AgEcon SEARCH
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

The World's Largest Open Access Agricultural & Applied Economics Digital Library

This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.

Help ensure our sustainability.

Give to AgEcon Search

AgEcon Search
http://ageconsearch.umn.edu
aesearch@umn.edu

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

International Food and Agribusiness Management Review
Volume 17 Special Issue B

Building Professional Capacity in the Livestock Industry Through ITC in East Africa

Tricia Beal[a], Francesco Braga[Ⓓb], and Bayella Thiam[c]

[a]*Chief of Staff, Novus International Inc., 20 Research Dr., St. Charles, Missouri, 63304, USA*

[b]*Associate Professor, Department of Management, College of Business and Economics, University of Guelph, 19 Halesmanor Crt., Guelph, Ontario, N1G 4E2, Canada*

[c]*Executive Manager, Sales and Distribution Africa, Novus Nutritional Products Africa*

Abstract

Novus International is committed to supporting animal agriculture in Africa with a multi-step strategy: the delivery of reliable nutritional solutions, attending to the needs of small farmers, and providing technical instruction and educational opportunities. NENO Information Communication Technology (ICT) was first introduced into East Africa in 2012 to enable mobile phone communications with customers for the purpose of training and awareness. Farmers using NENO get knowledge and advice in practical, user-friendly ways that are accessible to them at all times. After a successful pilot project launch in East Africa, Novus plans to extend the pilot to Nigeria.

This case is positioned at the time of the proposed expansion into Nigeria, before the final outcome is decided. The case will challenge readers to reflect on the innovative, inclusive and modern approach that Novus follows, its value structure, and how it will be implemented before moving to the decision point as to whether introducing NENO to Nigeria is a sound business strategy.

Keywords: African agribusiness, Triple Bottomline, NENO ICT, capacity building, feed industry

Ⓓ Corresponding author: Tel: + 1. 519.824.4120 ext 52763
Email: F. Braga: fbraga@uoguelph.ca
T. Beal: tricia.beal@novusint.com
B. Thiam: bayella.thiam@novusint.com

© 2014 International Food and Agribusiness Management Association (IFAMA). All rights reserved.

Building Livestock Industry Professional Capacity through ITC in East Africa

Novus International, Inc. is a global leader, creating animal nutrition products for livestock, pets and people. Privately owned by Mitsui and Company, Ltd and Nippon Soda, Novus is a science- based organization with a very ethical and market focused vision, mission, and core values. Novus has augmented the traditional Triple Bottomline of social, environmental and financial performances with a Triple S Bottomline: Solutions, to reduce feed costs, optimize gut health and support the maximum genetic potential; Service, to customer, community and industry; Sustainability, social, environmental and economic obligation to deliver products services and programs to ensure a sustainable future.

Novus Commitment to Africa and the NENO ICT Pilot Program

Novus is committed to supporting animal agriculture in Africa with a multi-step strategy: the delivery of reliable nutrition solutions, attending to the needs of small farmers, and the delivery of technical instruction and educational opportunities. Exhibit 1 illustrates:

