

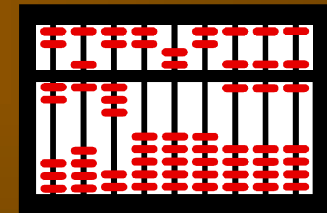
Designing Market Driven BDS Projects



The Project is a Business

- *grant*
- *needs*
- *problems*
- *low risk*
- *predictable*
- *known*

- *investment*
- *demand*
- *opportunities*
- *high risk*
- *unpredictable*
- *unknown*



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BDS Projects are Selling Services Themselves

Retail



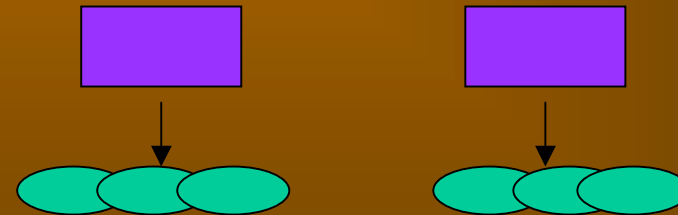
Direct Support



Wholesale



Through Intermediaries



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Using Market Principles



Maximize Investment

Maximize Impact

Increased Sales

Increased Market

Better Profits

Sustainably (SRF)

The justification for development is that the market is weak the demand and supply is ineffective

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So the challenge is how to expand the market for services that either...

→ Save Costs

→ Add Value

→ Increase Sales

→ Improve Investments

Key Assumption:

BDS + Application = Impact

... and sell ... in an underdeveloped market.

We now need more information / research to offer products that have higher perceived values

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3 Layers of Product Definition

Project

Information, Know How, Grants

BDS Providers

Advice, Services, Technology

Businesses

Goods and Services

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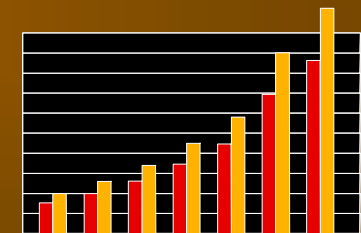


Where do we start in a business plan?

With an Understand of the Market

- What is selling now?***
- What do consumers want?***
- What do they want that is not available?***
- How much are they willing to pay for it?***
- Is the volume large & concentrated?***
- How can the market be expanded?***
- How can value be created?***

This is Market Research



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Defining the product (BDS)

“Any service bought-in by a business”



