CURRENT FY ANNUAL EVALUATION PLAN? yes <input type="checkbox"/> slipped <input type="checkbox"/> ad hoc <input type="checkbox"/> Eval. Plan Submission Qtrs: FY ___ Q ___	C. EVALUATION TIMING Interim <input type="checkbox"/> final <input type="checkbox"/> ex post <input type="checkbox"/> etc.			
D. ACTIVITY OR ACTIVITIES EVALUATED (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date of the evaluation report)					
Project #	Project/Program Title (or title & date of evaluation report)	First PRCAG or equivalent (FY)	Most recent PACD (mo/yr)	Planned LCP Cost (000)	Ann C to 199

ACTIONS

E. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR	Name of officer responsible for Action	Date Action to be Completed
Action(s) Required		

(Attach extra sheet if necessary)

APPROVALS

F. DATE OF MISSION OR AID/W OFFICE REVIEW OF EVALUATION: mo ___ day ___ yr ___

G. APPROVALS OF EVALUATION SUMMARY AND ACTION DECISIONS:

	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission or AID/W Office Director
Signature Typed Name	Date: _____	Date: _____	Date: _____	Date: _____

A.I.D. EVALUATION SUMMARY PART II

J. SUMMARY OF EVALUATION FINDINGS, CONCLUSIONS AND RECOMMENDATIONS (Try not to exceed the 3 pages provided)
Address the following items:

- Purpose of activity(ies) evaluated
- Purpose of evaluation and Methodology used
- Findings and conclusions (relate to questions)
- Principal recommendations
- Lessons learned

Mission or Office: USAID Bangladesh

Date this summary prepared: 21 Aug. 1991

Title and Date of Full Evaluation Report: _____

Purpose of activity evaluated

The activity is the Social Marketing Company (SMC), formerly called the Social Marketing Project (SMP). It has been supported by AID funding to Population Services International (PSI) since 1974. PSI has provided continuous technical assistance. The activity's purpose is to socially market short-term contraceptive methods and, since 1985, ORS.

Purpose of evaluation and methodology used

The major areas of the evaluation are: (1) organization and management (as the context in which all other areas are considered); (2) prospects and strategies for increased financial sustainability; (3) the nature, extent, and quality of communications; (4) their fit between the CommunityBased Sales (CBS) project and SMC as a whole; and (5) future roles of USAID, SMC, and PSI. It also assesses the extent to which prior recommendations from the 1986 Overall Evaluation of the USAID/Bangladesh Family Planning Services Project, the 1990 Population Sector Review, and the 1990 Midterm Evaluation have been addressed.

The evaluation took place from July 29 to August 22, 1991. The methodology included review of relevant documents, interviews with USAID, SMC, and related organizations, and field trips to the CBS project site at Brambarbaria and the SMC area office at Mymensingh. Related organizations include UNICEF, Concerned Women for Family Planning (CWFP), ICR/Bangladesh, the Population Communications Service, Mitra and Associates, Sitool, and Accom.

Findings and conclusions

1. Organization and management

The establishment of SMC as a non-profit private company has brought with it new dimensions in terms of management and organizational requirements. Coupled with these new dimensions are prospects of declining USAID support. These changes challenge SMC to increase its overall organizational sustainability. Strong management is key to meeting this challenge.

Since incorporation as a private entity and the hiring of new executive management, SMC has made major organizational and management gains. Examples include internal reorganization resulting in less top heavy management, better and more sophisticated use of MIS data, higher productivity in various operations, professionalization of the research and advertising unit, better monitoring of points of sale, improvements in and better codification of operating systems and procedures, and structured outreach to new business opportunities with the potential to subsidize SMC's main product lines and increase financial sustainability.

SUMMARY

There are two other areas in which SMC needs improvement. The first is disseminating information effectively and efficiently to USAID to keep the agency abreast of new developments. The second is linkages with other organizations and projects involved in related activities.

2. Financing and cost recovery

SMC is a social enterprise. Its mission, environment, and target consumers preclude total cost recovery. This fact has been acknowledged since project inception. Nevertheless, USAID's competing priorities and declining resources make it difficult to continue support at present levels.

