



# **Value Chain and Entrepreneurship Development :**

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# Introduction



The starting point of any Entrepreneurship is a powerful idea.

- An idea worth thinking about **Dream Value**
- An idea worth enhancing. **Disrupt Value**
- An idea worth converting into a Opportunity. **Deliver Value**



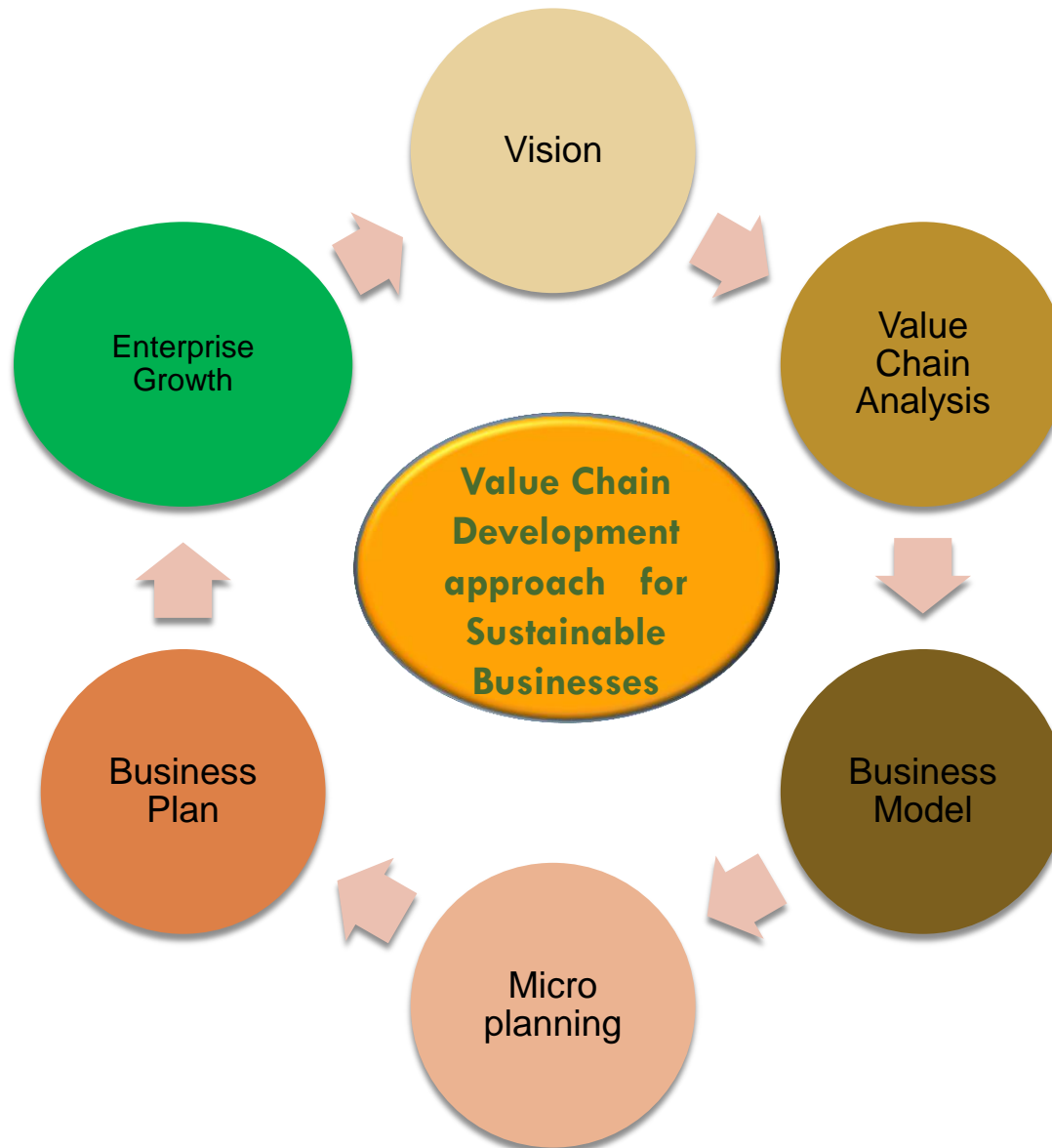
## How Critical is the Idea.