Accounting and Tax

Production Advice

Communications

Management Training

Advertising

Technical Training

Computer Software

Trade Fairs

Legal Advice

Production Training

Documentation

Business Planning

70 % of the Market

30 % of the Market

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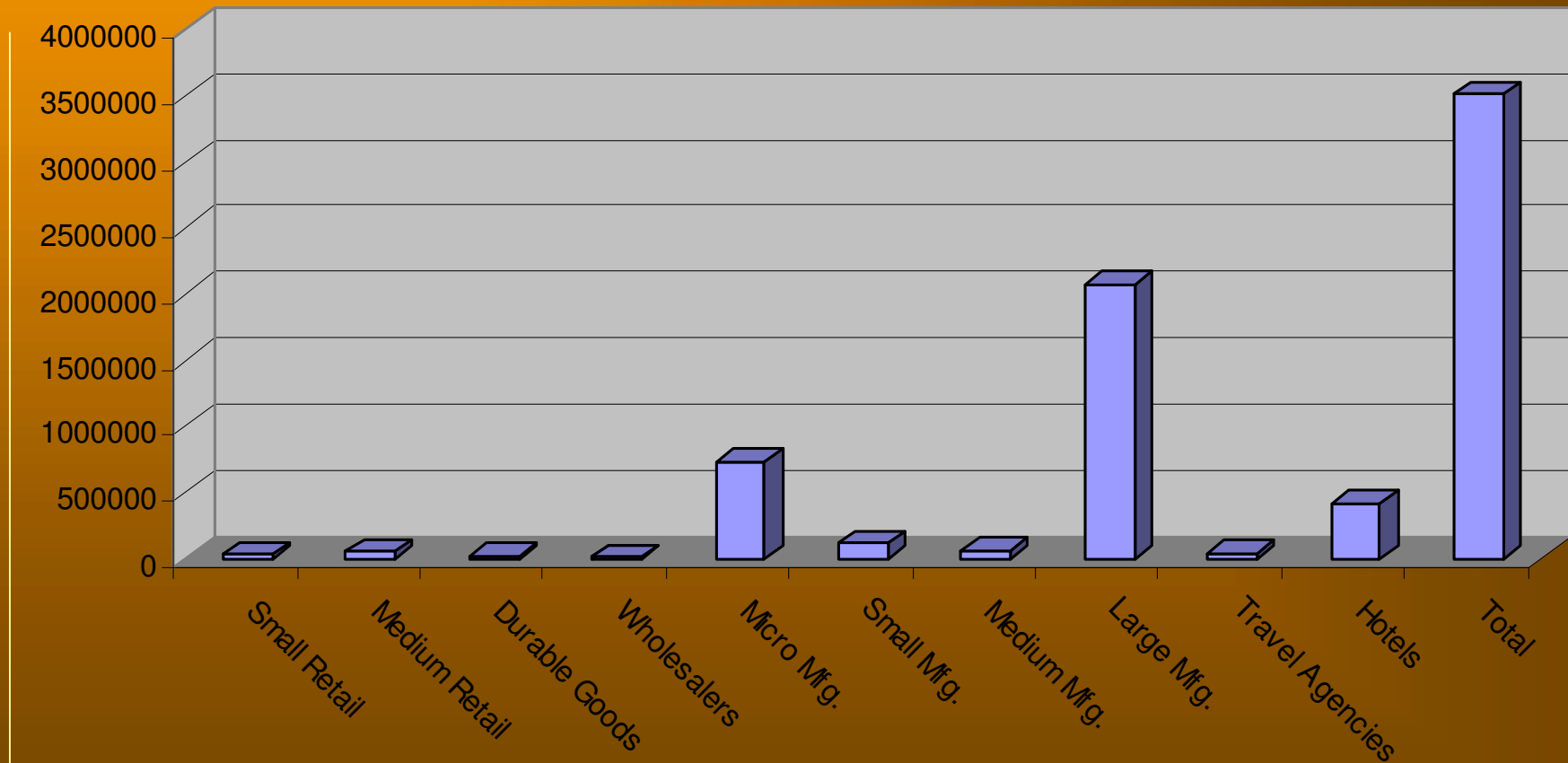
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Consumption of BDS in Nepal in 1999 in US\$

