BIF
How to Note

Learning by numbers: BIF insights on data collection in market systems programmes

When a company and a market systems programme partner it is essential that the results of the collaboration is measured. This How to Note explores how data can be collected

The Business Innovation Facility (BIF) is a £31m private sector development programme funded by the UK Department for International Development (DFID). The programme supports companies with commercially sustainable product and service innovations that benefit the poor. The programme is being implemented principally in Malawi, Myanmar and Nigeria. The How To note is one of a series that distils learning from all three countries after the first three years of the programme. Access all of the Notes at: www.bifprogramme.org/resources

Why this matters: Managing and measuring market systems programme interventions requires data from partner companies

One of the key principles underpinning the sustainability of interventions is the ability of private sector enterprises to adopt new, commercially viable business models that improve the functioning of market systems with respect to the poor. In order to test the validity of new ideas and track changes in performance, it is essential that a market system programme (MSP) such as the Business Innovation Facility (BIF) captures accurate and sufficient data from its partner businesses as well as from the wider economy, service providers, other non-commercial partners and the programme's ultimate beneficiaries.

In BIF's experience, it is essential that programme data needs are discussed with partner firms and any prospective providers of technical support at the early stages of engagement, as early as pre-contracting. These discussions should include what indicators measure the desired change, potential data requirements, organisational data collection capacity and existing data collection processes.

Case study 1: Garment Factories (Myanmar)

Context: Many garment factories in Myanmar have poor operational management. For example, few use industrial engineers to monitor factory performance and so have no means of understanding and addressing factors limiting productivity. Similarly most lack an HR function and do not recognise the importance of improving working conditions for their employees. When there are shocks to the sector, such as the recent introduction of a minimum wage for the first time in Myanmar, they lack the capacity to respond and remain competitive.

Company perspective: With uncertainty about orders and low margins, garment factories focus on keeping overheads low. There is a lack of experienced personnel in the garments sector, which is part of a wider problem of skill shortages across the Myanmar economy. Factory management is typically highly centralised around the owner with small management teams overseeing all operational functions. Factory owners often have little experience of accessing consultancy services, and so are not aware of the impact they can achieve and may therefore doubt their value.

BIF perspective: BIF's objective is to increase the welfare of workers in Myanmar garment factories. The thesis is that happier workers are more productive, and so BIF is working with a small number of factories to demonstrate the how HR and productivity consultancy services can be used to create a virtuous circle between worker welfare and productivity. In order for this to be sustainable, BIF needs to stimulate demand for such services by sharing the results of these pilots to other factories. The impact of improved working practices may also raise standards, making it possible for more factories to supply European and US brands and allowing Myanmar to compete with China and other key garment manufacturing countries.

Framing the issue

The 'Operational Guide for the Making Markets Work for the Poor (M4P) Approach'[1] sets out the principles for what is referred to as the 'market systems approach' in this paper. It notes that:

> *"Improving the lives of the poor – stimulating growth and expanding access – means transforming the systems around them. Market systems development recognises this reality and provides a coherent, rigorous approach to understanding and intervening in market systems so that they function more efficiently and sustainably for poor women and men."*

Why data matters 1: Proof of concept

In order for systemic change, i.e. a long term, robust alteration to the ecosystem in which the poor engage, an innovation needs to scale up from a pilot to become the new way of working across the whole market system. An MSP may work with one firm to test an idea, and if successful, it is critical to then be able scale up this new way of working to other companies in the sector. In some cases, this uptake can happen organically, but often further facilitation is needed on the part of the MSP to encourage widespread change. In order to do this, the MSP needs evidence – and hence data – to demonstrate that this innovation is feasible and commercially attractive to other companies in the sector.

Many of BIF's programmes have used this approach. For example, for BIF's work in the garment sector in Myanmar a simplified theory of change is shown below:

| BIF provides consultancy support to a small number of factories and generates evidence that this consultancy improves profitabilty and worker welfare | BIF shares this evidence with other factory owners who then pay for similar consultancy in their factories and experiences similar improvements | Many workers experience improved welfare across the the garment sector, some from the initial BIF support but a larger number from all the factories that replicate it from their own resources |

In this example the BIF team felt that the evidence was so pivotal to the programme that they are working with Tufts University using randomised control trial methodology to ensure that the best possible evidence is available. Data collection is critical to this process.