- Oxygen

- Aspirin

- Jewellery

# Sustainable Agribusiness



# Value and Value Addition

## Value

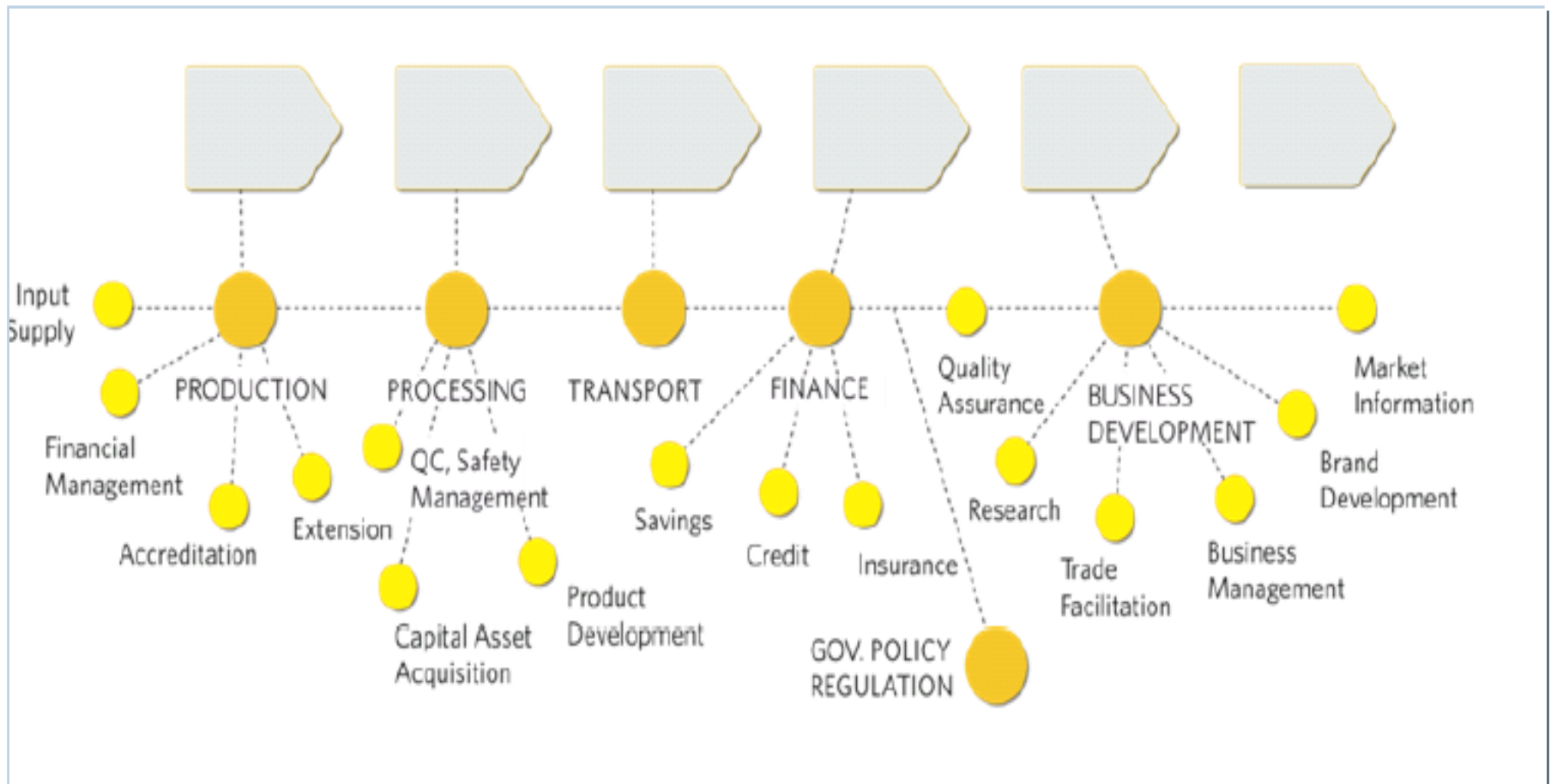
- Amount a goods or service is worth of in the market
- Three types of value
  - **Form value** – associated with the change of the form of a raw material (production, processing)
  - **Time value** - related with availing at another period of time produce produced at a period of time (storage)
  - **Space value** - related with availing at another location product produced in one location (transport)