SMC and PSI understand the imperative to increase financial sustainability. SMC's strategy has four components: (1) more aggressive sales; (2) generation of revenue from new, more profitable products; (3) donor diversification; and (4) cost containment. Prices were raised in 1990; no further increases are contemplated in the near future. Sales gains are slated as a result of salesforce productivity improvements and new advertising campaigns. Cost containment is being addressed by productivity and other management improvements. USAID has assisted SMC in securing condoms through EC; SMC's independent donor diversification efforts have not yet resulted in new support because of the donors' bilateral orientation. In terms of new revenue generation, SMC is carefully developing a package of products and services that are consistent with its mission and do not place large, additional burdens on the organization. Many new ventures have been scrutinized, and detailed business plans for those with merit have been developed. Although expected returns are relatively modest in the near term, these ventures demonstrate SMC's growing entrepreneurship and its commitment to increase financial sustainability.

3. Communications

The main purpose of SMC's communications strategy is to create demand for company products. The strategy also incorporates messages on correct use and benefits of contraception and CRT. SMC has also implemented IEC campaigns. Research focuses on identifying inhibitors and facilitators to product use as well as factors influencing sales. The program has helped develop local research and advertising firms, but local skills are still weak in some areas. SMC uses many media, but data on media reach is limited in Bangladesh. SMC extends communication through pharmacist training and a school CRT program.

SMC's research and communications program is effective. More sharing of research findings with other organizations is needed, as is a strategic plan for SMC's research component. USAID can help support further research on media reach and effectiveness. The pharmacist and school training programs need better evaluation.

4. CBS project

Extensive analysis during the development of the CBS project resulted in consensus that SMC was the appropriate home. There is no reason to reopen this question now. The cost of the CBS project does not now affect SMC's cost recovery or financial sustainability, as it is separately funded and treated as a

SUMMARY (continued)

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102

SUMMARY (continued)

separate cost center. Cost-effectiveness is a valid concern. This is true for all CBD projects, especially those with a research component. SMC's MIS system will help evaluate this aspect. CBS should be viewed as part of a continuum of experiments to expand availability and access for rural residents, especially women.

5. Roles of USAID, SMC, and PSI

Under USAID's oversight, PSI has provided invaluable assistance in establishing and building the project structure, helping develop sales and distribution networks, and providing staff training. PSI has also brought other resources to the project. Past relationships and continuity of support have worked well. The question now is what configuration of resources will stimulate the further development of SMC. There are no easy answers at this time. However, two things can be said. First, now is not the time to withdraw PSI resident support. Second, there are too many uncontrollable factors that must be figured in the equation. Significant support changes would not be beneficial at this time.

Principal recommendations

1. Organization and management

1. SMC should continue to seek structural and procedural ways to strengthen organizational management and contain costs through improved efficiency, using clearly established management objectives.

2. SMC should develop better strategies to market its achievements (actual and planned) to USAID. USAID could help by making its interests clearer.

2. Financing and cost recovery

1. SMC should cautiously continue its experimentation with new commercial products, carefully monitoring the costs and financial benefits as well as the impact on the company's main line of business.

3. Communications

1. SMC should prepare a strategic plan for its research activities, describing what kinds of studies it will do (and why), what work will be done in-house and what contracted out, criteria and methods for field testing, and technical assistance and resource needs.

2. USAID should assist SMC and other communication programs to research and summarize information on how well different media reach audiences.

4. CBS project

1. The CBS project should stay at SMC through the five-year project period; after that, USAID and SMC should carefully study options for a permanent home.

2. Since adequate compensation is the key to worker satisfaction and retention, PSI, SMC, and CBS management should explore alternative ways to stimulate higher profit from sales.

5. Roles of USAID, SMC, and PSI

1. PSI and SMC should explore and share with USAID options regarding the nature of their relationship in the future, with particular reference to overall PSI advisory services provided to Bangladesh. These options should state assumptions about SMC's managerial and financial sustainability over time and about the environment.