Why data matters 2: To improve

Collecting data to monitor the impact of an innovation is not just about validating the theory of change, it also provides essential information to inform a MSP about what does and doesn't work. The programme can then make adjustments to its activities and improve as it goes along. In Myanmar, it became apparent after one round of data collection that the results of the consultancy were achieving many benefits for factories and their workers, but there were also some unintended negative consequences for some employees. BIF will now work with the consultants to address this issue in the remainder of their activities.

[1]https://beamexchange.org/uploads/filer_public/9e/47/9e477a7c-8865-4ae6-8424-845cdd84c961/m4pguide_full.pdf

Case study 2: Pico Solar Products (PSPs) (Malawi)

Context: Many Malawian households typically earn low incomes and their purchasing power is tied to the seasonality of the agricultural cycle. Furthermore, there are few credit and savings schemes available for low-income consumers. Many Malawian households cannot therefore afford to purchase pico solar products (PSPs) with the normal one-off payment required by retailers. Consumer finance models developed by PSP importers/ distributors and financial service providers will allow poorer households to access appropriate and affordable finance that will enable them to purchase products over time. The acquisition of PSPs allows increased levels of child study hours, savings on lighting and phone charging and an improvement in household air and light quality for lower income households.

Company perspectives: PSP importers and distributors are struggling to market PSPs to Malawian households and are only able to obtain modest sales as a result of poor customer awareness and affordability constraints. Strategic PSP businesses are recognizing the need to offer their products in a more affordable manner and are seeking more innovative payment mechanisms so that consumers can access their products.
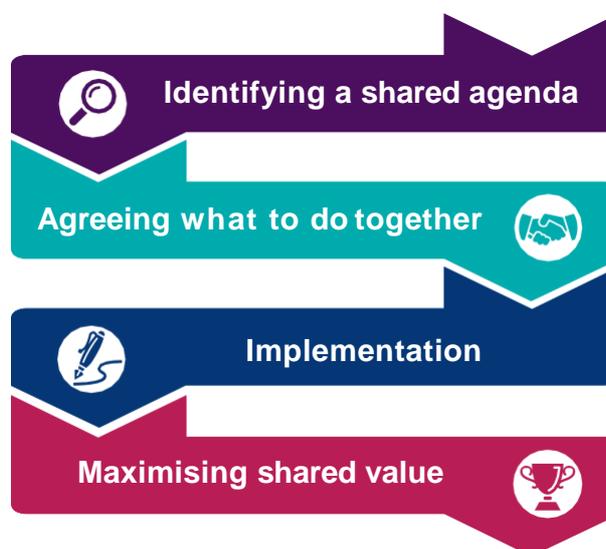
BIF perspective: BIF initially envisaged that PSP importers and distributors would partner with micro-finance institutions (MFIs) to develop consumer finance models where PSP top-up loans could be offered alongside existing agricultural loans. It became apparent that this concept had limited potential, and so BIF cast the net wider to engage with a wider array of financial service providers (FSPs). This included village savings and loans (VSL) groups and NGOs, exploring models where loans were also provided to PSP 'last-mile" agents to increase the reach of PSPs to lower income households, particularly in hard-to-reach rural areas.

Why data matters 3: Accountability

Businesses need to know the commercial results of their collaborations with MSPs to understand the benefits of new business models, but they remain accountable to their shareholders to produce results and also to society at large for their actions.

MSPs are accountable to donors that require to know what their money is being spent on and how it is changing people's lives. Increasingly donors also want to be able to prioritise their expenditure on programmes that make best use of scarce resources to achieve benefits in quantity (i.e. for large numbers of people) as well as quality (i.e. the benefits are significant). In market systems with numerous actors, complex transactions and relationships and fluid operating environments, there is also an onus on MSPs to demonstrate their contribution to any systemic change. Measuring this "additionality" is another aspect of data collection requirements.

