

One Homill – One Nation

Assessing the Market Opportunity and Product Potential of the Homill – Hammer Mill in Zambia



*Bachelor's Assignment
Study Report*

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“Logic Will Get You From A to B. Imagination Will Take You Everywhere”
(Albert Einstein)

Preface

Respected reader,

In front of you lies my completed study report titled 'One Homill – One Nation', which focuses on assessing the market opportunity and product potential of the Homill – Hammer Mill in Zambia. The title is based on Zambia's most well-known slogan; One Zambia – One Nation, a slogan used by Former President of the Zambian Republic, Dr. Kenneth Kaunda, to underline the unity between the hundreds of tribes within Zambia's borders. It has taken a lot of time, effort and foremost patience and persistence to complete the study report into its current form. The completion of this study report would not have been possible without the valuable contribution of a group of helpful persons and I would especially like to thank the following persons for their contribution;

- My Principal, *Mr. Paul Swinkels* and his wife *Mrs. Ria Swinkels*, who have been very patient during the execution of the research study and who helped me with everything they could throughout the execution of the study.
- My Executive Supervisor, *Martin Stienstra MSc.* who I could approach at any time with questions and advice regarding research problems.
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- *Mrs. Lottie Van Zwol* of the Werkgroep Zambia, who invited me and the principal to attend the Zambia – Day at the 4th of July at the Ministry of Foreign Affairs in the Hague.
- *Mrs. Karen Van Den Einden* from the EVD, who helped me in contacting the Royal Dutch Embassy in Zambia.
- *Mrs. Judy Kumwenda* of the Royal Dutch Embassy in Lusaka, who helped me in getting some insight regarding the hammer mill industry in Zambia.
- *Mr. Kier Schuringa* of NIZA (Nederlands Instituut voor Zuidelijk Afrika), who provided me with an extensive list of resources regarding agriculture and food processing in Zambia.
- The interviewees, *Mr. Meindert Witvliet*, *Mr. Ab Wanders*, *Mr. Freddy Alferink*, *Ms. Jaqueline Leemkuil*, *Mr. Camille Fontijn* and *Father Toon Van Kessel*.

The execution of this research report has been a true roller coaster ride with moments of joy being succeeded by moments of frustration and disappointment and vice versa. But the execution has also been a great adventure and challenge, since nothing about this research study has been conventional, cause let's be honest there is nothing conventional about conducting a market research study for a one – man – business from the Netherlands in Zambia, without actually going to Zambia itself. Despite this, I sincerely enjoyed executing the research study and I hope that the readers of this report will enjoy reading it as much as I do.

Yours Sincerely,

Adrián Kovács

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Management Samenvatting in het Nederlands

Dit onderzoek is uitgevoerd in opdracht van Homill, een producent van hamermolens gevestigd te Lochem. Het centrale onderzoeksdoel van dit onderzoek was om een realistische internationale marketingstrategie te ontwikkelen die de concrete stappen zou definiëren die Homill moet ondernemen om haar product, de Homill – hamermolen, succesvol op de markt te kunnen brengen in Zambia. Getracht is om het centrale onderzoeksdoel te bereiken door de volgende drie sub – onderzoeksdoelen na te streven;

- [1] Het systematisch inschatten van het markt potentieel van de Homill – hamermolen op de Zambiaanse markt.
- [2] Het systematisch vast stellen van de meest geschikte toegangsstrategie tot de Zambiaanse markt voor de Homill – hamermolen, gericht op samenwerkingsverbanden met VN – organisaties / NGO's en microkrediet – organisaties.
- [3] Het systematisch formuleren van een concrete en realistische internationale marketing strategie op basis van de onderzoeksresultaten.

De vraagstelling die in dit onderzoek centraal stond is;

Welke marketingstrategie is het meest geschikt om de Homill – hamermolen succesvol op de markt te brengen in Zambia en welke concrete handelingen dient Homill te ondernemen om de doelgroep van potentiële eindgebruikers van de molen in Zambia effectief te bereiken?

De centrale onderzoeksvraag is opgesplitst in twee sub – onderzoeksvragen op basis van de sub – onderzoeksdoelen, de twee sub – onderzoeksvragen toegepast in dit onderzoek zijn;

- [1] Wat is het markt potentieel van de Homill – hamermolen op de Zambiaanse markt?
- [2] Welke toetredingsstrategie voor de Zambiaanse markt is het meest geschikt voor Homill?

Om een antwoord te kunnen geven op de onderzoeksvragen is een theoretisch model opgesteld bestaande uit twee stappen die tezamen 18 sequentiële items bevatten. Vervolgens is data verzameld op drie manieren;

- Er is een literatuurstudie uitgevoerd.
- Gestructureerde interviews met vertegenwoordiger van NGO's en individuen met technische kennis dan wel ervaringskennis vanuit het veld in Zambia zijn gehouden.
- Ten slotte is er relevante data verzameld op basis van de participatieve waarneming van de onderzoeker. Er is gesproken met onder meer vertegenwoordigers van NGO's en seminars van de EVD en het Ministerie van Buitenlandse Zaken zijn bijgewoond.

De grootste beperking van dit onderzoek is dat de onderzoeker niet in staat is geweest om kwantitatieve data met betrekking tot de marktsituatie in Zambia te verzamelen, dergelijke kwantitatieve gegevens hadden een substantiële bijdrage kunnen leveren aan het marktonderzoek. Op basis van de kwalitatieve gegevens verzameld gedurende het onderzoeksproces zijn dit belangrijkste bevindingen;

- 👉 Als er een markt is voor de Homill – hamermolen in Zambia dan is deze gelokaliseerd in met name de rurale gebieden. Vrouwen in rurale gebieden zijn de potentiële eindegebruikers van de molen, omdat deze vrouwen traditioneel verantwoordelijk zijn voor de voedselvoorziening.
- 👉 De sterkste eigenschap van de Homill – hamermolen is zijn kleinschaligheid, de zwakste eigenschap is de elektrische aandrijving. De elektrische aandrijving beperkt het markt potentieel

van de molen aanzienlijk, doordat de rurale gebieden waarin er een potentiële vraag is naar de molen juist de gebieden zijn waar er vrijwel geen toegang is tot elektriciteit.

- ✎ Het is niet realistisch om te denken dat de Homill – hamermolen gebruikt kan worden op huishoudelijk niveau. De capaciteit van de molen is te groot voor een huishouden terwijl het te beperkt is om een heel dorp van voedsel te kunnen voorzien.
- ✎ Realistisch gezien kunnen VN – organisaties geen rol spelen in de marketing van de Homill – hamermolen in Zambia, doordat de aankoopprocedures te weinig kansen biedt voor een kleinschalige beginnende organisatie als Homill.
- ✎ De traditionele Nederlandse NGO's kunnen geen rol spelen in het marketen van de Homill – hamermolen in Zambia, omdat deze organisaties niet direct betrokken zijn bij de uitvoering van ontwikkelingsprojecten in Zambia. In plaats daarvan faciliteren ze ontwikkelingsprojecten middels lokale partnerorganisaties.
- ✎ Microkrediet – organisaties kunnen geen rol spelen bij de marketing van de Homill – hamermolen omdat deze organisaties zich bezig houden met het verlenen van financiële hulpbronnen, in de vorm van kleinschalige leningen, aan armen en zich niet bezighouden met het promoten van producten zoals de Homill – hamermolen.

Op basis van de bovenstaande conclusies zijn de volgende aanbevelingen geformuleerd;

- (1) Er moet meer onderzoek gedaan worden naar de mogelijkheden om de Homill – hamermolen te marketen in Zambia. Dit onderzoek zou gedaan moeten worden in Zambia zelf, zodat ook kwantitatieve marktgegevens verzameld kunnen worden.
- (2) Homill zou wellicht moeten heroverwegen om in plaats van een elektrisch aandrijfmechanisme de mogelijkheden van andere aandrijfmechanismen te onderzoeken. Vooral het onderzoeken van handaandrijving en aandrijving door wind – en zonne energie is de moeite waard, omdat een toepassing van deze aandrijfmechanismen het marktpotentieel van de Homill – hamermolen aanzienlijk zou kunnen verhogen.
- (3) Homill zou de mogelijkheden moeten onderzoeken om de Homill – hamermolen te marketen in samenwerking met private organisaties uit het bedrijfsleven. Hierbij moet gedacht worden aan ondernemingen die kleinschalige agrarische producten vervaardigen voor markten in ontwikkelingslanden. Homill zich op dit terrein al reeds aan het oriënteren, zo zijn er al reeds gesprekken geweest met Almex, gevestigd in Zutphen over een eventuele samenwerking.
- (4) Homill zou kunnen proberen om de molen te marketen via lokale NGO's in Zambia, door zulke organisaties te benaderen, bijvoorbeeld Women for Change.
- (5) Indien verder onderzoek concludeert dat er een markt is voor de Homill – hamermolen in Zambia, dan zou Homill kunnen trachten om enkele hamermolen uit te testen in Zambia zelf. Hiervoor dienen echter fondsen geworven te worden, hetgeen een lastige aangelegenheid is.
- (6) Homill zou de mogelijkheden voor het marketen van de Homill – hamermolen in andere ontwikkelingslanden moeten laten onderzoeken, wellicht is Zambia in vergelijking met andere ontwikkelingslanden helemaal geen kansvolle markt voor Homill.

Chapter 1; Introduction

In this chapter information regarding characteristics of the research study will be described to introduce the reader into the background of the study, its focus, its purpose, its research outline and its relevance. Also the research strategy will be discussed briefly and the chapter will conclude by outlining the arrangement of this study report.

1.1. Background

This research study is being conducted by order of Homill, a business firm located in Lochem in the Netherlands that manufactures small – scale hammer mills. The Homill – hammer mill is designed and developed by the founder and owner of Homill, Mr. Paul Swinkels, who will be appointed as ‘the principal’ in the sequence of this report. In this first paragraph the reader will be presented with some background information regarding Homill as a company and regarding its product, the Homill – hammer mill. The purpose of sub – paragraph one is to present the reader with some brief information about Homill as a company. The purpose of sub – paragraph two is to inform the reader about the reasons for developing the Homill – hammer mill and the way that the mill is designed – and developed. Information about Homill as a company and its product, the Homill – hammer mill, enhances the understanding of the reader of the problem formulation in paragraph 1.2..