2. PSI and SMC should develop a formal short-term technical assistance plan for the next three to five years indicating what kind of expertise will be needed. USAID should assist PSI and SMC in assessing what resources are most appropriate to these needs.

Appendix H
Recommendations

Appendix H

Recommendations

SMC Organization and Management

1. SMC should continue to seek structural and procedural ways to strengthen organizational management and contain costs through improved efficiency. This process should be governed by clearly established management objectives identified through an overall strategic planning exercise carried out during the next 12 months.
2. SMC should develop better strategies to market its achievements (actual and planned) to USAID. USAID could help by making its interests clearer. For example, USAID could request regular updates on cost recovery and revenue use.
3. USAID and SMC should identify opportunities for linkages between SMC and other related projects and organizations. Examples include other USAID-supported programs, such as Population Communication Services (PCS) and the new company it is launching.

Financing and Cost Recovery

4. SMC should cautiously continue its experimentation with new commercial products, carefully monitoring the costs and financial benefits as well as the impact on the company's main line of business. Even a small amount of unrestricted revenue will be beneficial to the company.
5. SMC should continue to focus on increasing its normal sales revenue and containing costs through improved productivity and other management innovations. Specific cost containment targets should be developed.
6. USAID should provide outside assistance in new venture development and analysis if requested by SMC.
7. USAID should continue its aggressive assistance to SMC in marketing to other donors, as it has, for example, in connection with the EC.

Communications

8. As part of its overall organizational strategic planning exercise, SMC should prepare a written strategy for its research activities within the next six months. This should describe what kinds of studies it will do (and why), what work should be done in-house and what contracted out, criteria and methods for field testing, and technical assistance and resource needs. This work should be shared with USAID for comment and review.
9. USAID should assist SMC and other communication programs to research and summarize information on how well different media reach audiences.
10. SMC should complete as soon as possible the rural survey portion of in-house research on the relative importance of mass media versus indigenous methods of promotion. If indigenous methods are effective, new promotional materials should be produced.
11. SMC should continue to avail itself of technical assistance provided by PSI and other resources to enhance SMC's in-house capabilities as well as those of the outside firms.

12. USAID should require its contractors to share survey plans, research findings, and communications strategies. Cross-fertilization will benefit all organizations, avoid missed opportunities for inputs into major activities, and reduce duplication of donor activities.

13. PSI should arrange for short-term technical assistance to review SMC's pharmacy training and ORT school education programs and to suggest ways to improve these activities.

CBS Pilot Project

14. The CBS project should stay at SMC through the five-year project period; after that, USAID and SMC should carefully study options for a permanent home.

15. Since adequate incentive is the key to CSW satisfaction and retention, PSI, SMC, and CBS management should explore alternate ways to stimulate higher profit from sales without increasing costs to the program.

16. USAID and SMC should wait to evaluate the cost of permanently incorporating CSWs in its retail system until the end of the five-year project.

17. SMC and PSI should monitor management needs as the project matures to identify ways to transfer and/or consolidate responsibilities to achieve a less expensive management model.

18. SMC and PSI should discuss with USAID the minimum requirements for information and data on the CBS project. This might permit simplification of forms and lessen the reporting burden on CSWs.

Future Roles of PSI, SMC, and USAID

19. Within the next year, PSI and SMC should explore options regarding the nature of their relationship in the future, with particular reference to overall PSI advisory services provided to Bangladesh. These options should be in written form and state assumptions about SMC's managerial and financial sustainability over time, and also about the environment in which SMC operates. They should be shared with USAID.

20. Within the next eight months, PSI and SMC should develop a formal short-term technical assistance plan for the next three to five years indicating what kind of expertise will be needed. USAID should assist PSI and SMC in assessing what resources are most appropriate to these needs. Once the options and the formal short-term technical assistance plan have been developed, an external team should review the viability of these plans and strategies.

21. USAID should monitor the organizational growth of SMC and, in concert with PSI and SMC, establish criteria for determining when and how a change in roles and relationships should take place. Appropriate measurements should be developed for determining when the criteria are met.