



**THE
IMPACT
PROGRAMME**

DEEP DIVE

At the heart of impact measurement: listening to customers

Poultry feed production in Ghana

BY: Tom Adams (Lean Data, Acumen), Matt Ripley (The Impact Programme) and Ashley Speyer (Lean Data, Acumen)



THIS DEEP DIVE is the first in a series of studies that take an in-depth look at portfolio companies in the DFID Impact Programme. Each Deep Dive collects data on social performance to drive value for both the business and their investors - as well as generating insights for the wider impact investing market.

IMPACT MEASUREMENT HAS BEEN CALLED MANY THINGS: CONFUSING, COSTLY, EVEN QUIXOTIC¹. ACCORDING TO AN ANNUAL SURVEY OF IMPACT INVESTORS BY THE GLOBAL IMPACT INVESTING NETWORK² (GIIN), UNSOPHISTICATED MEASUREMENT PRACTICE IS ONE OF THE FIVE BIGGEST CONSTRAINTS TO GROWING THE IMPACT INVESTING MARKET. BUT DOES ASSESSING IMPACT NEED TO BE SO CHALLENGING?

If there's one thing we've learned from the Lean Data approach, which Acumen built specifically for measuring the impact of social enterprises and investors (see [the SSIR article "The Power of Lean Data"](#)), it's that, at its core, learning about impact is grounded in a pretty simple activity: listening to open and unbiased feedback from customers. It's something we can all do.

The good news is that this is increasingly the new normal for successful businesses. It's even got a swanky new name – customer centricity – and it could be the single most important thing businesses do to stay ahead of the competition. According to [a recent Harvard Business Review series](#), "The new source of competitive advantage is customer centricity: deeply understanding your customers' needs and fulfilling them better than anyone else."

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Understanding customer needs is especially critical for enterprises aiming to create social impact, however most impact measurement practice relies on assumptions ("output" measurement). We tend to count the widgets we produce in the world and assume those widgets do wonderful things. By contrast, direct data collection from end-customers across what are known as "outcomes" – the material positive or negative impact of a product or service – [remains rare](#). Without better information, we limit our ability to maximise the impact we create in the world.

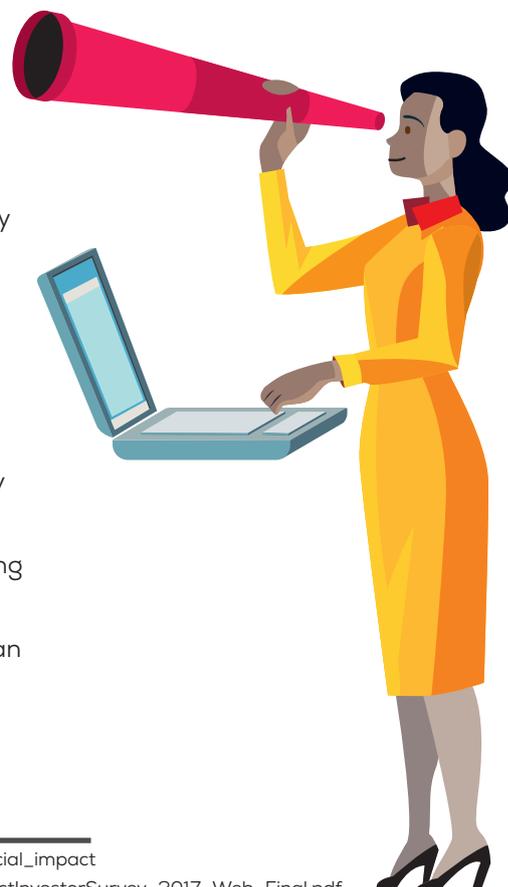
So why is more-progressive measurement so unusual? Many asset managers and their portfolio companies still see social-impact data collection as a burden something they do to satisfy reporting requirements. But when we reframe the conversation so that it's about customer centricity and unlocking business and social value, notions of burden begin to recede.

Overcoming the perception that impact measurement is an obligation rather than an opportunity is one focus of the [Impact Programme](#), funded by the UK [Department for International Development](#) (DFID) which aims to catalyse the market for impact investment in Sub-Saharan Africa and South Asia. The programme is undertaking research on the social outcomes of the Impact Fund, one of its investment vehicles, managed by the CDC Group, the UK's development finance institution. It is starting with a Ghana-based portfolio company and, together with Acumen's Lean Data team, we aimed to apply customer centricity to better understand social value.

This initial work has continued to strengthen our conviction that for commercially successful, impact-creating companies, investors and enterprises alike overstate the dichotomy between impact and business data. We can learn much about social performance by unpacking consumer and supplier behaviour, and listening for useful feedback. By focusing on uncovering the "why" of what customers do and do not value, this approach improves companies' ability to glean insights it can turn into action.