1.1.1. Homill – The Company

Homill is a one – man – business, established by its founder and owner, Mr. Paul Swinkels from Lochem in the Netherlands. Homill isn’t located in a business premise but is conducting its business operations from the home of its founder, the principal. The principal is not fully occupied with conducting business operations for Homill, he has a day – time job in factory. This is one of the main reasons that made the principal decide to outsource the assignment to an external party, in this case the University of Twente. Homill’s financial resources are all own funds the principal has invested in the company himself. If the Homill – hammer mill turns out to be a success, the principal wants to extend Homill’s operations in scale and in scope. In scale, by producing larger quantities of the Homill – hammer mill in a business premise and in scope by producing other products as well, for example a small – scale oil extraction machine and a small – scale dehulling machine.

1.1.2. The Homill – Hammer Mill – The Product

In this sub – paragraph the design, development and functioning of the Homill – hammer mill will be discussed and illustrated. All information in this sub – paragraph is based on the interview (see table appendix 3.1. at the end of this report) and talks held with the principal. It is not the aim of this paragraph to present facts, instead the aim is (1) to give the reader some insights regarding the considerations of the principal during the design – and development phase process of the mill and (2) to explain to the reader in short what the Homill – hammer mill is and how it functions.

1.1.2.a. The Design – and Development Process

The principal’s desire to design the Homill – hammer mill stems from his experiences from working for a company named Smallholder Agricultural Mechanisation Services (SAMS) in Zambia. SAMS produced larger – scale hammer mills which were not very durable and reliable in practice and therefore required maintenance frequently. The principal thought that he could design a hammer mill which would be much more durable and reliable than the larger – scale hammer mills produced by SAMS. He was convinced that there would be a market for a small – scale hammer mill that would be suited for domestic use or use by small groups, such as women’s cooperatives.

The principal came up with the idea to produce a small – scale hammer mill in the period between 1995 and 1998, soon after he returned from Zambia. Once returned to the Netherlands, the principal had the technical possibilities to design and develop the small – scale Homill – hammer mill. The design of the hammer mill was based on a set of conditions the hammer mill to be designed needed

to meet in order to prevent the problems encountered with larger – scale hammer mills at SAMS, these conditions are the following;

- ***The hammer mill to be designed needed to be durable;*** This meant that there would be no savings on materials, materials needed to be robust and lasting.
- ***The hammer mill to be designed needed to be reliable;*** The challenge was to design the hammer mill in a way that it could be operated for a long time without parts getting broken.
- ***The hammer mill to be designed needed to be as maintenance – free as possible;*** This meant that the number of parts that needed maintenance and / or replacement needed to be kept at a minimum. Parts that needed to be replaced over time, such as the sieves, were designed in a way that made the replacement of these parts as easy as possible, so parts could be replaced by end – users in developing countries themselves. It was important that parts that needed replacement, were available and accessible on the local markets in Sub – Saharan developing countries.
- ***The hammer mill to be designed needed to be user – friendly;*** In practice this meant that the hammer mill was designed to contain only basic functions, in other words the number of functions was limited to prevent the product from becoming too complicated to use. The challenge was to design the mill in a way that it was suited for domestic use in developing countries in Sub – Saharan Africa. Therefore the hammer mill is equipped with a 2,2 KW electrical motor that makes the machine suitable to run on 220 – 240 volts, 16 amps, which makes it possible to operate the hammer mill on the local electrical grid in Sub – Saharan African countries, which is important in order to make the hammer mill suitable for domestic use. The fact that the hammer mill was designed for domestic use and that it therefore had to be able to run on the electric grid at the homes of the end – users meant that the hammer mill needed to be small – scale. The electric grid in developing countries in Sub – Saharan countries can' t handle a larger – scale hammer mill.

'Cost price per unit' was not part of the conditions considered when designing the mill, it wasn't even considered as a boundary condition by the principal. The principal did this intentionally, while he wanted to create a hammer mill meeting the four conditions presented above without saving on materials used. Whether not incorporating cost price per unit as a condition when designing the mill, was a wise decision, remains to be seen. This question will be addressed in greater detail in both chapters four and five.

The fact that the mill is small – scale actually has some advantages with regard to the previous conditions. Because the Homill – hammer mill is much smaller in comparison with larger – scale hammer mills, less materials and parts are needed to fabricate it. Because the Homill – hammer mill consists of less parts than larger – scale hammer mills, there are less parts that can get broken and hence less parts that need to be replaced. So the small – scaliness of the hammer mill is in the principals view a big advantage regarding reliability of the machine and maintenance of the machine.

The development of the concept of the Homill – hammer mill took about 2,5 years in the period between 2002 and 2005. The development process of the hammer mill is described by the principal as a lengthy process of trial – and – error. The principal started with a simple machine which was operated by the motor of a sharpening machine. Over the period of 2,5 years he kept improving the mill, part by part until the machine met the conditions of durability, reliability, maintenance – freeness and user – friendliness. By 2005 the principal developed 11 Homill – hammer mills which were meant to be distributed among potential customers for trial purposes. The development of the Homill - hammer mill was mainly a hand – crafted process.

While the first concept of the Homill – hammer mill was relatively primitive and improvised, the Homill – hammer mill in its current state is a professional piece of small – scale agricultural equipment, more precisely post – harvest equipment. The exact dimensions of all parts are digitally recorded through Computer Aided Design (CAD), which makes it possible to produce the hammer mill in larger quantities if necessary.

1.1.2.b. Functioning of the Homill – Hammer Mill

As the name already tells, the Homill – hammer mill is a hammer mill, a specific type of mill used for the dry – milling of seeds, like maize, sorghum and cassava. Just as with other types of mills, the main process that is taking place inside the hammer mill is the size reduction of seeds, from grains into meal. Hammer mills differ from other sorts of mills by the way this size reduction is actually taking place. In hammer mills the size reduction occurs primarily by impacts as the grain is hit by rotating parts, called hammers. Further impact occurs between grains and as they hit the casing of the mill and the metal sieves. The grinded grain is retained within the milling chamber of the machine until the size is reduced sufficiently to pass through the perforations of the sieve. Some hammer mills are also equipped with a fan to blow ground material (meal) to a cyclone where it's collected in the lower part, which is the case with the Homill – hammer mill. Other mills are not equipped with a fan, so that the ground material falls downwards directly from the milling chamber, such mills are called gravity mills. See appendix 1.1. for an graphic overview of the Homill – hammer mill.

1.2. Problem Formulation

The original description of the assignment stated that the goal of the research study to be conducted was to identify, analyze and assess the possibilities to market the Homill – hammer mill in developing countries, mainly in Sub – Saharan Africa. The pronounced problem was that the direct marketing of the mill to its target market, the market in Sub – Saharan developing countries would be difficult to reach by Homill itself, considering that Homill is a one – man – business at the beginning of its operations. Therefore in the principals view it seemed inevitable to cooperate with other organizations to successfully market the in its target market. While in the principals view it seemed inevitable to cooperate with other organizations to successfully market the Homill – hammer mill in its target market, in the original description of the assignment there was no limitation given regarding the marketing possibilities of the mill to be identified, analyzed and assessed. In other words, the description of the original assignment stated that all possibilities to market the mill in its target market, with or without cooperation with other organizations, had to be identified, analyzed and assessed. The desired result of the study would be a concrete marketing model that would define the steps that Homill needs to undertake in order to successfully market its product in developing countries, mainly in Sub – Saharan Africa.

1.3. Study Focus

As already stated in paragraph 1.2. the original description of the assignment stated that the main study objective of the research study to be conducted was to identify, analyze and assess the possibilities to market the Homill – hammer mill in developing countries. Because this goal is too broad considering the limited scope of the Bachelors Assignment, it was clear from the start that the research study needed to be focused on one segment of the main study objective as formulated by the principal.

1.3.1. Geographic Focus of the Research Study

First of all, a geographic focus was very much needed since developing countries in general and Sub – Saharan Africa in specific were a far to large geographic area to cover in a time amount of ten weeks, which covers the general time span of the Bachelors Assignment. In consent with the principal the decision was made to focus the research study on one country, Zambia. The choice for Zambia was made because the design and development of the Homill – hammer mill is based on experiences from the principal in Zambia. The principal developed the Homill – hammer mill in the first place

because of the problems he observed with larger – scale mills in Zambia. Now the principal wants to know whether there is a market for the Homill – hammer mill in developing countries in general and Sub – Saharan Africa in specific. Since the Homill – hammer mill is basically primarily designed based on experiences from the Zambian market, the Zambian market would be the ideal starting point for assessing the marketing opportunity of the Homill – hammer mill in Sub – Saharan developing countries. Furthermore people in Zambia process maize into flour meal, which they call mealie meal. This mealie meal is then cooked into a paste, which is called nshima, which in turn is Zambia’s staple food. Because Zambians are reliant on maize flour meal for their basic food consumption, Zambia seems like the perfect market for the Homill – hammer mill, since mealie meal is the output product of the Homill – hammer mill. Especially in rural areas where women are pounding maize into meal by using a pestle and mortar (see figure 1.1.), there could be a market for the Homill – hammer mill. The question whether there actually is a market for the Homill – hammer mill in Zambia is one that will be addressed in the sequence of this study report, starting with the next chapter, chapter two. In that chapter a theoretical framework will be developed which will give some insight in which issues need to be considered when addressing the market opportunity and product potential of the mill in Zambia. (for more information about the target market, Zambia, see the complementary appendices 1.2. and 1.3.)

Figure 1.1.; A Traditional Way Of Processing Food in Zambia, Pounding Maize into Mealie Meal Using A Pestle and a Mortar (image left), Cooking the Mealie Meal into Nshima (image right)



Source; <http://courtneyinghana.blogspot.com/2008/06/5-days-in-gbanga.html>



Source;

http://www.nfb.ca/cineroobot/cinerotheque/IMG428x321_WFB/80/80252/1.jpg

Ideally, the assessment of the marketing opportunity of the Homill – hammer mill in Zambia could function as a guideline for assessing the marketing opportunity of the Homill – hammer mill in other Sub – Saharan developing countries or even developing countries in general. (see figure 1.2. for a graphical representation of the first research focus).