## Value Addition:

- Is the process of changing or transforming a product from its original state to a more valuable state

# What's a Agricultural Value Chain

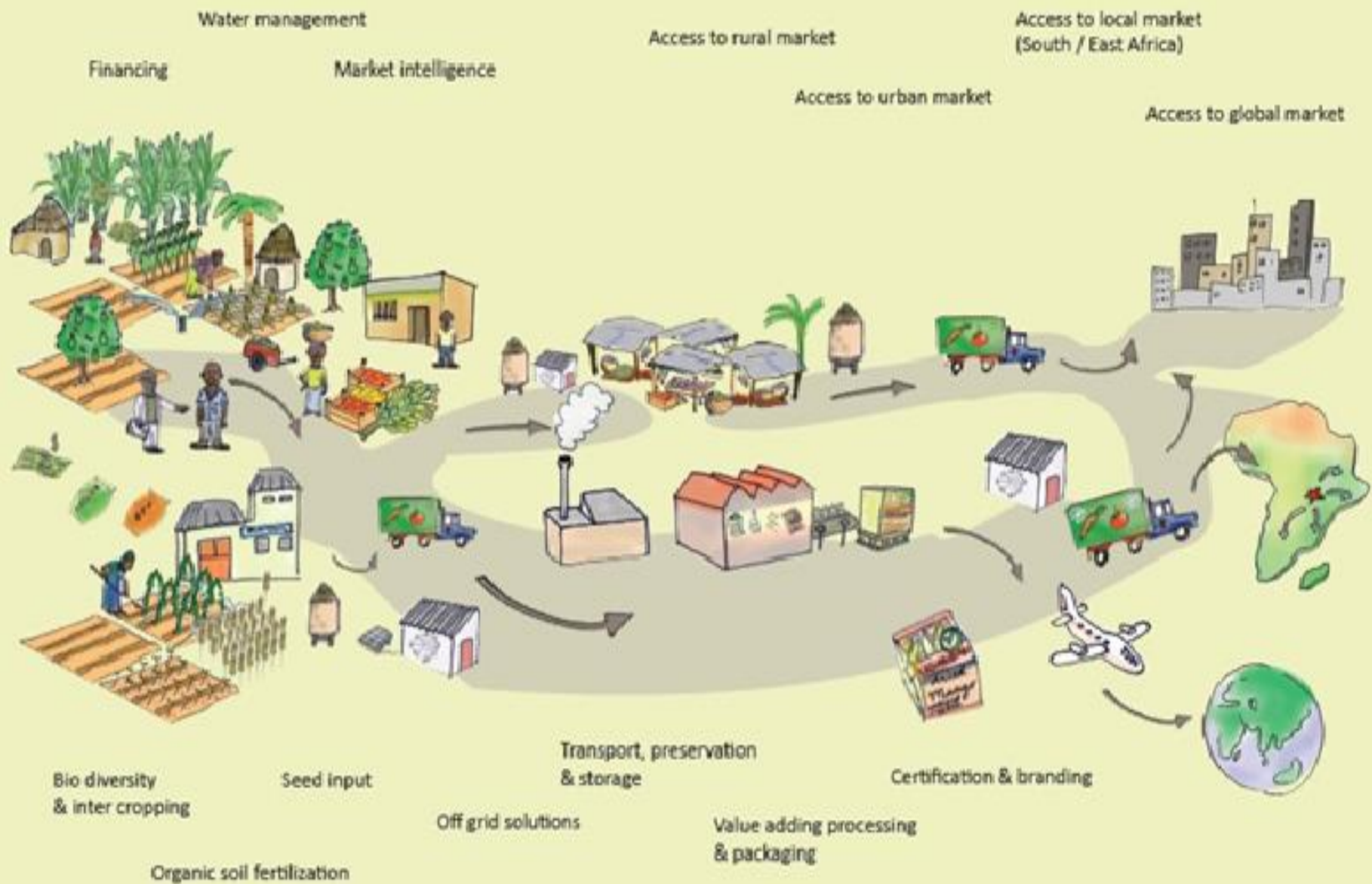
Agricultural value chain includes the full range of activities and participants involved in adding value of agricultural products from input suppliers to farmers' fields, and ultimately to consumers.