Of course, customer centricity is not a silver bullet for measuring impact, but it holds much promise for understanding social performance while simultaneously collecting data to further business goals.

The following case study shares practical guidance on how to use customer centricity to meet data collection needs for both business and social performance measurement.



¹ https://ssir.org/articles/entry/a_gps_for_social_impact

² https://thegiin.org/assets/GIIN_AnnualImpactInvestorSurvey_2017_Web_Final.pdf

FROM PRODUCTS TO PEOPLE: THE CASE OF AGRICARE

In the outskirts of Kumasi in central Ghana, Agricare Managing Director William Ahiadormey and his team have overseen a dramatic turnaround in the organisation's fortunes. A former Pfizer subsidiary and one of the country's most recognised brands of animal feed, Agricare ran into working capital challenges in the late 2000's. But in 2015, [Injaro](#), an impact-oriented fund manager focused on West African agribusiness opportunities (and one of CDC Impact Fund's first investees), made an investment in the company.

Agricare has since increased plant capacity utilisation, recaptured market share, and expanded sales. To ensure that it creates a high-quality, consistent product, Agricare is starting to source locally for its animal feed, beginning with maize. The brief for the impact research was clear: Capture social value creation in a way that also helps guide core business activity. To achieve this, the team set out to:

1. **Understand interests:** What data does the company need to be able to drive better commercial and social performance?
2. **Collect information:** Which questions shed light on customer-perceived value?
3. **Generate insights:** How can we turn findings into concrete business actions?

UNDERSTAND INTERESTS: WHAT DATA DOES THE COMPANY NEED TO BE ABLE TO DRIVE BETTER COMMERCIAL AND SOCIAL PERFORMANCE?

Both investors and companies require and use data to inform decisions about product development and pricing, supply chain management, marketing, [and more](#). We started by meeting with Injaro to understand what it already knew about Agricare's impact and what would be most useful in terms of data and analysis to help Agricare meet its goals.

Then we met with Agricare. We investigated our initial hypotheses of what data might be most important by asking Agricare questions such as: What do you want to know about your customers that you do not know currently? What upcoming decisions are you making, and how can data help you make them? Several overlapping areas of interest between fund and firm emerged, and we decided to focus on gathering insights



across Agricare's poultry feed product line and collect data from two sets of customers: farmers buying poultry feed through distributors and local suppliers of maize.

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At the time, Agricare made regular contact with larger clients who purchased directly from them, but it knew less about the farmers who bought feed through the company's network of local retailers and accounted for almost two-thirds of sales. Agricare was especially keen to understand what a typical buyer looked like, and whether it was realising its intended value proposition of affordable, high-quality poultry feed.

Meanwhile, the company was nearing the end of a pilot scheme to source maize for its poultry feed from local suppliers. Under an out-grower arrangement, Agricare provides extension services and inputs (seeds and fertilizer) on credit to supplier farmers, as well as a guaranteed price range for the product after harvest. Given that the company was considering pushing ahead with plans to scale from 500 to 5,000 hectares of maize production, understanding farmers' satisfaction and appetite to remain in the scheme was essential.

TAKEAWAYS:

- Match investor interests to the company's information needs. Identify any upcoming decisions the company needs to make.
- Open the conversation with companies with a data offer, rather than a data ask.

COLLECT INFORMATION: WHICH QUESTIONS SHED LIGHT ON CUSTOMER-PERCEIVED VALUE?

An important aspect of Lean Data is its use of remote, typically mobile phone-based data collection. We have found that mobile data collection dramatically reduces costs (especially when collecting from remote populations) and increases speed. It is also often more respectful of respondents' time, as surveys must be succinct to maintain respondent interest. In the past three years, Acumen has built and tested data collection approaches via SMS, interactive voice response (IVR), call centers, and online surveys.

Having researched mobile penetration among Agricare's customers and suppliers, we decided to rely primarily on call-center surveys. Over six weeks, our local research team conducted phone interviews with 170 consumers of Agricare feed, along with 12 of the company's 35 retail outlets. To construct a performance benchmark for Agricare, we also surveyed 80 farmers who were purchasing competitor feeds. On the supplier side, we spoke to 86 farmers selling maize to Agricare. Interviews averaged between 15-20 minutes.

As with any research, there were limits on the number of questions that we could pose to respondents, so we had to differentiate between "nice to have" and "need to know" information.

For Agricare, it was especially important to understand the "laying percentage"—the proportion of a farmers' chicken flock laying eggs at a given time—of its customers. Since the company's unique selling point is quality feed, Agricare wanted evidence of the functional value of its product in boosting animal productivity, which would also provide Injaro and its investors with insight into the creation of social value (see our other data themes in the following table).