Figure 1.2.; Geographical Focus of the Study



1.3.2. Focus on Types of Marketing Possibilities

Secondly a focus was being made regarding the possibilities to market the Homill – hammer mill (see figure 1.3.). In the original description of the assignment there was no limitation given regarding the possibilities to market the Homill – hammer mill. Although the principal stated that it seemed inevitable to cooperate with other organizations to successfully market the Homill – hammer mill in its target market, the goal of the study was to identify, analyze and assess all possibilities to market the Homill – hammer mill in its target market and not only the possibilities in cooperation with other organizations. In consent with the principal it was decided that the research study would focus on marketing possibilities in cooperation with other organizations. So the research study would focus itself on identifying, analyzing and assessing the possible so – called cooperative marketing strategies rather than all possible marketing strategies. The term cooperative marketing strategies is a term used by Inga S. Baird et. al. to indicate marketing strategies which involve some kind of collaboration with other institutions¹.

The possibilities to market the Homill – hammer mill were limited further by defining the types of possible cooperative partners. In consent with the principal three types of organizations were chosen as the focus of this research study; Organizations of the United Nations (UN – Organizations), Non – Governmental Organizations (NGO's) and microcredit - organizations. The choice for these specific organizations was being made based on the principals view that these organizations are the most suited to cooperate in the marketing of the Homill – hammer mill in its target market, because these organizations have the resources and network which make it possible for them to make a significant contribution in the marketing of the Homill – hammer mill.

Figure 1.3.; Focus on Types of Marketing Possibilities



¹ Inga S. Baird et. al., (1994), 'The Choice of International Strategies By Small Businesses', Journal of Small Business Management, January, 1994, pp. 49.

1.4. Study Objectives

The main objective of the study is identifying, analyzing and assessing the possible international marketing strategies for the marketing of the Homill – hammer mill in Zambia in order to formulate a realistic international marketing strategy which systematically defines the actions that Homill needs to undertake to successfully reach the target group of end – users of the mill.

The main objective can be subdivided into three sub – objectives, the main objective can be attained by pursuing these three sub – objectives. The Sub – objectives can be classified into logical sequential order. The three sub – objectives are the following;

(1) Systematically analyzing the market opportunity and product potential of the Homill – hammer mill in Zambia. Before even thinking about determining possible cooperative marketing strategies or let alone developing a realistic international marketing model, first one must determine whether there is a market for the Homill – hammer mill in Zambia and what the characteristics of this potential market are. The basic questions that need to be addressed here is; Is there a market for the mill in Zambia? If so, what are the characteristics of this market? Does the mill have potential on the discovered market considering the characteristics of this market?

(2) Systematically determining the most suitable market entry mode for the Homill – hammer mill in Zambia. When it is already clear that there is a market for a given product or service and that the given product or service has potential on the discovered market, one can start thinking about ways to enter the discovered market. In this case the basic question that needs to be addressed is the following one; What is the best way to market the Homill – hammer mill in its target market in cooperation with NGO's, UN – Organizations and microcredit – organizations? Characteristics of this discovered target market, will influence the answer to this question.

(3) Systematically determining a realistic international marketing strategy for the marketing of the Homill – hammer mill in developing countries. In order to determine a realistic international marketing strategy for a given product or service one first needs to determine whether there is a market, whether the given product or service has potential to be introduced on that market and how to enter that market. When information regarding market opportunity, product potential and entry strategy are sufficient a realistic international marketing strategy can be formulated. The peculiarity of this strategy will largely depend on the amount of relevant information acquired regarding market opportunity, product potential and entry strategy.

1.5. Research Questions

Based on the main study objective, as formulated in the previous paragraph, the initial request of the principal can be translated into a central research question. Since the main goal of the study is to determine a realistic international marketing strategy which systematically defines the actions that Homill needs to undertake to successfully reach the target group of end – users of the Homill – hammer mill, the central research question can best be formulated as follows;

Which international marketing strategy is the most suited for the marketing of the Homill – hammer mill in Zambia and what are the actions that Homill will have to undertake in order to effectively reach the target group of potential end - users of the Homill – hammer mill in Zambia?

In order to be able to answer the central research question, two sub – research questions need to be addressed at first. These two sub – research questions are related to the first two sub – objectives. The sub – research question are as follows;

(1) What is the market opportunity of the Homill – hammer mill in Zambia and what is the product potential of the mill on the Zambian market? An answer to this question will meet sub –objective 1 as an answer to this question will determine whether there is a market for the Homill – hammer mill, what the characteristics of this potential market are and what the potential of the mill on this market is.

(2) Which market entry mode is the most suitable for the marketing of the Homill – hammer mill in Zambia? An answer to this question will meet sub – objective as an answer to this question will determine the best possible way to enter the market potentially discovered earlier by addressing sub – research question 1.

Sub – objective 3 is not related to one specific research question, rather sub – objective 3 will be attained by the conclusion – and recommendations section of this study report. In the conclusion and recommendations section the answers to the three sub – research questions will be summarized and discussed. The central research question will be answered based on those answers and the best possible marketing strategy will be formulated.

1.6. Relevance of the Research Study

1.6.1. Public Relevance

Primarily, the results of the study are relevant for Homill, after all the study is designed to provide Homill with a realistic international marketing model for marketing the Homill – hammer mill in Zambia. The model developed for Zambia could function as a basis for marketing the Homill – hammer mill in other Sub – Saharan developing countries and developing countries in general as well. The question whether the model developed for Zambia can actually be used for successfully marketing the Homill – hammer mill in other developing countries other than Zambia, will be addressed in the conclusion – and recommendations sector of this report.

The study could also be useful for marketing other Homill – products in developing countries, like the small scale dehulling machine². Since dehulling machines and hammer mills are complementary goods (dehulling is a process that takes place before hammer milling in the maize grinding process) one could argue that the market for dehulling machines is the same as the market for the Homill – hammer mill.

Last, the present study could be useful for other small – and medium sized enterprises who have the desire to market their products in Zambia in specific and Sub – Saharan developing countries in general, since a lot of small firms are recognizing better opportunities in foreign markets now but are unsure of exactly how to proceed³.

1.6.2. Scientific Relevance

While the study's focus is on a single product, on one specific industry and on one specific geographic area, the study could deliver new insights regarding the required decisions and actions a one – man – business faces when it is attempting to market its products in developing countries. It is plausible to expect that the study will lead to new insights regarding the role that UN – organizations / NGO's / microcredit – organizations could fulfill in SME's' attempts to market their products in developing countries, where the target group is difficult to reach by themselves.

1.7. Research Strategy

One of the most logical possibilities for collecting useful data for this research study would have been conducting a field study in Zambia itself. But according to the principal there was no need to visit Zambia itself to collect relevant data, therefore he was not willing to provide resources for a visit to Zambia. In the principals opinion it would have been nearly impossible to approach the relevant carriers of data in a time span of a few weeks. Also the principal has 20 years of working experience in developing countries, Zambia is one of them, and he was confident that he could provide relevant data himself. Therefore relevant data was gathered from secondary sources by (1) conducting a literature review, (2) holding meetings with the principal, (3) holding interviews with relevant external actors and (4) immediate participative observations by the researcher (for example

² <http://www.homill.eu/pag1Homill.htm>

³ A. Barret, (1995), 'It's a Small (Business)World', Business Week, 17 April, pp. 97 – 98.

attending conferences and presentations). The ways of gathering useful data and the data collection will be discussed in more detail in chapter four. The purpose of this section was to indicate the reasons for not conducting the research study in Zambia itself and briefly describing the ways in which the study is conducted.

1.8. Arrangement of the Study Report

In the following chapter, the theoretical framework will be presented which will be used for the execution of this research study. In chapter three, Methodology, the methods for collecting data and data are presented and discussed. Also the most important empirical data gathered during the interviews will be presented in chapter three. In chapter four the results and findings will be discussed in the sequence of the sub – research questions and the theoretical model as derived in chapter two. Chapter five will list the key findings and conclusions of this research study and will answer the sub – research questions. Based on the previous findings and conclusions the central research question will be answered and the most suited marketing strategy for marketing the Homill – hammer mill in Zambia will be formulated. Also recommendations coupled to the main findings will be presented as advice towards Homill, to enable Homill to successfully market its product in Zambia. In the last chapter, chapter six, some reflective remarks regarding the applied theoretical framework and its implications for further research will be presented.

Chapter 2; Theoretical Framework

2.1. International Marketing Strategies

2.1.1. Introduction

In the past century the practice of business has internationalized in dramatic fashion. Specifically, changes in the institutional framework governing world trade and production, combined with rapid advances in communication and information processing technologies, have prompted a number of observers to proclaim the dawn of a brave new era of *global economic integration*⁴. Global economic integration involves the integration of goods, technology, labor and capital⁵. As a consequence, even businesses that focus primarily, or even exclusively, on the domestic market have to be competitive internationally in order to secure long term survival and growth⁶. In order to achieve these goals, firms implement strategies that link and coordinate their activities on a worldwide basis, they implement international marketing strategies.

Developing a framework for the planning and implementation of international marketing strategies has been the subject of numerous academic studies and publications. Because the principal is lacking knowledge regarding key elements of international marketing strategies, he has asked the researcher to provide him with such insights. Therefore the researcher has chosen to select frameworks discussing key issues elements of international marketing strategies. In this sense two frameworks were selected by the researcher to be discussed, the frameworks developed by F.D. Root and P. Kotler. These frameworks were selected because of the researcher's belief that discussing these frameworks will provide the principal with basic insight regarding key issues in international marketing, without the need to discuss them into great detail. The number of frameworks discussed is limited to two because the aim here is not to present an extensive literature review of existing frameworks regarding international marketing, but to identify the basic elements of an international marketing strategy. In the researcher's opinion the two frameworks by F.R. Root and P. Kotler cover that aim because they outline the basic concepts of marketing in a relatively simple manner, in scale and in scope for the principal to understand..

P. Kotler a prominent marketing – scientist whose book 'Marketing Management' is used to outline the basic concepts of marketing in numerous academic studies throughout the world, including the Business Administration course at the University of Twente. In fact, in the 40th anniversary issue of the Dutch Marketing Magazine (Tijdschrift Voor Marketing) seven of the ten most well – known Dutch marketing – scientists, consider 'Marketing Management' as the most important marketing book ever written⁷. For example Professor dr. ir. Jan Benedict Steenkamp, at the Marketing Professor at Kenan Flagler Business School, University of North Carolina states that; '*hundreds of thousands of marketers acquired their knowledge by reading the book*⁸ and Professor dr. Ed Peelen of Nyenrode Business University states that '*many marketers have used and still use Marketing Management as the handbook of marketing*⁹.