# Agricultural Value Chain Development

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- a. Understand the flow of products, services, information and payments
- b. Define relationships and interconnections
- c. Identify key levers to improve the value chain through:
  - Identification of the opportunity(Upgrade)
  - Business Modeling
  - Business Plan Development





# Potential objectives of Value Chain Analysis

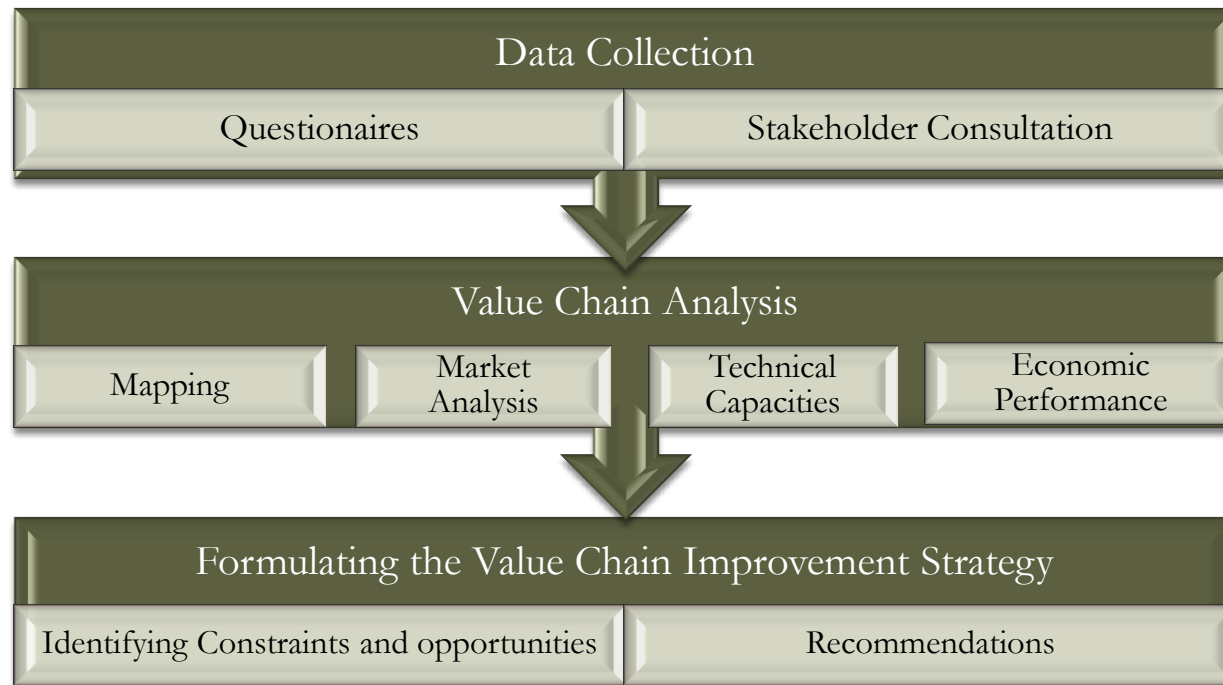
- ▣ **Identification of leverage points to improve chain performance**
- ▣ **Analysis of agriculture-industry linkages**
- ▣ **Analysis of income distribution**
- ▣ **Analysis of employment issues**
- ▣ **Analysis of economic and social impacts of interventions**
- ▣ **Analysis of environmental impact of interventions**
- ▣ **Guide collective action for marketing**
- ▣ **Guide research priority setting**
- ▣ **Conduct policy inventory and analysis**