Perspectives on effective data collection through the partnering process between a company and an MSP

- Identifying a shared agenda
- Agreeing what to do together
- Implementation
- Maximising shared value

Stage 1: Identifying

When identifying whether there is indeed a shared agenda between a company and an MSP (see How To Note: Finding common ground) it is important for the business and the MSP to understand each other's viewpoints on data collection as far as is possible.

Stage 2: Agreeing

Ideally the issue of data collection will arise even at this early stage, especially if it is a significant component of the programme. One way of viewing the transaction from the perspective of the company is that needs to balance the 'cost' that may have to be incurred in terms of the additional work to collect data versus the benefits of engaging with, and gaining the support of, the MSP. Another part of the cost will be the potential risks attached of allowing data to be selected and used by the MSP.

Of course this is an over-simplification and ideally there will be a mutual agenda around collecting and analysing data, especially on the commercial performance of a pilot.

For example, in order to determine the commercial success of the collaboration with BIF and its impact on PSP uptake in Malawi (case study 2) it was essential to obtain sales data on a regular basis. With commercially astute directors who had both the capacity and buy-in to the business model, the company was aware of the value of collecting and maintaining up to date sales records, and was able to provide BIF with this data with little additional effort.

For the company it will be important to understand how the data that is collected will be used. A basic premise will normally be that commercially sensitive data will not be shared with competitors, but a company may also want to remain anonymous to other audiences. The additional work required to provide all of the data that the MSP would like to have is another consideration for the company. Collecting the data can also be onerous in other ways.

Lessons: both companies and MSPs should take the data needs of the collaboration into account when deciding whether to work with each other, and make sure that there is agreement in principle, even if the practicalities are still to be worked out.

The following table is an example of the kinds of data that may be collected

Purpose:		Baseline	Improve	Donor	Prove	Improve	Additionality
Timing:		At beginning	Regular intervals	Annual	At end	Continuous process	Regular intervals
Who	**Type**						
Service provider	Measuring change in performance		X	X			
Company	Staff perceptions	X			X		X
Company	Financial data: sales production	X	X	X	X		
Company	Operational data: number of staff, sick days, number of smallholder						
MSP	Staff perceptions	X			X		
MSP	Observations on changing company behaviours				X	X	X
External stakeholder	Observations on changing company behaviours	X			X		X
Research Specialist	In depth research into specific issue	X	X		X		

Stage 3: Implementing

Once there is agreement in principle for a firm and an MSP to work together – including access to data – there will need to be detailed discussion to agree exactly what data is to be collected and how to set up data collection systems.

For example, collecting data in the BIF Myanmar garment programme involves a selection of workers from a production line collecting in a room to fill in an online survey (case study 1). The absence of the workers means that the production line stops, reducing the day's output. The manager in charge therefore resisted this disruption until the wider context was explained to him.

BIF has found that many companies do not have the internal capacities to collect data for various reasons not limited to costs, time constraints and individual staff capacity. For the MSP, as noted above in the 'framing' section, data collection is often at the core of the rationale for offering support to a company. MSPs should be prepared to train

What business related data does BIF require?

- Company perceptions of business model, including BIF's additionality

- Baseline data

- Indicators and projections related to the relevant business model

- Programme results

company staff to collect data and even 'gap fill' and collect data themselves in some circumstances, although this is not something that is easy or advisable in the long term.

In many instances BIF is required to step in to ensure that sufficient levels of data are collected to feed into programme assessments. However, careful considerations need to be made between drawing the line between collecting data on behalf of the company and showing companies the value of and how to collect data.

For example, in the factories supported by BIF in the Myanmar garment sector (case study 1) the extent that owners and managers collected the data that BIF needed was heavily driven by their understanding of the value of data collection. In particular while the collection productivity data was very common and its benefits to the business generally well understood. However, related and corresponding and relevant BIF programme data on HR was usually not part of normal factory data collection practices. BIF therefore employed a person to visit factories regularly, remind them of the value of collecting data and, if necessary collect data themselves.

It was only when factory management started to understand the link between HR and productivity better as a result of the consultancy input that they started to collect and monitor HR data.