F.R. Root is an acknowledged authority on the international entry strategies of companies. On the website of the Academy of International Business, the leading association of scholars and specialist in

⁴ Christos Kalantaridis, (2004), 'Internationalization, Strategic Behaviour and the Small Firm; A Comparative Investigation', *Journal of Small Business Management*, Volume 42, No. 3., pp. 245.

⁵ Ball. et. al., (2006), 'International Business – The Challenge of Global Competition', 10th Edition, McGraw – Hill, New / York, pp. 10.

⁶ Christos Kalantaridis, (2004), 'Internationalization, Strategic Behaviour and the Small Firm; A Comparative Investigation', *Journal of Small Business Management*, Volume 42, No. 3., pp. 246.

⁷ <http://www.marketing-online.nl/nieuws/moduleitem46407.html>

⁸ <http://www.marketing-online.nl/nieuws/moduleitem46407.html>

⁹ <http://www.marketing-online.nl/nieuws/moduleitem46407.html>

the field of international business, many scientist praise F.R. Root for his contribution regarding international entry strategies. For example, Jose de La Torre a marketing - scientist of Florida State University States that *"I still consider Russ's path-breaking book on entry strategies one of the best summaries of cross border investment strategies ever written. May he rest in peace!"*¹⁰. Another marketing – scientist, Farok J. Contractor of Ruthers University states; *'To a generation of students and readers, Franklin R. Root has been known the leading authority on the international entry strategies of companies. Both practioners and academics will find a wealth of useful information and valuable insights in his books'*¹¹. In fact, Root's publication, 'Entry Strategies for International Markets' is used during the Business Administration Master at the University of Twente as well, during the course International Management.

The goal of the following sections of this paragraph is to identify the key elements of an international marketing strategy. In paragraph 2.2. the focus will be on international marketing strategies for SME's specifically, since the focus of this study is determining an international marketing strategy for an SME.

2.1.2. Framework by Franklin D. Root

In his publication 'Entry Strategies for International Markets' F.D. Root defines an international marketing strategy as a comprehensive plan that sets forth the objectives, goals, resources and policies that will guide a company's international business operations over a future period long enough to achieve sustainable growth in world markets¹². Root makes a contrast between two types of approaches to international marketing, *the sales approach*¹³ and the *entry strategy approach*¹⁴. The basic difference between the two approaches is that the entry strategy approach is a systemic approach while the sales approach is not. The differences between the sales approach and the entry strategy approach are listed below, in table 1.

Table 2.1.; Sales Approach vs. Entry Strategy Approach		
	Sales Approach	Entry Strategy Approach
Time Horizons	▪ Short - run	▪ Long – run (3 – 5 years)
Target Markets	▪ No systematic selection.	▪ Selection based on analysis of market / sales potential.
Dominant Objective	• Immediate sales.	• Build permanent market position.
Resource Commitment	▪ Only enough to get immediate sales.	▪ What is necessary to gain permanent market position.
Entry Mode	• No systematic choice.	• Systematic choice of most appropriate mode.
New – Product Development	▪ Exclusively for home market.	▪ For both home and foreign markets.
Product Adaptation	• Only mandatory adaptations (to meet legal / technical requirements) of domestic products.	• Adaptation of domestic products to foreign buyers' preferences, incomes and use conditions.
Channels	• No effort to control.	• Effort to control in support of market objectives / goals.
Price	▪ Determined by domestic full cost with some ad hoc adjustments to	▪ Determined by demand, competition, objectives, and other marketing policies, as

¹⁰ <http://aib.msu.edu/fellow.asp?FellowID=49>

¹¹ <http://aib.msu.edu/fellow.asp?FellowID=49>

¹² Franklin R. Root, (1994), 'Entry Strategies for International Markets', John Wiley & Sons Inc., San Francisco, pp. 2.

¹³ Franklin R. Root, (1994), 'Entry Strategies for International Markets', John Wiley & Sons Inc., San Francisco, pp. 5.

¹⁴ Franklin R. Root, (1994), 'Entry Strategies for International Markets', John Wiley & Sons Inc., San Francisco, pp. 5.

	specific, sales situations.	well as cost.
Promotion	<ul style="list-style-type: none"> • Mainly confined to personal selling or left to middlemen. 	<ul style="list-style-type: none"> • Advertising, sales promotion and personal selling mix to achieve market objectives / goals.

According to Root an international marketing strategy should consist of five basic elemental steps¹⁵. The development of a complete strategy requires decisions regarding;

(1) The Choice of a Target Product / Market; Does the firm have products that can probably be marketed abroad? Should the firm investigate foreign markets? The selection of the target product / market is based on an analysis of sales / market potential.

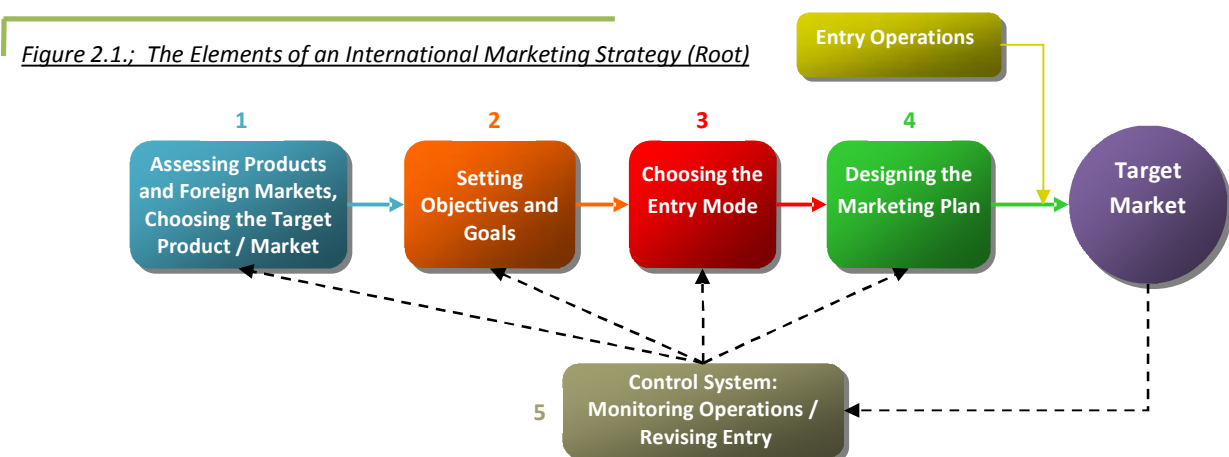
(2) The Objectives and Goals in the Target Market; How can the firm build a permanent market position? The objective is not limited to simply entering the market and selling the product in the short term, instead the objective is to ensure an enduring stay in the target market.

(3) The Choice of an Entry Mode to Penetrate the Target Country; Which entry mode is the most appropriate for the firm given external factors and internal objectives? Root classifies several so – called market entry modes. Market entry modes are defined as institutional arrangements that make the entry of a company’s product, technology, human skills, management or other resources into a foreign country possible¹⁶. Market entry modes can be categorized into three categories; *export entry modes, contractual entry modes and investment entry modes*¹⁷.

(4) The Marketing Plan to Penetrate the Target Market; Which marketing plan is the most appropriate for the firm given external factors and internal objectives? An international marketing plan is an action program that specifies marketing objectives and goals; policies and resource allocations to achieve objectives and goals, and a time schedule¹⁸. To design a marketing plan, a firm’s management must make decisions regarding five important topics; *product, price, channel, logistics and promotion*¹⁹.

(5) The Control System to Monitor Performance in the Target Market; Is the performance of the firm satisfactory? Should the firm investigate other markets? Should the firm redesign the entry mode, marketing plan and / or strategy?

See figure 2.1. for a graphic presentation of the elements and their relations. For a more elaborate representation of the decision making process for entering international markets see appendix 2.1..



Source; Franklin R. Root, (1994), 'Entry Strategies for International Markets', John Wiley & Sons Inc., San Francisco, pp. 4.

¹⁵ All five Elemental Steps Derived From; Franklin R. Root, (1994), 'Entry Strategies for International Markets', John Wiley & Sons Inc., San Francisco, pp. 2 – 5.

¹⁶ Franklin R. Root, (1994), 'Entry Strategies for International Markets', John Wiley & Sons Inc., San Francisco, pp. 5.

¹⁷ Franklin R. Root, (1994), 'Entry Strategies for International Markets', John Wiley & Sons Inc., San Francisco, pp. 6 – 8.

¹⁸ Franklin R. Root, (1994), 'Entry Strategies for International Markets', John Wiley & Sons Inc., San Francisco, pp. 19.

¹⁹ Franklin R. Root, (1994), 'Entry Strategies for International Markets', John Wiley & Sons Inc., San Francisco, pp. 3.

2.1.3. Framework by Phillip Kotler

The framework of Phillip Kotler in his book 'Marketing Management', presents the major decisions in expanding into global markets. Kottlers model presents a five – step sequential approach to international marketing. The five steps described by Kotler are the following²⁰;

[1] Deciding Whether to go Abroad; A company should assess whether it could benefit from entering the international arena. The decision to go abroad or not should be based on an assessment of potential benefits and risks.

[2] Deciding Which Markets to Enter; A company needs to define its international marketing objectives and policies. The company needs to determine in which country / countries it should market its product. Target markets should be rated in three criteria; market attractiveness, risk and competitive advantage.

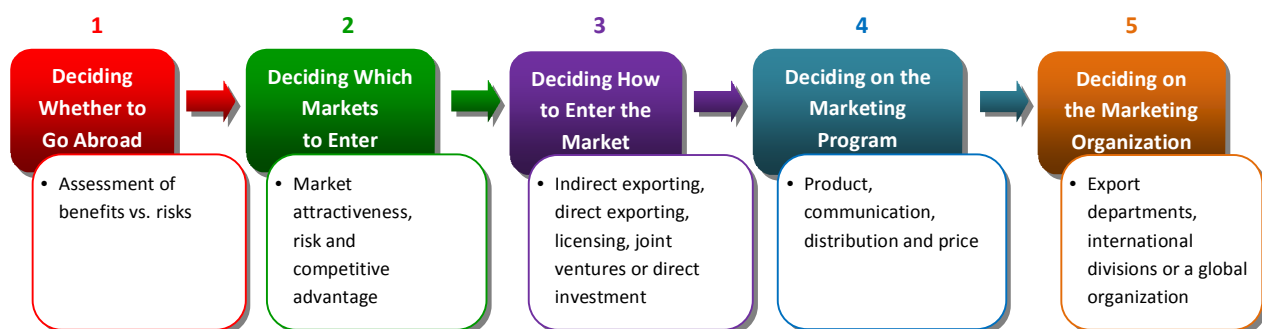
[3] Deciding How to Enter the Market; A company should determine the best mode to entry a foreign market. Kotler categorizes entry modes based on the criteria of commitment, risk, control and profit potential. The possible entry modes in sequential order are (1) *indirect exporting*, (2) *direct exporting*, (3) *licensing*, (4) *joint ventures* and (5) *direct investment*²¹. Each following entry mode in the sequence is associated with more commitment, risk, control and profit potential than the previous entry mode.