# Value Chain Analysis: Stages

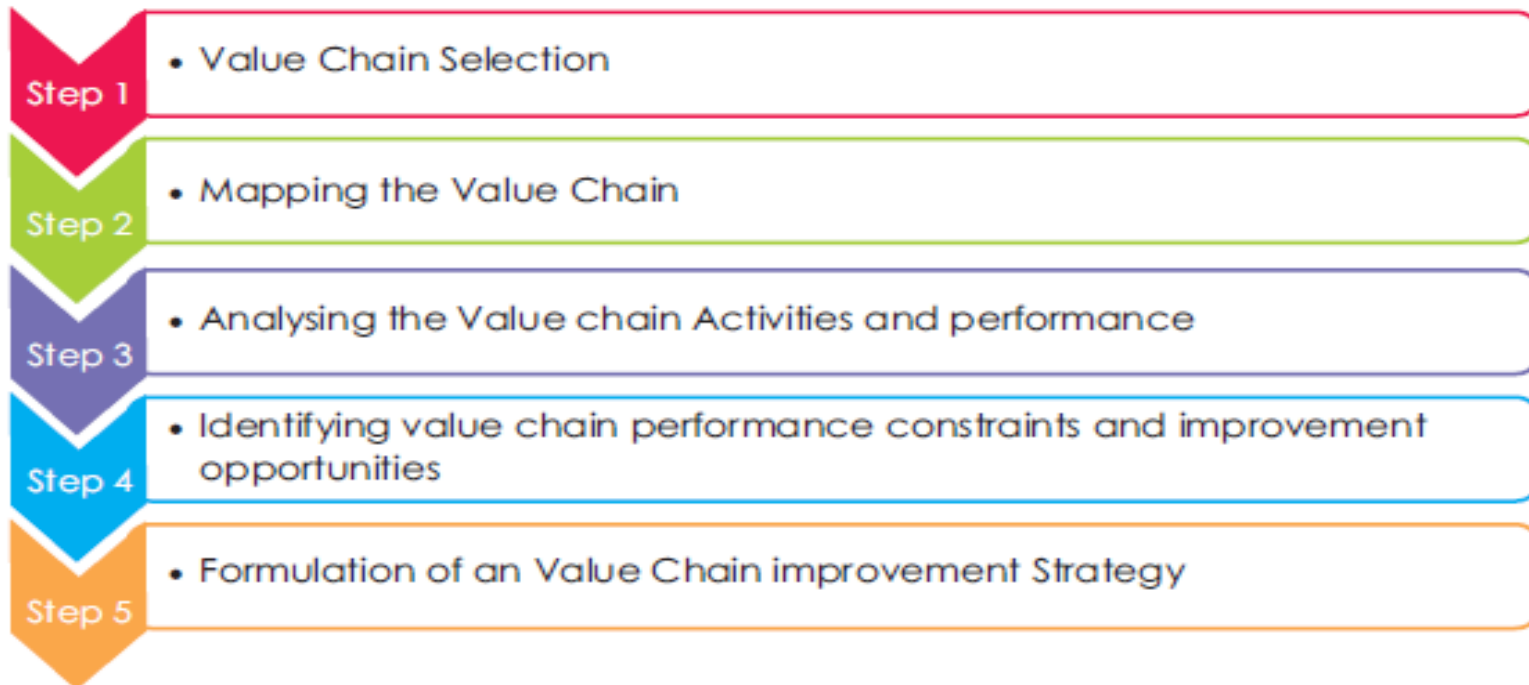
There are broadly Five stages in Value Chain Analysis

- a. Pre production
- b. Production
- c. Post production
- d. Processing
- e. Marketing and Distribution

# Value Chain Analysis Framework:



# Value Chain Analysis Approach



## Step 1: Value chain selection

- Identifying value chain(Upgrade) that offer prospects:

### Growth

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- Incomes
- Employment
- Cohesiveness
- Efficiency