TAKEAWAYS:

Design surveys which allow discerning consumers to voice their wants and needs, expectations and demands—and don't just capture impact on a set of passive beneficiaries.

There's an opportunity cost to surveys—mobile data collection can dramatically reduce the time burden for respondents.

SELECTED DATA THEMES	BUSINESS VALUE	IMPACT VALUE
PART A: CONSUMERS		
Customer demographics such as farm size and incomes	Inform customer segmentation for marketing and sales	Disaggregate customer figures by income level and gender
Retailer sales, including the number of repeat customers and purchase frequency	Ensure appropriate stocking and distribution schedules	Update assumptions for total number of customers reached
Feedback on product quality, including packaging, price, delivery and consistency	Capture customer satisfaction levels	Understand factors affecting access and affordability
Product use, including laying percentage	Delivery value proposition	Estimate agricultural productivity gains
Feedback on competitor products	Strengthen brand positioning	Provide a group to compare outcomes
PART B: SUPPLIERS		
Supplier profile, such as farm size and incomes	Understand supplier base	Disaggregate supplier figures by income level and gender
Perceived value of scheme, including transportation, technical assistance, inputs and prices	Identify critical success factors for scale-up	Validate impact thesis for smallholder farmers

GENERATE INSIGHTS: HOW CAN WE TURN FINDINGS INTO CONCRETE BUSINESS ACTIONS?

Before presenting results of the data collection to Agricare, we asked its management team to predict the results of key indicators such as referral sources, customer profile, and [Net Promoter Score](#) (NPS), a common measure of gauging customer satisfaction or loyalty. It was the first time we tried this tactic, and now it is an integral part of every Lean Data project Acumen undertakes. It made the process considerably more engaging and helped uncover assumptions underpinning current business practices. Unsurprisingly, Agricare management was especially motivated to act on the areas where its pre-held views were least accurate.

Indeed, the data brought some surprising findings. Agricare hypothesised that its customer base consisted mainly of medium- and larger-scale farmers. By contrast, we found that three-quarters of respondents had fewer than 1,000 chickens—considered the smallest type of small-scale commercial farm.

The company also thought more customers had problems with its products than was actually the case. Management had previously only heard from customers when they encountered issues serious enough to pick up the phone and complain. Instead of waiting for customers to get in touch, it began actively reaching out and listening to customers' pain points to identify and address "slow burn" issues.

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For example, several customers requested different-sized packaging than Agricare's standard 50-kilogram bag. Smaller farms, which we now know comprise the majority of Agricare's customers, purchase smaller volumes and found the large sacks harder to transport. As it happened, Agricare produces 25-kilogram bags but had not proactively distributed them, as it thought there was little demand. The company also found that the main reason some customers stopped buying Agricare products was because they weren't consistently available at local retailers. Because smaller-scale farmers tend to buy just in time rather than keep inventories and use the same feed brand throughout a hen's life, it is important that Agricare keeps retailers stocked.



TAKEAWAYS:

Data is only useful if we interpret, package and present it in a way that leads to business action.

To encourage action, ask management to hypothesise figures for key metrics to highlight any gaps between perceptions and reality.

IT WORKS!

Customer-centric data approaches are a great way to start understanding social value. At first, Agricare and Injaro were skeptical that a rapid, low-cost data collection exercise could unpack valuable business and social information in just six weeks, but they have seen results. Agricare has begun to adopt a number of business changes, and Injaro is planning to use Lean Data with a number of other companies across its portfolio.

For us, the exercise further underscored a pattern we have seen across the 90-plus Lean Data engagements that Acumen has run to date: The more people see outcomes data as a driver of value, the more they will see it as a boon not a burden.

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“Customer-centric data approaches are a great way to start understanding social value.”

On the supplier side, Agricare hypothesised that its value proposition to farmers was access to a guaranteed market and stable price for maize. But what they valued most was access to inputs and technical assistance about good farm management provided by the company. The farmers we surveyed (using the [Progress out of Poverty Index](#)) were generally poorer

smallholders, who found it hard to get ahold of quality agricultural products such as improved seeds in local markets.

These findings have significant implications for how Agricare markets its products and manages its supply chain. To satisfy its smaller-scale market segment, the company is pro-actively marketing its 25-kilogram bags; committing to regular weekly calls between Agricare's marketing manager and its retailer network to estimate demand and smooth stocking issues; and distributing a simple questionnaire, focused on retention rates and drivers, for Agricare field staff to monitor the sustainability of the [out-grower scheme](#).

FURTHER INFORMATION AND CONTACTS:

The Impact Programme:
theimpactprogramme@uk.pwc.com

CDC:
Impactfund@cdcgroup.com

For further information on the Impact Fund, go to:
www.theimpactprogramme.org.uk/investments-dfid-impact-fund
www.cdcgroup.com

RESEARCH PARTNER



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