[4] Deciding on the Marketing Program; A company should decide how much to adapt its marketing program to the local conditions of the target market. The marketing program consist of four so – called levels; (1) *the product – level*, (2) *the communications – level*, (3) *the distribution – level* and (4) *the price – level*²².

[5] Deciding on the Marketing Organization; A company should determine the most appropriate way to manage its international marketing activity, based on the company's level of international involvement. Kotler categorizes three types of managing international marketing activity; (1) *through export departments*, (2) *through international divisions* or (3) *through a global organization*²³.

See figure 2.2. for a graphic presentation of Kotler's framework.

Figure 2.2.; Major Decisions in International Marketing (Kotler)



Source; P. Kotler & K.L. Keller, (2006), 'Marketing Management', 12th Edition, Pearson Prentice Hall, New Jersey, pp. 669.

²⁰ All five steps derived from; P. Kotler & K.L. Keller, (2006), 'Marketing Management', 12th Edition, Pearson Prentice Hall, New Jersey, pp. 669

²¹ P. Kotler & K.L. Keller, (2006), 'Marketing Management', 12th Edition, Pearson Prentice Hall, New Jersey, pp. 674 – 677.

²² P. Kotler & K.L. Keller, (2006), 'Marketing Management', 12th Edition, Pearson Prentice Hall, New Jersey, pp. 677 – 688.

²³ P. Kotler & K.L. Keller, (2006), 'Marketing Management', 12th Edition, Pearson Prentice Hall, New Jersey, pp. 688 – 690.

2.1.4. Comparing the Frameworks by F. D. Root and P. Kottler, Implications for the Case of Homill

The frameworks developed by Root and Kottler regarding the development of an international marketing strategy are very similar, both frameworks contain similar elements. Both Root and Kottler describe an assessment whether to go abroad or not as the starting point for developing an international marketing strategy. While Kottler describes the decision whether to go abroad and the decision which markets to enter as two separate elements, Root combines these steps into one element '*assessing product / markets, choosing the target product market*'. Also both frameworks contain the determination of the market entry mode as an element in the process of developing an international marketing strategy, although Root elaborates the element of market entry mode to much greater detail than Kottler, which is not surprising while the focus in Root's work is primarily on market entry modes. Lastly both Root and Kottler describe the development of a statement which contains concrete information regarding product, price, distribution / logistics, channels / communication, promotion as an important element in their frameworks. Root calls the statement a marketing plan while Kottler calls it a marketing program.

While the frameworks of Root and Kottler have similarities, they differ regarding two elements of their proposed models. First, Root incorporated '*setting goals and objectives*' as an element in his model, while Kottler did not. Instead, Kottler incorporated the '*physical marketing organization*' as an element in his model. Secondly, Root incorporated a control and monitoring element in his model, while Kottler did not.

The short review of the frameworks by F.D. Root and P. Kottler has led to some insights regarding the elements that need to be assessed when formulating an international marketing strategy for the Homill – hammer mill in Zambia. First of all the frameworks give insights regarding the what – which – and – how questions one should ask himself / herself before entering a foreign market. These questions are relevant for Homill as well;

[1] What Should We Do, Enter A Foreign Market Or Not?; Does Homill really have a product which is suitable to be marketed in a foreign market, in this case Zambia?

[2] Which Foreign Market Should We Enter?; Should Homill enter the Zambian market or not? Do other foreign markets perhaps provide better opportunities for marketing the Homill – hammer mill?

[3] How Should We Enter The Foreign Market?; What entry mode is suited best for marketing the Homill – hammer mill in Zambia?

Secondly the frameworks of Root and Kottler both give insight regarding the elements that a marketing plan or program must contain, before a company can successfully enter a foreign market. An international marketing plan / program for marketing the Homill – hammer mill in Zambia should contain the following elements;

[1] Product; What product characteristics are needed for the Homill – hammer mill to be successful on the Zambian market?

[2] Price; At what price - level should the Homill – hammer mill be priced?

[3] Distribution / Logistics; How should the Homill – hammer mill be distributed to the Zambian market?

[4] Communication / Channels; Through what channels should the Homill – hammer mill be marketed?

[5] Promotion; How should the Homill – hammer mill be promoted on the Zambian market?

Conclusively, it can be stated that according to the frameworks of Root and Kottler, Homill should chronologically decide whether to go abroad at all, where to go abroad and how to go abroad. Also, decisions regarding product characteristics, price, distribution, communication and promotion should be incorporated into a statement, a marketing plan or program, in order to make a successful

entrance to the Zambian market possible. The next paragraph, paragraph 2.2. will discuss whether and how frameworks focused on developing international marketing strategies for SME's apply these concepts as well.

2.2. International Marketing Strategies for SME's

2.2.1. Introduction

Small and medium – sized enterprises (SME's) are the foundation for a free market economy in most countries²⁴. Profit making, growth and expansion are goals for firms of every size²⁵. Since there are more than 15 million SME's in the US today and comparable amounts in Europe and in other parts of the world, competition in the domestic market has stimulated SME's to recognize better opportunities in foreign markets nowadays²⁶. In the last decade of the past century numerous developments in the international arena have created new opportunities for SME's. Economic and political developments, especially the tendency towards globalization of industries and markets, the creation of the European internal market and the opening up of Eastern Europe, have strengthened the internationalization behavior of SME's²⁷. Acting in an international context has become an important aspect of strategic behavior, not only for large firms, but also for the majority of SME's. While the opportunities for SME's in foreign markets are numerous, SME's cannot simply jump into these markets without an intensive assessment of the foreign market situation, developing an international marketing strategy should be the first order of business²⁸. While planning international marketing strategies may appear to be something that only large companies can afford to do, it's important that managers of SME's accept the idea of planning international marketing strategies. To say that an SME cannot afford to plan an entry strategy is to say that it cannot afford to think systematically about its future in world markets²⁹. Without an international entry strategy for a product / target market, a company has only a short - term 'sales' approach to foreign marketing³⁰.

A broad review of the literature regarding the topic of international marketing strategies for SME's has revealed that there are several academic publications which focus on the development and implementation of international marketing strategies by SME's. Four of these publications were selected by the researcher; the frameworks by (1) I. Bamberger, (2) I.S. Baird et. al., (3) J.R. Darling & T.J. Kash and (4) J.R. Darling and R.L. Taylor. In the researcher's opinion these frameworks can be used to identify key variables determining the international marketing strategies pursued by SME's, like Homill. But these frameworks simultaneously differ from each other in scope of analysis, by discussing these models the researcher will be enabled to argue which level of scope of analysis is most applicable to the case of Homill, a specific SME that markets a specific product (small – scale agricultural equipment) to a specific area (A Third World Country). In the next sub – paragraphs the four academic publications will be discussed. In the next paragraph, paragraph three, the choice for the actual framework used to conduct this study will be outlined.

²⁴ John R. Darling & Toby J. Kash, (1998), *Developing Small Business Operations in Foreign Markets – Foundation Building for Steady Growth and Profitability*, European Business Review, Volume 98, Number 3, pp. 151.

²⁵ D. Steinhoff, (1988), *Small Business Management Fundamentals*, McGraw – Hill, New York.

²⁶ John R. Darling & Toby J. Kash, (1998), *Developing Small Business Operations in Foreign Markets – Foundation Building for Steady Growth and Profitability*, European Business Review, Volume 98, Number 3, pp. 151.

²⁷ Ingolf Bamberger, (1994), *Product / Market Strategies of Small and Medium – sized Enterprises*, Ashgate Publishing Limited, Aldershot, England. Pp. 311.

²⁸ John R. Darling & Toby J. Kash, (1998), *Developing Small Business Operations in Foreign Markets – Foundation Building for Steady Growth and Profitability*, European Business Review, Volume 98, Number 3, pp. 151.

²⁹ Franklin R. Root, (1994), *Entry Strategies for International Markets*, John Wiley & Sons Inc., San Francisco, pp. 3.

³⁰ Franklin R. Root, (1994), *Entry Strategies for International Markets*, John Wiley & Sons Inc., San Francisco, pp. 3.

2.2.2. Framework by I. Bamberger; Linkages Between Internationalization Behavior of SME's and Variables'

In his book '*Product / Market Strategies of Small and Medium – Sized Enterprises*', I. Bamberger presents an explanatory model for the internationalization behavior of SME's. The model presented by Bamberger contains four explanatory variables³¹ (see figure 2.3 on the next page);

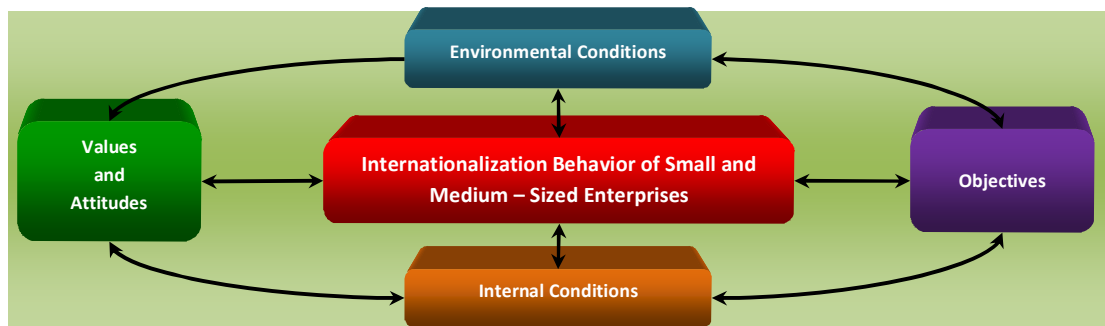
[1] **Internal Firm Conditions**; Refers to the demographical factors of the firm and to the resources and capabilities of the firm.