### Contribution

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- Food Security
- Nutrition

### Sustainability

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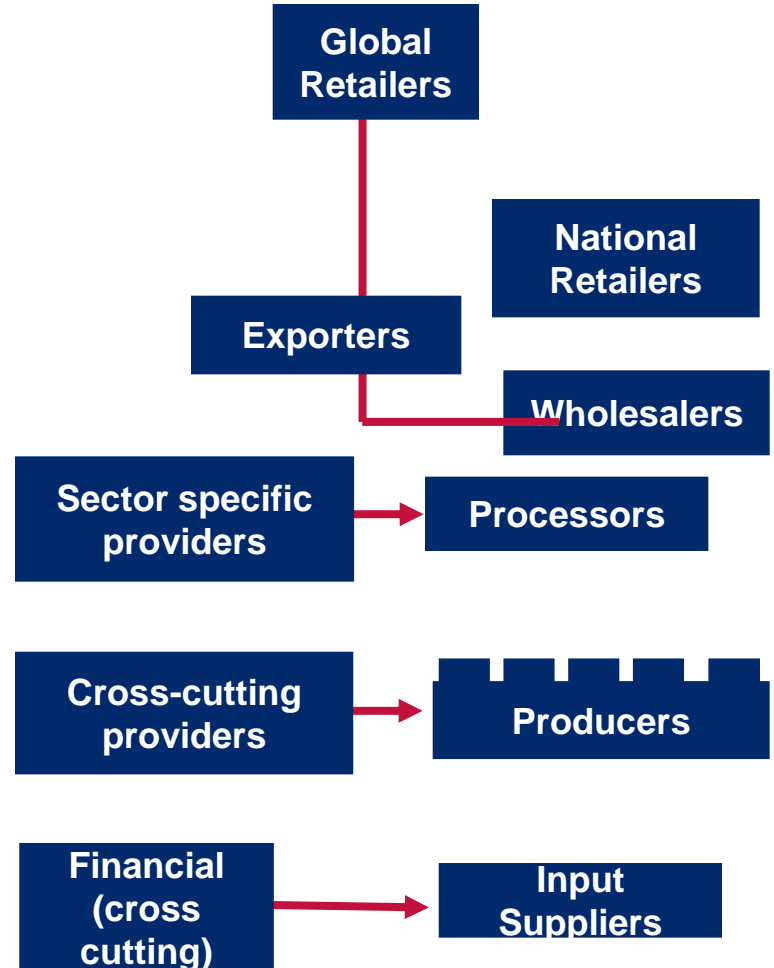
- Economic
- Environment

## Step 2: Mapping the value

### Market Assessment;

- to identify local, national and regional trends,
  - market size,
  - supply and demand gaps,
  - exports etc.
- **Structure and flow of the chain:**
    - the various actors of the chain,
    - the links among them,
    - the whole range of chain operations (pre-production to marketing).
  - **Methodology**
    - Stake Holder Consultation
    - Focused group discussion

Presenting the findings of the mapping exercise for discussion and agreement prior to moving on to analyze the value chain performance.



## Step 3 : Analyzing value chain activities and performance

- What are the core processes in the value chain?
- Who are the actors involved in the processes and what do they do?
- What is the volume of products, the number of actors and jobs
- Where does the product or service originate from and where does it go?
- What interests do the different actors pursue?
- What is the key actor's relative power?
- What types of relationships and linkage exist?
- How do products, payments, information and knowledge flow through the chain?

# Step 4: Identifying the value chain performance constraints and intervention opportunities

## **ECONOMIC**

- What macro-economic forces affect the value chain performance?  
(e.g. Global market conditions, exchange rates)
- What micro-economical forces affect the value chain performance?  
(e.g. infrastructure access, credit accessibility, land tenure)
- What socio-economical forces affect the value chain performance?  
(e.g. income, land tenure, housing, healthcare, life quality)

## **POLITICAL LEGAL**

- How do laws, regulations, standards or taxes influence the value chain and the selected market?
- How do private sector standards and business practices influence the value chain and the selected market?
- How do other policies influence the value chain?  
(Pricing policies, consumer policies, etc.)

## **SOCIO-CULTURAL**

- What are the cultural, religious, demographic, educational and ethnic circumstances of the value chain actors and partners?
- How do values, beliefs, attitudes and lifestyle influence consumer preferences, business practices and producer organizations?



## Step 4: Identifying the value chain performance constraints and intervention opportunities

### **ENVIRONMENTAL**

- How does climate change and variability influence the value chain?
- How does the chain relate to key environmental functions (e.g. water access, soil health) and do these support or inhibit the development of the chain.

### **TECHNOLOGICAL**

- Is technology available for the value chain actors and its partners?
- Is the use of technology desired or possible?
- How do the costs and availability of technology affect the value chain?
- Is technology developed and available locally for the chain or does it come from external sources?

## Step 5: Formulation of Value Chain Improvement strategy

- Required interventions
- Related investments
- Action Plan

# Value Chain Improvement : Creating competitive advantage:

- **Efficiency**
  - competition based on price and productivity
- **Differentiation**
  - competition based on differentiation
- **Market Focus**
  - niche markets, fair trade, organic

# Value Chain Improvement Process



- Improving productivity
- Improving products
- Improving processes
- Specializing in new functions
- Moving into new market channels

# Value Chain Improvement : Rules

- Incremental interventions that will result in short term benefits
- Improve using small “riskable” steps but keep the long term in mind
- Try to balance longer term competitiveness and shorter term benefits to producers

# Value Chain Improvement Activities: Pre-Production

Planning	Inputs	R&D and extension	Land Policies	Infrastructure
Crop	Seeds	Technology	Disputes	Logistics
Resource	Fertilizers	Schemes	Tenure	Storage
Financial	Pesticides	Marketing		Packaging
Marketing	Organic Inputs			

# Value Chain Improvement Activities: Production

Activities that lead to effective cultivation of crops.