3.5 mil. Compared to a GDP of 1,500 mil. in the same Sectors



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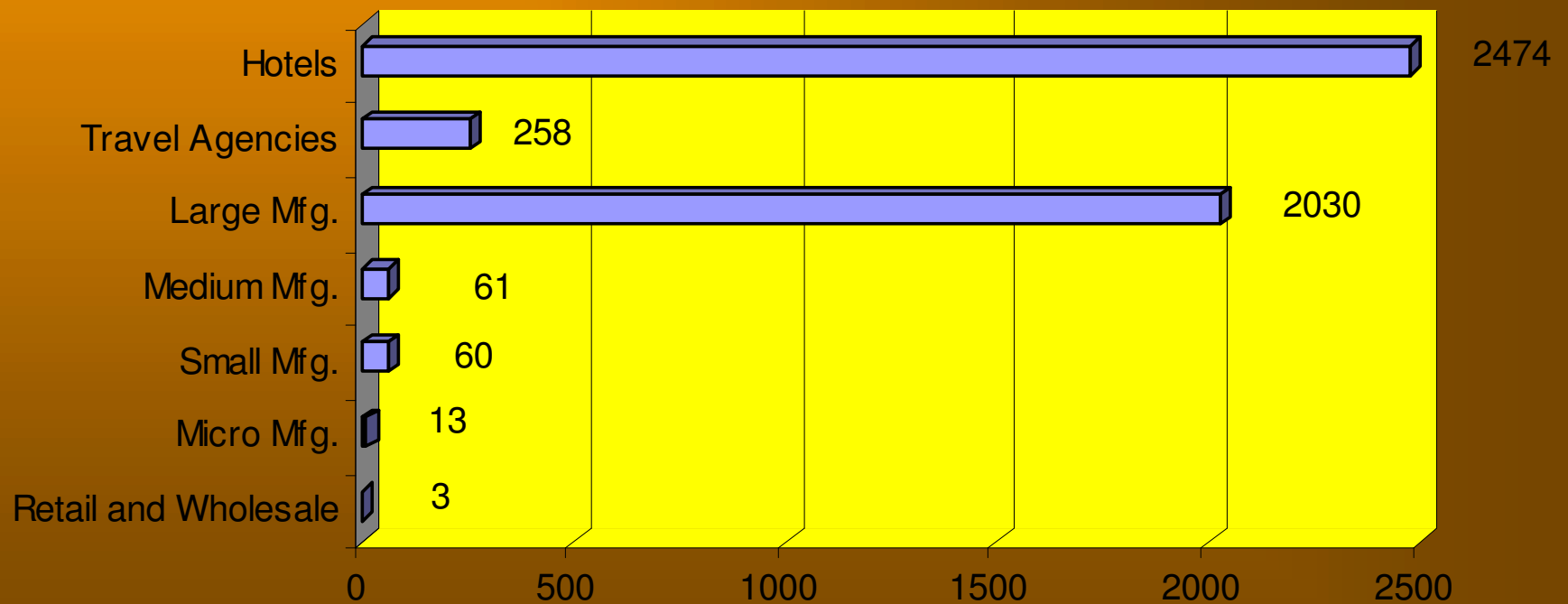
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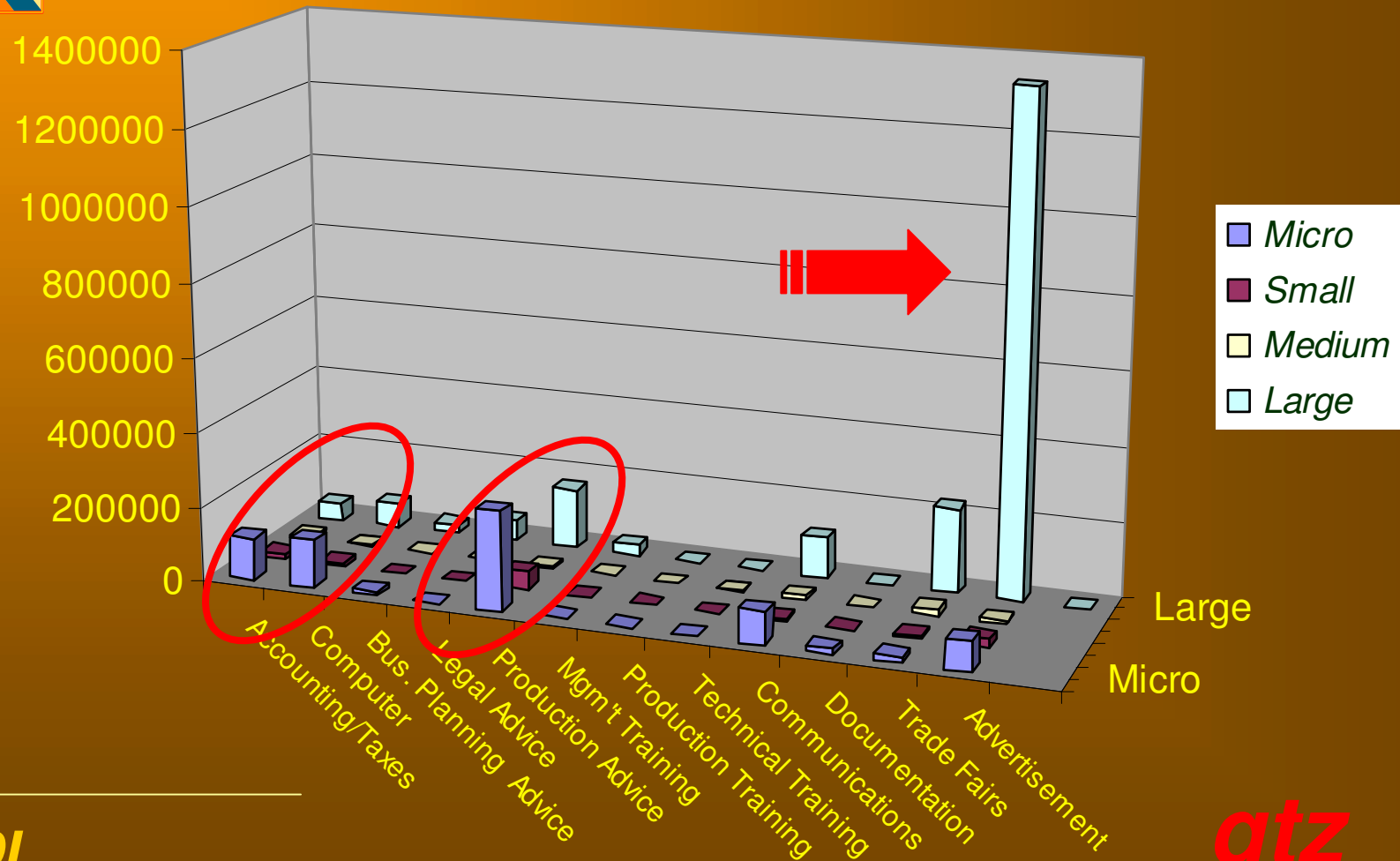
Average Expenditure Per Business Per Year by Segments in US\$