[2] **Values and Attitudes of the Entrepreneur**; Refers to implicit or explicit objectives which reflect the kind of behavior the entrepreneur is aiming for. Values and attitudes of the entrepreneur can influence internationalization behavior directly or indirectly.

[3] **Objectives of the Firm**; Objectives of the firm can be considered as an intermediate variable between the values and attitudes of the entrepreneur and the internationalization of the firm.

[4] **Environmental Conditions**; Refers to the characteristics of the industry and the market, as well as sectors – of the macro – environment.

Figure 2.3.; *Linkages Between Internalization and Variables (Bamberger)*



Source; Ingolf Bamberger, (1994), '*Product / Market Strategies of Small and Medium – sized Enterprises*', Ashgate Publishing Limited, Aldershot, England, pp. 315.

2.2.3. Framework by I.S. Baird et. al.; Conceptual Model of Factors Influencing International Strategy for Small Businesses

In the article titled '*The Choice of International Strategies By Small Businesses*', I.S. Baird et. al. present their so – called Conceptual Model of Factors Influencing International Strategy for SME's. This model is developed in order to assess whether SME's that are pursuing an international strategy differ from SME's with little emphasis on international strategy. The model contains two categories of explanatory variables;

[1] **Nature of the Firm**; According to Baird et. al., SME's pursuing an international strategy can be differentiated from other SME's on the variables of; (1) *firm type (manufacturing or service)*, (2) *basis of competition (e.g. product differentiation)*, (3) *planning system formality*, (4) *firm age* and (5) *firm resources*³².

[2] **Nature of the Industry**; Baird et. al also identified the number of competitors and the degree of international change as factors influencing the international strategy of SME's. Industry change in

³¹ Ingolf Bamberger, (1994), '*Product / Market Strategies of Small and Medium – sized Enterprises*', Ashgate Publishing Limited, Aldershot, England. pp. 314 – 315.

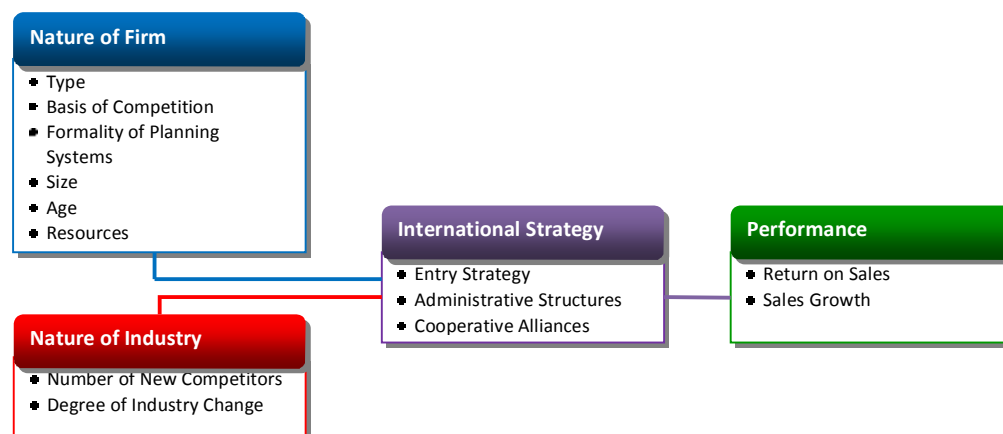
³² Inga S. Baird et. al., (1994), '*The Choice of International Strategies By Small Businesses*', Journal of Small Business Management, January, 1994, pp. 54 -55.

regulation, demand, product and process technology, suppliers, competition and growth rate are found to be salient to the internationally oriented firms³³.

Baird. et. al also investigated whether *nature of the firm* and *nature of the industry* are of influence to the type of international strategy pursued by SME's. The types of internationalization strategy defined by Baird. et. al. are; (1) *Entry Strategy*, (2) *Administrative Structures* and (3) *Cooperative Alliances*³⁴. The results indicated that internationally oriented SME's are mainly pursuing export strategies, foreign alliances strategies and foreign equity investment strategies and that they consider these three strategies to be a single strategy³⁵.

Lastly, Baird et. al. also investigated the whether an international strategy is related to performance. Results were inconclusive regarding the proposed relationship, while international strategy was shown to be positively related to profitability measures of performance, it was negatively related to growth measures of performance³⁶.

Figure 2.4.; Conceptual Model of Factors Influencing International Strategy for SME's (Baird et. al.)



Source; Inga S. Baird et. al., (1994), *'The Choice of International Strategies By Small Businesses'*, Journal of Small Business Management, January, 1994, pp. 50.

2.2.4. Framework by J. R. Darling and T. J. Kash; Planning Model of Keys for Success in a Foreign Market

In the article titled *'Developing Small Business Operations in Foreign Markets: Foundation Building Strategies for Steady Growth and Profitability'*, J.R. Darling and T.J. Kash present a progressive guideline for the development of a successful international marketing model for SME's; the *'Planning Model of Keys for Success in a Foreign Market'*. The model is developed because the authors acknowledged the fact that many SME's enter international markets prematurely just because of the

³³ Inga S. Baird et. al., (1994), *'The Choice of International Strategies By Small Businesses'*, Journal of Small Business Management, January, 1994, pp. 55.

³⁴ Inga S. Baird et. al., (1994), *'The Choice of International Strategies By Small Businesses'*, Journal of Small Business Management, January, 1994, pp. 50.

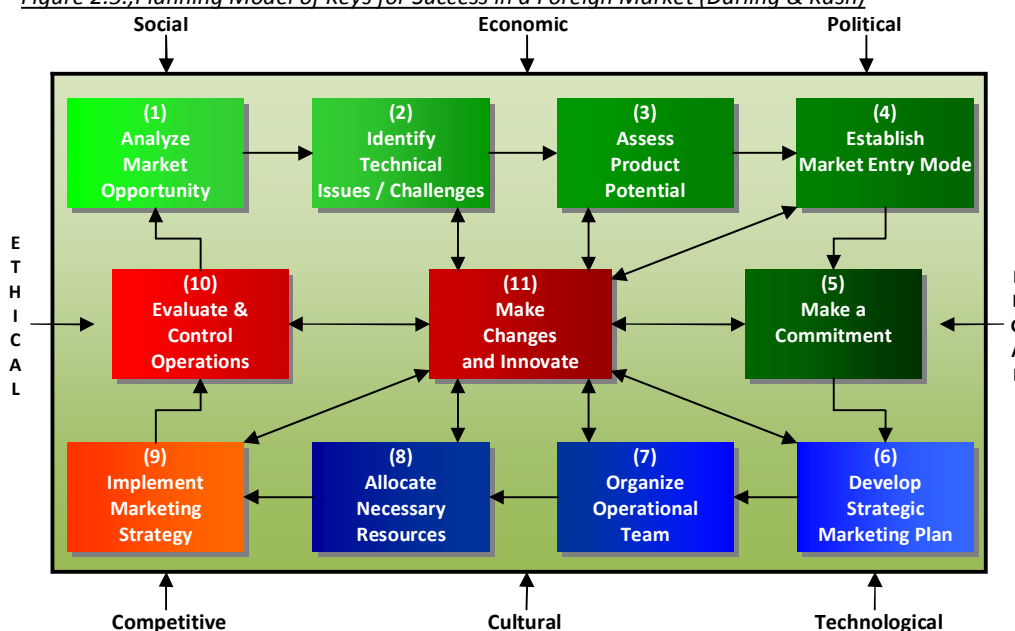
³⁵ Inga S. Baird et. al., (1994), *'The Choice of International Strategies By Small Businesses'*, Journal of Small Business Management, January, 1994, pp. 57.

³⁶ Inga S. Baird et. al., (1994), *'The Choice of International Strategies By Small Businesses'*, Journal of Small Business Management, January, 1994, pp. 56.

fear of missing opportunities³⁷. The managers of these SME's are not proceeding in a careful and scientific manner, while preparation and timing is essential before entering the international market place³⁸. Therefore the authors developed a prescriptive model consisting of eleven foundation building keys for SME's wanting to expand business operations in foreign markets. Darling and Kash state that the firms that address the eleven foundation building keys in developing and implementing a workplan that indicates their marketing activities, will enhance their successes in foreign markets.

The model consists of eleven successive steps (1) Analyze Market Opportunity, (2) Identify Technical Issues / Challenges, (3) Asses Product Potential, (4) Establish Market Entry Mode, (5) Make A Commitment, (6) Develop Strategic Marketing Plan, (7) Organize Operational Team, (8) Allocate Necessary Resources, (9) Implement Marketing Strategy, (10) Evaluate & Control Operations and (11) Makes Changes & Innovate³⁹. The 'Planning Model Of Keys for Success in a Foreign Market' can also be described by four planning phases⁴⁰; (1) Analysis, (2) Formulation, (3) Implementation and (4) Control. The steps 1 – 5 belong to the Analysis – phase, the steps 6 – 8 belong to the Formulation – phase, step 9 is the Implementation – phase, while steps 10 and 11 belong to the Control – phase.

Figure 2.5.; Planning Model of Keys for Success in a Foreign Market (Darling & Kash)



Source; John R. Darling & Toby J. Kash, (1998), 'Developing Small Business Operations in Foreign Markets – Building for Steady Growth and Profitability', European Business Review, Volume 98, Number 3, pp. 153.

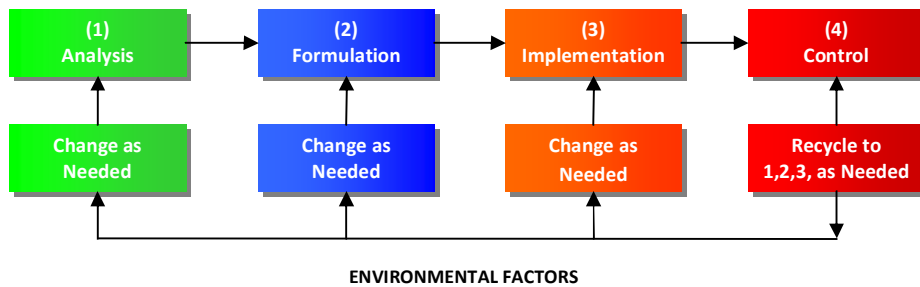
³⁷ John R. Darling & Toby J. Kash, (1998), 'Developing Small Business Operations in Foreign Markets – Foundation Building for Steady Growth and Profitability', European Business Review, Volume 98, Number 3, pp. 151.