<b>Agronomic Practices</b>	<b>Pest and Disease Management</b>	<b>Harvest and Post Harvest</b>
Tillage	IPM Practices	Maturity Indices
Transplanting	Residue Free	Mechanization
Laser Levelling	Organic	Drying
Mulching	Spraying Services	Storage

# Value Chain Improvement Activities: Transportation

Activities that lead to effective transportation of produce.

- Standardization and Packaging
- Produce Consolidation
- Aggregation and Cooperativism models
- Optimization of Freight costs/Reverse Logistics



## Value Chain Improvement Activities: Processing and Value Addition



Activities that lead to transformation of raw agricultural commodities into semi finished or finished product.

- Enterprise Development
- Certification
- Contract Farming
- Pesticide Residue protocols

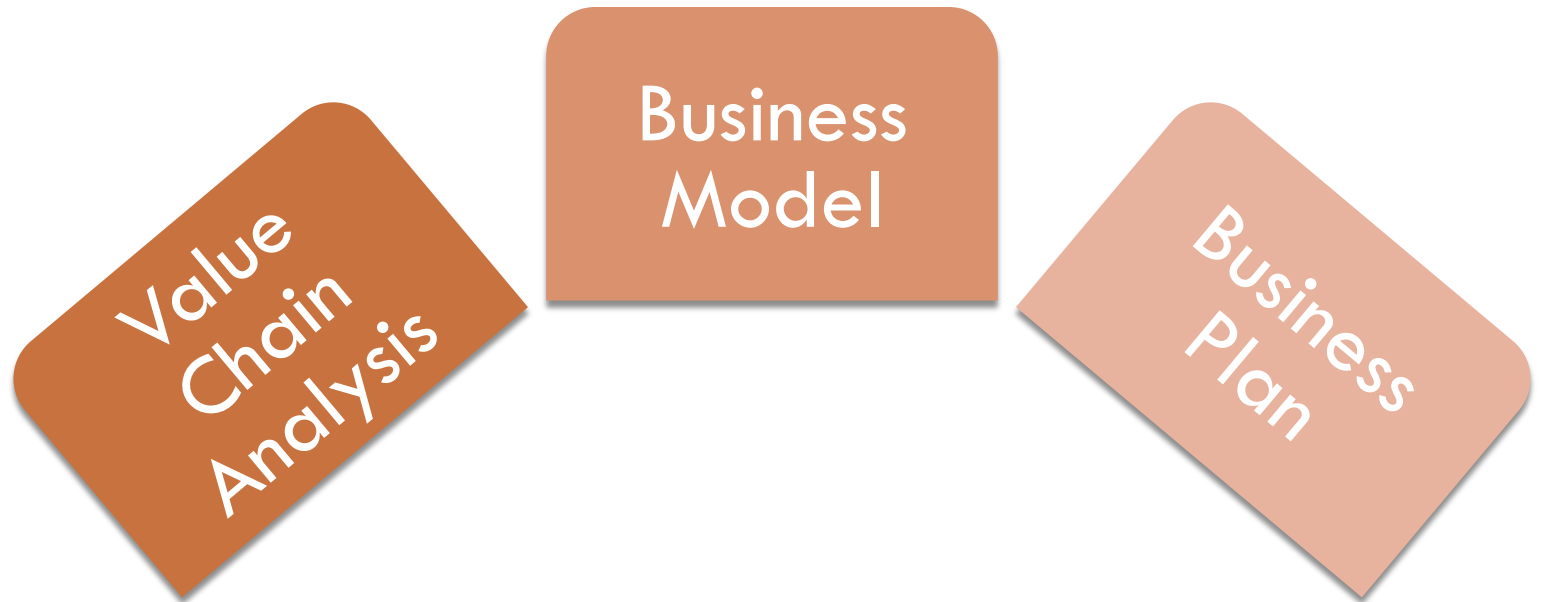
# Value Chain Improvement Activities: Marketing



Activities that lead to moving an agricultural product from the farm to the consumer.