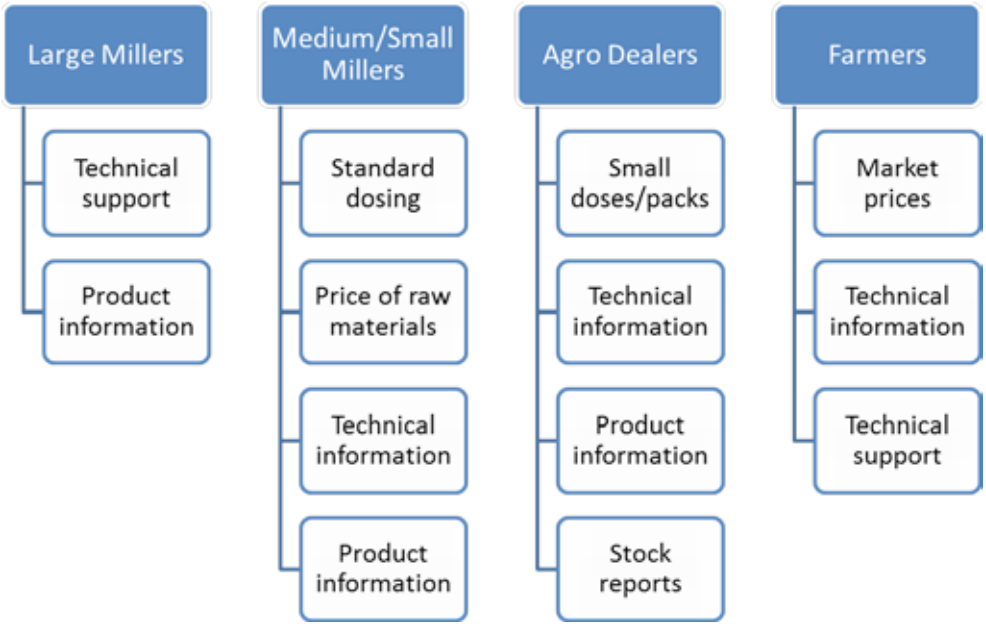


Exhibit 1. Novus initiatives supporting African Animal Agriculture

According to Bayella Thiam, Executive Manager, Sales and Distribution-Africa, serendipity and careful application of NMS core values and critical success factors have delivered significant successes despite difficult conditions.

"In North Africa, the markets have been challenged in the recent years. Economic uncertainty, effects of the Arab spring, issues with European currency and the Eurozone, and high feed costs have collectively made this one of the most challenging years in this market. However, we have seen growth in agribusiness in sub-Saharan Africa. Investors are coming and there is a momentum to move forward. Doing business in Africa requires different ways of thinking. For example, most people do not have bank accounts, so other solutions are required. Novus' retail approach is innovative and is adapted specifically to the needs of customers in this market, and will substantially increase the number of retail outlets which offer the Novus range of products." [1]

[1]Novus Sustainability Report

© 2014 International Food and Agribusiness Management Association (IFAMA). All rights reserved.

In 2012, Novus piloted a very innovative mobile livestock sales and marketing information support system called NENO Information and Communication Technology (ICT) in East Africa. NENO means "word" in Swahili, which is a widely used language in East Africa. The descriptive term NENO in East Africa refers to the concept of trust. NENO ICT was conceived as a platform to improve management practices related to livestock nutrition, specifically in the broiler, layer and dairy industries. The mission was increasing industry growth, improving producer operations and ensuring long-term business sustainability. With a cell phone penetration of over 80%, mostly on basic 2G and SMS services, compared to only 16% for internet[2], the choice of using mobile phones provided a relevant answer and a competitive advantage for Novus as marketing and commercial tools.

As seen in Exhibit 2, NENO ICT is a simple platform enabling a diversified portfolio of activities. The mobile phone is not used to place orders, but for training and awareness. It becomes a cost-effective way of reaching farmers and other actors in the livestock value chain. It helps them understand how improved nutrition helps them better manage their livestock through improved health which can directly translate into increased income. The platform enables the creation of supportive partnerships and meaningful connections throughout the value chain of protein production—a core business for Novus. Tips and insights from livestock, market, weather content providers are coordinated by Novus and are sent to millers, dealers and farmer helping them gain knowledge and receive advice in a practical, user-friendly ways that are accessible to them at all times. NENO is a tool to market Novus' solutions, not just to sell products.