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Consumption of BDS by Size of Manufacturing Enterprise



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So what !

We have UAI data to confirm ...

- who is buying***
- the likely volume***
- the reach (% purchasing)***

Suppliers are still reluctant because ...

- they make more money elsewhere***
- the risk is high related to the reward***

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Focused Group Discussions

- *Qualitative not quantitative*
- *For buyers, features and benefits*
- *For non buyers, why they don't buy*

This gives us enough data to suggest to suppliers that...

- *There is a market (businesses are paying)*
- *These are gaps in the market for good products*
- *More detailed research will uncover the gaps*

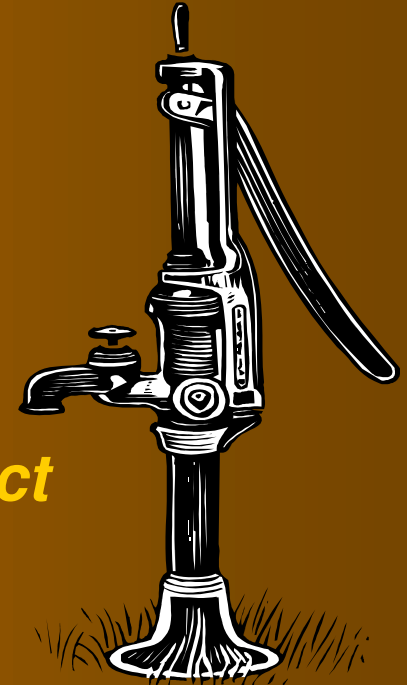
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What can we offer suppliers that does not distort the market?

- Market Information (UAs FGDs)*
- Product Concept testing (pricing)*
- Capacity building related to the product*
- Awareness / Understanding Creation*
- Trial Marketing*

These measures reduce risk and add value



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In effect we become ..

→ A research / product development facility for BDS suppliers or

→ A BDS venture capitalist with modified success indicators

<i>Investment</i>	<i>Impact</i>	<i>Monitoring benefits:</i> <ul style="list-style-type: none">◆ <i>Customer application</i>◆ <i>Customer satisfaction</i>◆ <i>Attribution Compared to Costs</i>
<i>Sales</i>	<i>Expanded Market</i>	<ul style="list-style-type: none">◆ <i>Increase in % purchasing</i>◆ <i>Increase in sales of suppliers</i>
<i>Profits</i>	<i>Sustainability</i>	<ul style="list-style-type: none">◆ <i>Increase in SRF product by product</i>

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Challenges for Donors

1. Flexibility in project design

- design projects after market research*
- use other design tools*
- less output more result orientation*

2. An entrepreneurial outlook

- take focus off disbursement*
- look at the project more as a business*
- modulate investment to demand*

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3. Reconciling poverty and markets

- recognize that absorptive capacity is low*
- same principles should be respected*

4. Is there a middle path?

- For an idea to be creative it must be new & useful*
- We can still improve many supply led projects*

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