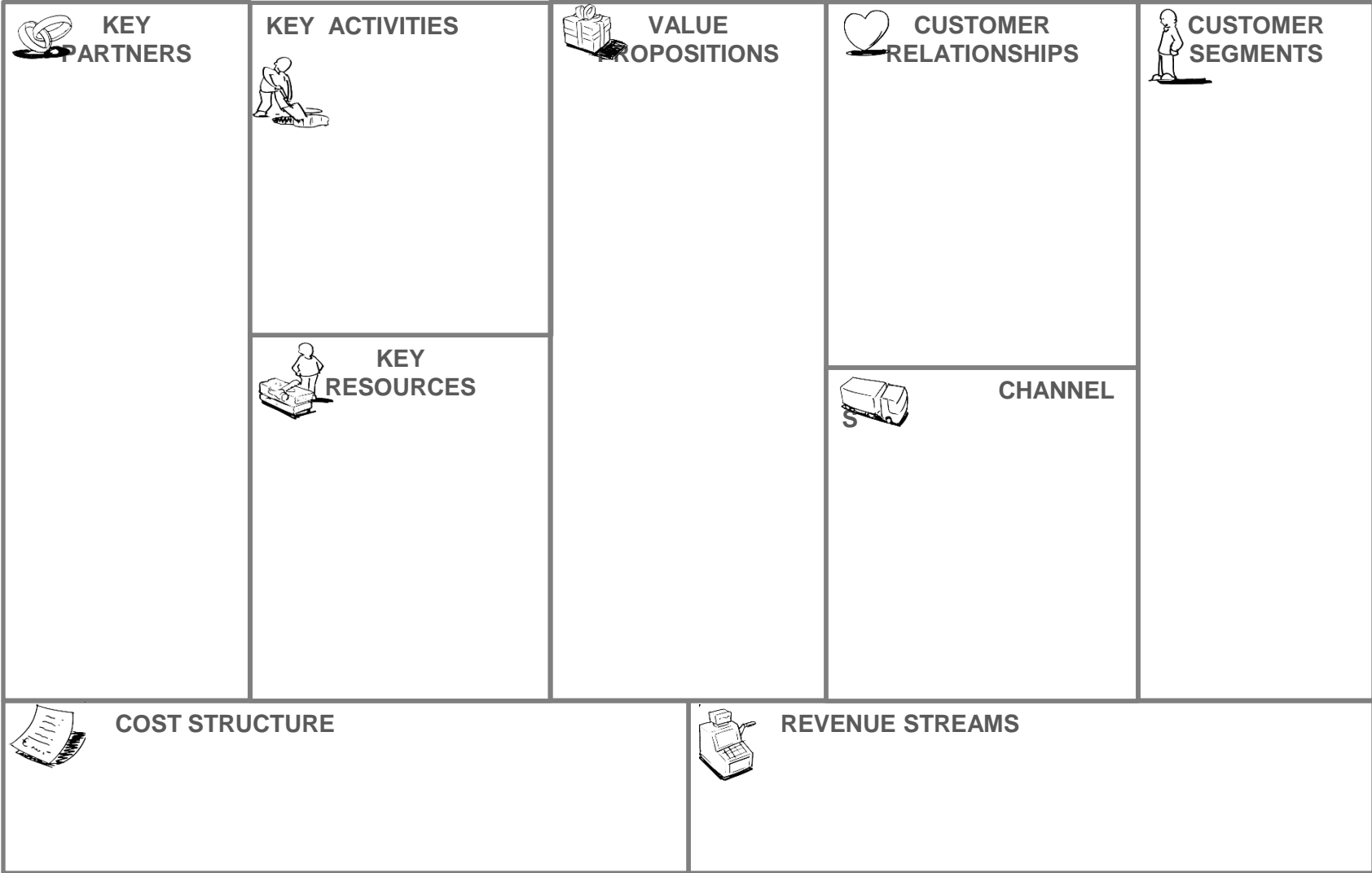
- Post harvest Management
- Product Improvement
- Storage
- Logistics
- Market Linkages
- Competitiveness

# Business Model



- Project Manager's logic of enterprise to sustain.
- Business model bridges idea and action.
- Answers the question of why a venture is doable and sustainable.
- Does not answer the "how" questions.

# Business Model Canvas





Thanks!