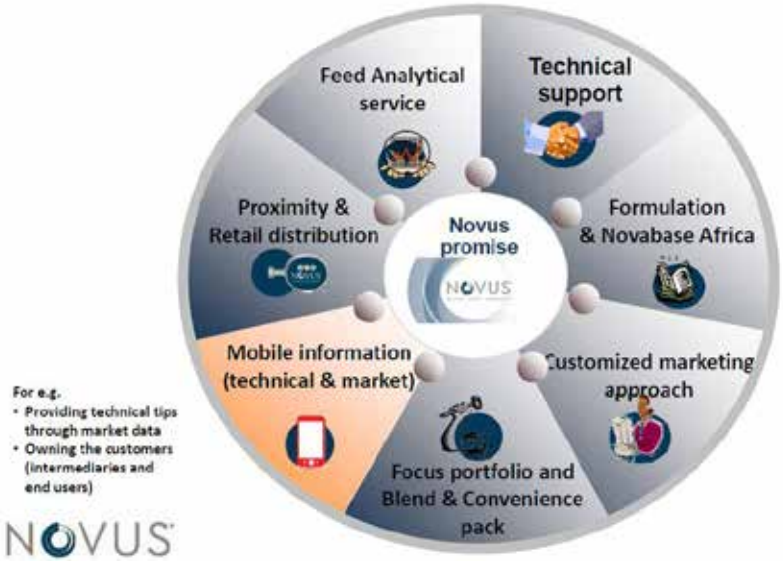


Exhibit 2. NENO ICT, component Novus Africa Promise

Exhibit 3 details NENO's current structure and content. The SMS program keeps customers engaged and builds a relationship of trust by delivering timely, useful educative messages to farmers. Through NENO, a diverse base of producers, from small-holder to production scale, can access a consistent, accurate stream of

[2]Nmachi Jidenma, CNN Opinion, Marketplace Africa: http://www.cnn.com/2013/11/07/opinion/real-mobile-revolution-africa-smartphone/ and Internet World Stats: http://www.internetworldstats.com/stats1.htm.

© 2014 International Food and Agribusiness Management Association (IFAMA). All rights reserved.

content through SMS information alerts. Each Novus sales person has access to a (protected) internet platform and completes a profiling for each customer visited, from offered seminars and trainings. A structured SMS program is defined for each species and by type of problem, and Novus personnel defines a dissemination plan for their area according to customer type, so that each sales target receives a tailored SMS message. Beyond the delivery of information, NENO supports communication between producers and experts. Through the NENO framework, producers have direct access to technical experts who actively work with them, often though dedicated visits, to help manage livestock at strategic times of the year. Subscribers to the NENO platform are invited to participate in ongoing, instructor-led-trainings and regional training events, known locally as *"Novus Days"*.

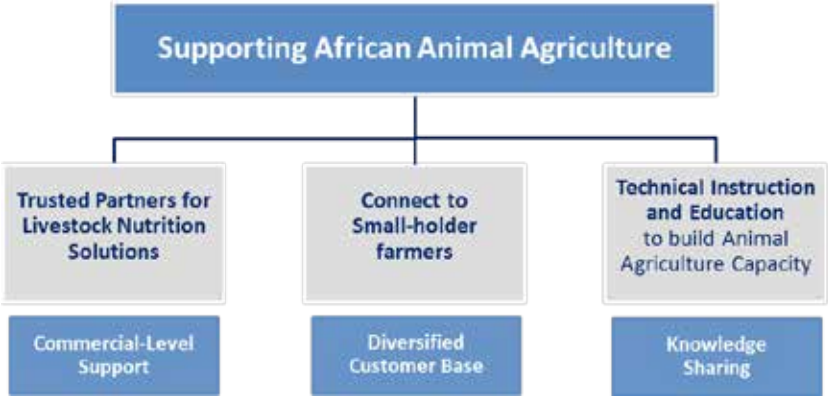


Exhibit 3. NENO ICT, its structure and content

Going Forward

A Much Larger Second Pilot?

The first NENO pilot delivered better knowledge for farmers, better productivity, improved livelihoods and more food to feed Africa's populations. Producers love it.

> *"Since I received a message from Novus NENO my farming took a new twist. The market alert message enabled me obtain a reliable market for my broilers. I was able to sell my broilers at a reasonable price. If it was not for Novus NENO, I would have stopped this business."*
>
> **Mr. Lutaaya, Uganda**

> *"My birds had cut their egg production from 69% to 40%. I had tried everything the vets had to prescribe in vain. Though, I had attended Novus Days I never considered using the solutions in my feed. It was one of the usual evenings counting my eggs of the day when I received a message from Novus NENO Uganda that changed everything. I honestly followed the nutritional advice though I did not really understand the communication well. Since I was desperate, I tried it out and the results are amazing. My birds can now afford to pay for their feeds and also pay something for my household. Thank you Novus for this."*
>
> **Mr. Kibirige, Jinja, Uganda**

© 2014 International Food and Agribusiness Management Association (IFAMA). All rights reserved.

Early in 2013, Novus executives understood that good results from the first pilot in East Africa meant great opportunity moving forward with NENO ICT, as it would provide leverage and credibility which could be deployed in other markets.

Exhibit 4 illustrates Novus' moving forward strategy: commitment to NENO, awareness of its rich potential, and the determination to pursue it as part of its African Promise to deliver more.