³⁸ John R. Darling & Toby J. Kash, (1998), 'Developing Small Business Operations in Foreign Markets – Foundation Building for Steady Growth and Profitability', European Business Review, Volume 98, Number 3, pp. 151.

³⁹ All eleven steps derived from; John R. Darling & Toby J. Kash, (1998), 'Developing Small Business Operations in Foreign Markets – Foundation Building for Steady Growth and Profitability', European Business Review, Volume 98, Number 3, pp. 153.

⁴⁰ All four phases derived from; John R. Darling & Toby J. Kash, (1998), 'Developing Small Business Operations in Foreign Markets – Foundation Building for Steady Growth and Profitability', European Business Review, Volume 98, Number 3, pp. 153.

Figure 2.6.; Phases of the Planning Model of Keys for Success in a Foreign Market (Darling & Kash)

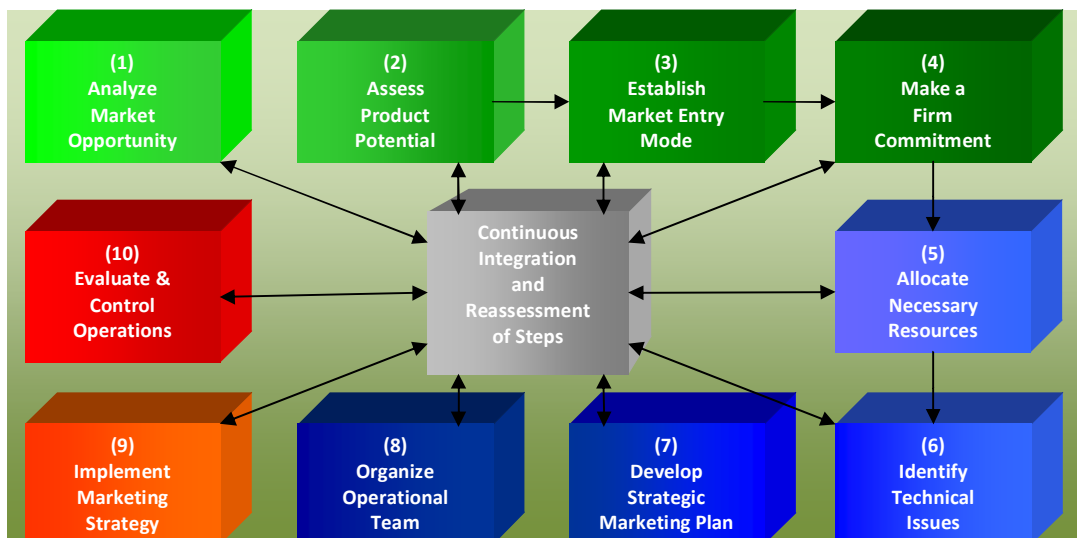


2.2.5. Framework by J.R. Darling and R.L. Taylor; Planning Model of Steps for Success in Export Markets

In the article titled *'Successful Exporting By The Small Business Firm: Keys For Strategic Decision Making'*, J.R. Darling and R.L. Taylor elaborate and review the *Planning Model of Keys for Success in a Foreign Market* into a new model which they name the *Planning Model of Steps for Success in Export Markets*. In the new model the number of steps is limited by one and the sequential linkages between the steps are not self – evident anymore. Darling and Taylor state that the ten steps of the model can be viewed as distinct steps in the planning process for serving a foreign market. However they state that the model should rather be seen as an interactive paradigm, where the ten steps of the model are interrelated, which forces the manager of an SME to continuously reevaluate each of the steps as planning progresses through the model.

The model is elaborated further by identifying ten concrete questions which need to be answered to complete a step of the model for each of the ten steps, which makes a total of 100 critical questions which need to be addressed in order to be successful in foreign markets.

Figure 2.7.; Planning Model of Keys for Steps for Success in Export Markets (Darling & Leshler Taylor)



Source; John R. Darling & Ruth L. Taylor, (2003), *'Successful Exporting by the Small Business Firm – Keys for Strategic Decision Making'*, The Journal of Contemporary Business Issues, Volume 11, Number 1, Spring 2003, pp. 2.

2.2.6. Comparing the Frameworks Regarding International Marketing Strategies for SME's

While some international marketing models presented in this paragraph are rather global and abstract, like Bamberger's framework and other models are very detailed and concrete like the framework by Darling & Taylor, all models describe two kinds of variables that are of influence to the international marketing strategies pursued by SME's. These two types of variables are;

[1] **Internal Business Conditions**; In the models the internal business conditions refer to the demographical factors of the firm and to the resources and capabilities of the firm.

[2] **Environmental Conditions / Market Conditions**; Environmental conditions / market conditions are present in all the models presented in this paragraph. Some models name place these conditions under the header nature of the industry (Baird et. al.), while other models name them environmental conditions (Bamberger) and (Darling & Kash). Some models describe environmental conditions / market conditions broadly as 'the characteristics of the industry and the market, as well as sectors – of the macro – environment' (Bamberger), while other models elaborate the environmental conditions / market conditions into categories (Darling & Kash).

All models presented in this paragraph describe an interrelation between the variables influencing international marketing strategies pursued by SME's. While the frameworks by Bamberger, Darling & Kash and Darling & Taylor describe reciprocal interrelations between variables, the framework by Baird et. al. interrelates international marketing strategy with level of performance.

While there are resemblances between the international marketing models as developed by Bamberger, Baird. et. al., Darling & Kash and Darling & Taylor, there is also one main difference between the models, there is a difference in scope. The model of Bamberger for instance mainly identifies and describes the variables that are of influence to, as Bamberger defines, internationalization behavior of SME's. The model does not define different types of internalization behavior. The model of Baird. et. al does describe types of internalization behavior of SME's, which they define as types of international strategy. The models presented by Darling & Kash and Darling and Taylor, not only describe different types of international strategies and the variables influencing them in great detail, but they also describe the choice for a specific type of international strategy as a chronological step – wise process. As such the models by Darling & Kash and Darling & Taylor present an elaborated application of the process – oriented approaches of Root and Kottler to the specific case of SME's.

Conclusively, the frameworks described in this paragraph have led to some insights regarding the elements that need to be assessed when developing an international marketing strategy for the Homill – hammer mill in Zambia. It has become evident that interrelated internal business conditions and environmental / market conditions are of influence for the choice of an international marketing strategy for Homill. Furthermore the models of Darling & Kash and Darling & Taylor, indicate that the development of an international marketing model for Homill is possible by simply following the steps of their process – oriented models.

In the next paragraph, paragraph 2.3., the choice for the theoretical model that will be actually used in this study will be made and the model will be presented.

2.3. Explanatory Model

2.3.1. Introduction

The aim of this research study is to design a strategy or model which is applicable to a specific case. Therefore there is no explanatory theory which can (and will) be used in this study. Instead one theoretical model will be used as a guideline for the development of a specific (marketing)strategy. As mentioned in the previous paragraph, there are several theoretical models available which attempt to explain the international marketing strategies pursued by small and medium – sized

enterprises. Of these models, in the researchers view the *'Planning Model Of Steps for Success in Export Markets'* by J.R. Darling en R.L. Taylor is the model with the most suitable scope for developing a realistic international marketing model for Homill. The desired result of this research study is to provide Homill with a concrete plan of actions that Homill must undertake in order to market its product, the Homill – hammer mill successfully in Zambia and the proposed model of Darling & Taylor in fact prescribes the concrete issues that need to be considered when developing such a plan of actions. The prescriptive model is based upon thirty years of consulting work with exporting activities of small business firms and work with export assistance entities on both the state and federal levels of government by the authors⁴¹. Also the model is based on an analysis of the experiences encountered by numerous small business firms in their export marketing efforts, which leads to the identification of certain established dimensional components that are found in their formulas for success⁴². So in relation to the other frameworks described throughout paragraph 2.2. the *'Planning Model of Steps for Success in Export Markets'* has one important advantage, it is less normative than the other frameworks, meaning that it doesn't limit itself by describing what SME's ought to do, it describes what SME's actually do in practice. Therefore the researcher expects that applying this model to the specific context of Homill will lead to the most desired (hence most realistic and thereby directly applicable) results and the identification of the most desired international marketing strategy for Homill.

Furthermore the first three steps of the *'Planning Model of Steps for Success in Export Markets'* unite with the study objectives, therefore these three steps of the *'Planning Model of Steps for Success In Export Markets'* will function as the basic explanatory model in the present research. The first step of the model, *'Analyzing Market Opportunity'* and the second step of the model, *'Assessing Product Potential'*, cover the first study objective, namely *'Systematically analyzing the market opportunity and product potential of the Homill – hammer mill in Zambia'*. The third step of the model, *'Establish Market Entry Mode'*, covers the third study objective, namely *'Systematically determining the most suitable market entry mode for the Homill – hammer mill in Zambia'*. An evaluation of the results from pursuing the first three steps of the *'Planning Model Of Steps for Success in Export Markets'* makes attaining the third and last study objective, namely *'Systematically formulating a realistic international marketing strategy for the marketing of the Homill - hammer mill in developing countries'*, possible.

Take a look at figure 2.8. (on page 33) for a detailed overview of the first three steps, of the *'Planning Model Of Steps for Success in Export Markets'*. In figure 2.8., the first three steps of the *'Planning Model Of Steps for Success in Export Markets'* are elaborated, each of the three steps consists of ten questions that need to be answered in order to successfully complete that step. From sub – paragraph 2.3.2. until sub - paragraph 2.3.4., each of the three steps of the model will be discussed in greater detail in order to determine which questions are relevant in the opinion of the researcher (meaning that the relevancy of the questions is not discussed with the principal in any way) for successfully developing a realistic international marketing strategy for the marketing of the Homill – hammer mill in Zambia. Per item, a consideration is being made by the researcher whether the item contributes to analyzing the market opportunity and product potential of the Homill – hammer mill in Zambia and to determining the role of external organizations in marketing the Homill – hammer mill in Zambia. After determining the relevance of the items for the present research study, a revised model will be derived, which will be presented in sub – paragraph 2.3.5.