In Nigeria data collection has generally been a challenge for the BIF team. Even though most companies are broadly aware of the importance of capturing information to monitor and improve performance, not many have the same view as BIF on the value of complete and sufficient data in their businesses. One example is from a seed company that can only say what the total sales figure is for a particular period, but appears unable to disaggregate the figure into the various sales streams. BIF is supporting the company in developing and expanding its distribution network to cover agro-dealers and kiosks in addition to the company's traditional sales outlets. Without disaggregated data, it will be difficult to tell the success of the new initiative. To address this, BIF is supporting the company with organizational development, which includes training of the marketing department staff to capture and analyse sales from the various streams independently.

The BIF team working in the pico solar product market in Malawi also struggled to obtain robust sales data, preventing a thorough assessment of a new business model being implemented (case study 2). The company staff members responsible for data management lacked understanding of why this data is important, and support from management to engage in data collection activities. Data collection was therefore incomplete and insufficient. Once again having understood the capacity constraints within the organisation, BIF increased its level of engagement with the company to encourage and demonstrate more thorough data collection practices.

Lessons: The company and the MSP can work together to identify capacity constraints at the onset and agree what level of support should be provided to companies to provide the necessary data.

Stage 4: Maximising shared value

Moving forward, companies will want to know how much the data collection is costing and whether it is worth investing in this beyond the life of the collaboration with BIF. This will often come down to whether this improves decision making. It will also be important to the company that the MSP presents a fair picture to the outside world.

How does BIF collect company data?

- Organisational baseline forms and workshops
- Organisational follow-up reports
- Service providers (TA) feedback forms
- Intervention manager reports and continuous feedback through company dialogue,
- Regular company data
- Data obtained by TA through engagement with companies

What can go wrong with data collection?

With multiple interventions and multiple activities within each intervention, the process of collecting data at varying times from companies can be a demanding task for the programme. As such, it is essential that all data collection is planned out in a systematic manner outlining the key indicators, timings of data collection, and who will be responsible for collecting data.

For the MSP and the company, there will always be a need for quality control and verification of data, both to make sure that an accurate picture is presented to the outside world and to internal and external stakeholders, but also to enable good decision making.

Lessons: It may sometimes be strategic for an MSP to be patient and allow a firm to buy in to and implement new data collection processes once they have seen the benefits for themselves, rather than pushing too hard early in the partnership.

In conclusion

From the BIF experience the following questions may be useful to keep in mind when a company and an MSP are collecting data:

1 How can programmes incentivise companies to collect and report required programme data?

Companies are not always willing or have the time to spend collecting programme related data. In some instances, companies may need to be incentivized through programmes undertaking initial levels of data collection to demonstrate the value of data collection to companies.

Additionally, respecting confidentiality of data is also important. Companies need to be communicated on the purpose of data collection and how it will be used. Where possible, it will also be important to assure companies how the programme will ensure confidentiality of their data.

2 How can the programme reduce the data collection burden for partnering enterprises?

Many companies perceive data collection and monitoring to be burdensome and time consuming activities. To reduce the perceived onerous tasks of data collection and monitoring, there are steps that programmes can take to lessen this burdensome task. Considerations should be made towards.

Determining how programme monitoring and evaluation can integrate with existing company data collection and monitoring processes.

Minimise the number of indicators, ensuring only the essential data is collected. Management should have buy-in and provide direction on data collection needs.

3 How can the programme effectively build the capacity of enterprises to collect data?

From the onset, programmes should identify the data collection constraints of a given company to determine the levels of support that companies may require to collect and report timely and accurate company data.

In instances where companies and partners lack the capacity to collect necessary business data, TA can be integrated into intervention design to improve company capacity.

To expand: it can only be so much as it can't detract from the main implementation of the business model.

4 What is the best means to quality check capture enterprise data?

Verifying company data is a critical step necessary to ensure that accurate intervention assessments are undertaken. Whilst verifying company data, considerations must be made to adhering to the culture and context of each company. Considering these levels of adherence that may prohibit the verification of data through the company, data triangulation can be done with other intermediaries.