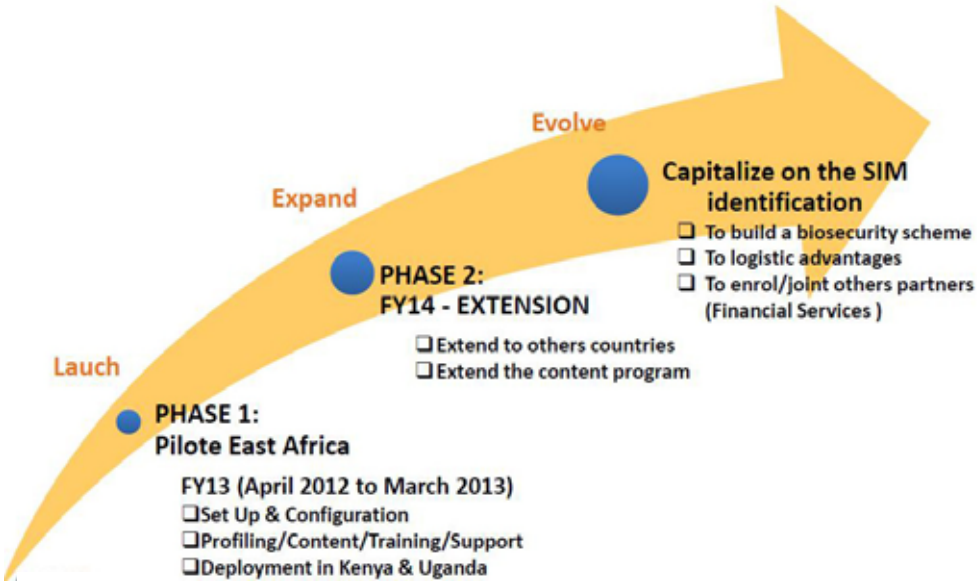


Exhibit 4. NENO Moving Forward Strategy

Later that year, Thad Simons, President and CEO; Luis Azevedo, Executive Director, Africa and Latin America Sales and Distribution; Bayella Thiam, Executive Manager, Sales and Distribution, Africa; and Tricia Beal, Chief of Staff met to discuss the expansion of a second pilot in Nigeria. It was a sunny day, which is a good omen; the discussion was upbeat but also cautious and careful given the size of the commitment necessary to enter Nigeria, a much larger market than East Africa.

Reviewing NENO ICT East Africa Pilot

The discussion started with a review of what led to the NENO East Africa pilot, which was born from the desire to capitalize on the mobile boom in Africa and the unique opportunity for Novus to efficiently deliver on Novus's commitment to Africa. Indeed the East Africa pilot was an act of faith on their capacity to build on their core values, through the use of a simple technical platform, and Novus' specialized IP. The main objectives of the pilot were to reach a sizable number of farmers, including small farmers: targeting 3,000 subscribers in eight months; build a solid market base for Novus solutions and products and ensure that players from the entire supply chain had B2B access to the system. The most important challenge in this deployment was to deliver scientific content effectively through the mobile phone tool, with a capacity to work even with essential phones on 2G; including sound educational and marketing services.[3]

[3]Initially, local sales people identified and invited leading farmers to join NENO; early users were quite appreciative of the new service, quickly becoming NENO's best ambassadors in the local community and at extension events. They were instrumental in reaching 3000 users. As the cell phone SMS technology was already well known to farmers, very little technical training was provided to users. No program fees were charged by NOVUS to NENO users.

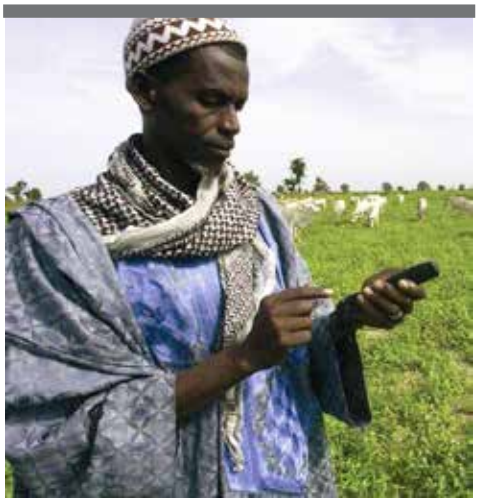
© 2014 International Food and Agribusiness Management Association (IFAMA). All rights reserved.

The pilot was going smoothly, but needed fine-tuning. A narrower focus on the health and science services, that are core to Novus, was needed. The addition of personal service was necessary to address complex solutions, not suited for short, SMS delivery. After a first connection was made via NENO; a quick addition of local languages to provide value to farmers followed with extension activities in both English, Swahili and other regional languages; the use of Novus Days to collect questions and to connect those questions with additional content enabled onsite follow-up visits—a true innovation for Africa.

NENO was made possible by the partnership with Esoko providing the technical platform solution, and Google, a specialized information technology provider for the SMS solutions. The cost of technical solutions was reasonable, up to 12k USD/year for the first pilot. The real cost was the time invested by Novus professionals to develop the IP of NENO; to complete the initial design and technical setup; to commit and complete content customization; to define and vet intellectual content.

After only 18 months, the pilot was effectively delivering on Novus' promise to Africa: deliver more (more than products). Possibility, the easiest way to accomplish this goal was through marketing and communication. Understanding and respecting cultural specificity was key to doing business with farmers and they had benefited using word-of-mouth marketing in local communities to reach more farmers, including smaller ones. Novus had created a need for this service, and kept it viable as farmers now counted on it, possibly with a different service focus for larger commercial operations than for smaller farmers. NENO was now an important part of NOVUS reputation in East Africa.

Considering the NENO ICT Nigeria Pilot



In preparing for the Nigeria pilot, Novus executives were aware that Nigeria, is a much larger, better organized, and more advanced country with larger producer organizations and infrastructures. This meant higher market potential even when focusing primarily on large poultry areas. The main challenge was to be ready for these numbers, both in terms of technical infrastructure and capacity to deliver content, adjusted to fit the new initiative. Why not delegate the management of this project to specialized partners with larger and more complex technical infrastructures while focusing on NENO's IP? The importance of delicate negotiations among large partners in both the public and private sector became apparent very early in the process.

It was clear that the hardware and system capacity needed appropriate technical solutions to be ready for the high number of users, potentially running in the millions. Specific due diligence led to the identification of possible partnerships with the mobile phone based government plan providing loans to farmers to finance fertilizer purchases, as many farmers in this plan were meeting NENO's definition of target customer. Another important opportunity was offered by Poultry Producers Association of Nigeria (PAN), after their endorsement of NENO, with PAN to run NENO on their mobile platform reaching all poultry producers, and Novus maintaining control of NENO's IP and commitment to deliver solutions, in addition to the possibility of positive externalities with other services offered by PAN. At the same time, Novus was well aware of the need to prevent the risk that small farmers could be less served, as business could primarily flow to larger operations.

© 2014 International Food and Agribusiness Management Association (IFAMA). All rights reserved.

The discussion clearly stressed the need that NENO be taken seriously, hence the need for a flawless delivery on expectations. True, NENO now had an extended reach made possible by excellent results from East Africa, and this was instrumental in making the PAN opportunity possible. NENO was now established. Novus could build on its reputation in partnering with PAN, which provided an opportunity to reach much higher numbers. It was certainly a much bigger challenge, but the Novus executives knew it could be done; there were ways to get there! They shared the desire to be working in Africa.

Going Forward: Issues for the Next Executive Meeting

The agenda for the next executive meeting was set. Issues that needed to be addressed included:

1. Was due diligence completed for the Nigeria pilot? After all, was NENO an easily replicable initiative? What key obstacles should Novus expect moving to Nigeria?
2. Was Nigeria core to Novus, was it worth the required resources? What could Novus get out of it?
3. Was the project well specified and properly defined, what were the key risks Novus was exposed to? How could these be controlled?
4. How could additional services be tied to the core NENO service, perhaps some financial services, or advertising? Would this be a great opportunity to grow the business or would it corrupt the nature or even the perception of the current service?
5. Should Novus try to earn a fee for service for NENO, for example charge a fee for the service? Perhaps negotiated with and charged directly by the phone carrier, keeping it free for clients reaching a minimum business volume?

© 2014 International Food and Agribusiness Management Association (IFAMA). All rights reserved.