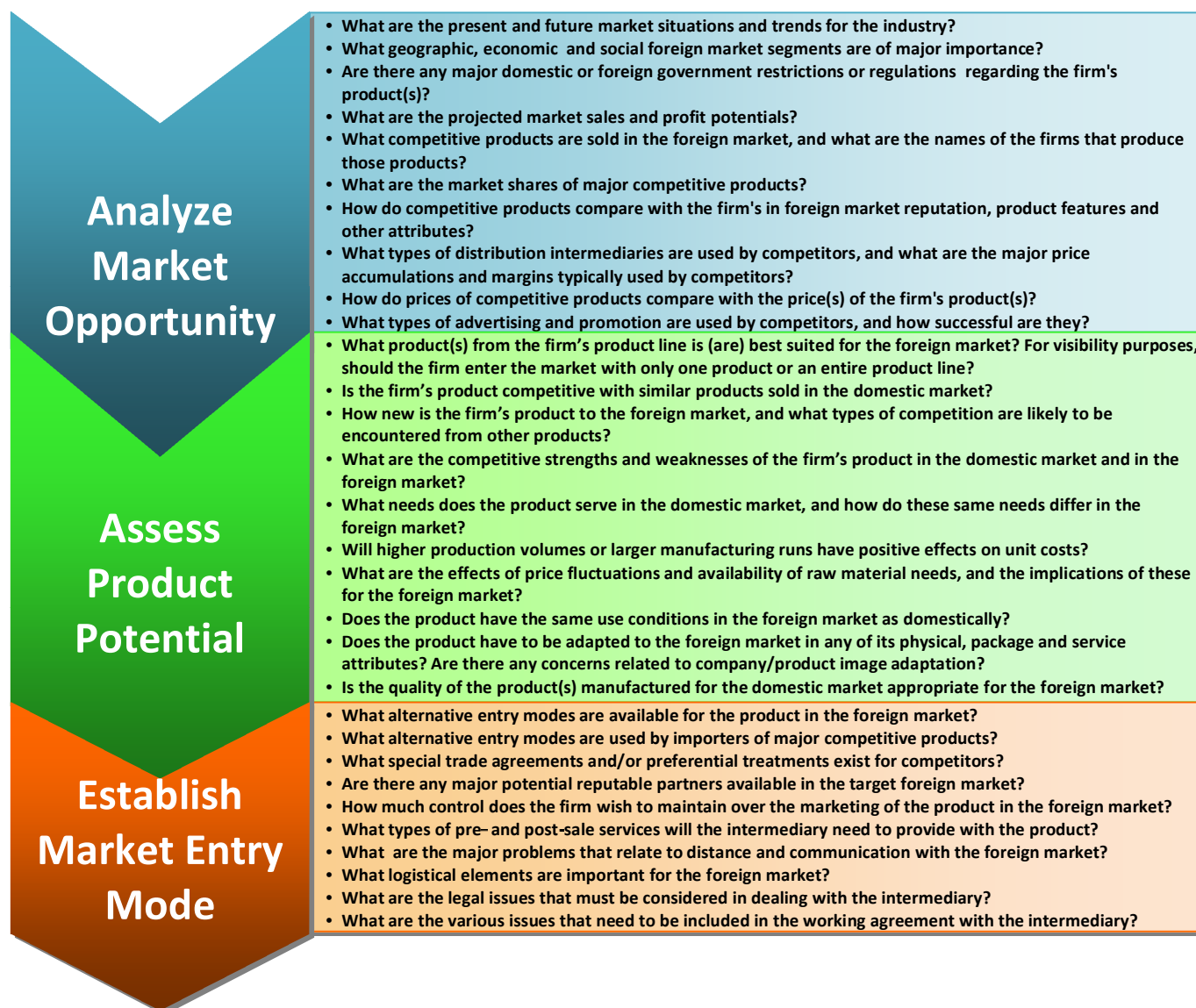
⁴¹ John R. Darling & Ruth L. Taylor, (2003), *'Successful Exporting by the Small Business Firm – Keys for Strategic Decision Making'*, The Journal of Contemporary Business Issues, Volume 11, Number 1, Spring 2003, pp. 11.

⁴² John R. Darling & Ruth L. Taylor, (2003), *'Successful Exporting by the Small Business Firm – Keys for Strategic Decision Making'*, The Journal of Contemporary Business Issues, Volume 11, Number 1, Spring 2003, pp. 11.

In theory all items of the first two steps of the '*Planning Mode of Steps for Success in Export Markets*' are relevant for analyzing the market opportunity and product potential of the Homill – hammer mill in Zambia, but some items are not applicable to the case of Homill because of their nature. For example the element '*What product from the firm's product line is best suited for the foreign market?*' is not applicable to the case of Homill because Homill doesn't have an entire product line. Items like this, which are not applicable to the case of Homill, are deemed irrelevant for the study and will be left out of consideration. Other items are not applicable to the case of Homill because of their formulation, for example the item '*What needs does the product serve in the domestic market and how do these needs differ in the foreign market?*' The first part of this item is not applicable to the case of Homill since the Homill – hammer mill is not designed based on needs on the domestic market, it's designed for the foreign market exclusively. Reformulating the item into '*What needs does the product serve in the foreign market?*' makes it applicable to the case of Homill. All items that are not applicable to the case of Homill due to their formulation will be reformulated in this manner in order to make the applicable to the case of Homill and thereby relevant for the research study.

The ten items of the third step of the '*Planning Mode of Steps for Success in Export Markets*' will be replaced by alternative items, since regarding the establishment of market entry modes the options are focused to marketing the Homill – hammer mill through UN – organizations, NGO's or microcredit – organizations. So there is no need to consider all alternative market modes that are available for marketing the Homill – hammer mill in Zambia.

Figure 2.8.; First Three Steps of the Planning Model of Steps for Success in Export Markets (Darling & Taylor)



Source; John R. Darling & Ruth L. Taylor, (2003), 'Successful Exporting by the Small Business Firm – Keys for Strategic Decision Making', *The Journal of Contemporary Business Issues*, Volume 11, Number 1, Spring 2003, pp. 2.

2.3.2. Assessment of the Relevancy of the Questions of the First Step of 'Planning Model Of Steps for Success in Export Markets' for the Current Study

Figure 2.9. presents an overview of the ten key questions belonging to step 1 'Analyze Market Opportunity' of the 'Planning Model of Steps for Success in Export Markets'. In table 2.2. the relevancy of each of the ten items for this study in the view of the researcher, will be discussed. Eventually, eight of the key questions will prove to be relevant for this study in their original formulation, while two of the key questions will be rephrased in order to be relevant for this study.

Figure 2.9.; First Step of the Planning Model of Steps for Success in Export Markets (Darling & Taylor)

Analyze Market Opportunity

- What are the present and future market situations and trends for the industry?
- What geographic, economic and social foreign market segments are of major importance?
- Are there any major domestic or foreign government restrictions or regulations regarding the firm's product(s)?
- What are the projected market sales and profit potentials?
- What competitive products are sold in the foreign market, and what are the names of the firms that produce those products?
- What are the market shares of major competitive products?
- How do competitive products compare with the firm's in foreign market reputation, product features and other attributes?
- What types of distribution intermediaries are used by competitors, and what are the major price accumulations and margins typically used by competitors?
- How do prices of competitive products compare with the price(s) of the firm's product(s)?
- What types of advertising and promotion are used by competitors, and how successful are they?

Source; John R. Darling & Ruth L. Taylor, (2003), 'Successful Exporting by the Small Business Firm – Keys for Strategic Decision Making', The Journal of Contemporary Business Issues, Volume 11, Number 1, Spring 2003, pp. 3 – 4.

Table 2.2.; Assessment of the Relevancy of the Questions of the First Step of 'Planning Model Of Steps for Success in Export Markets' for the Current Study

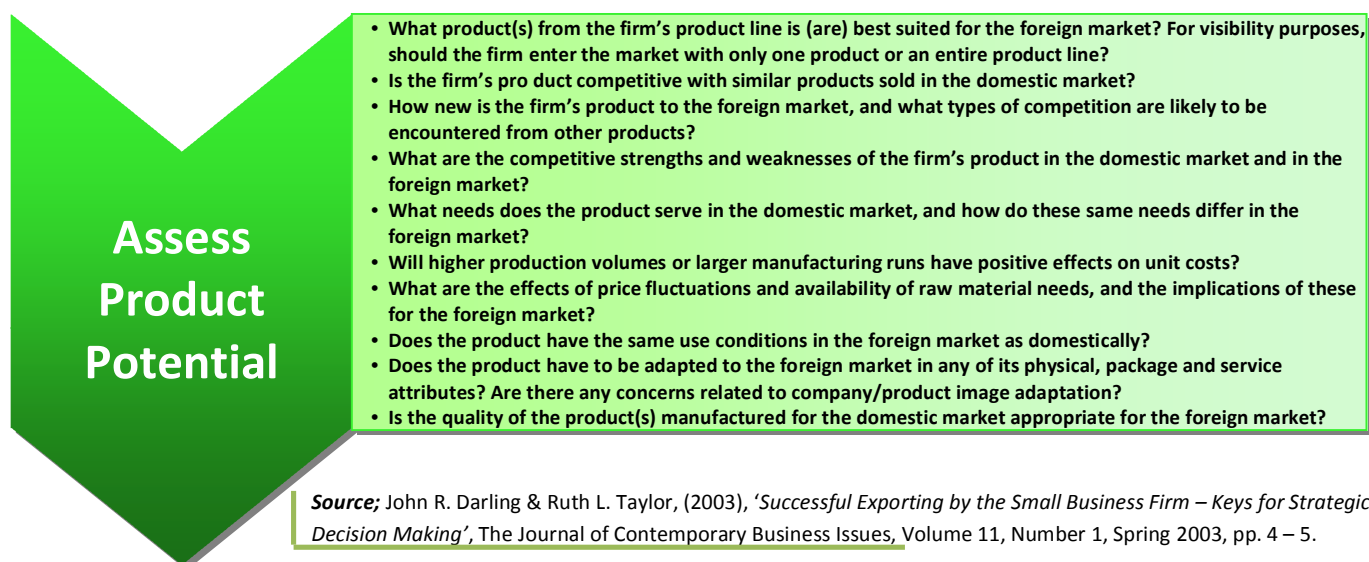
Question	Relevancy
(1) What are the present and future market situations and trends for the industry?	In order to assess the market opportunity of the small – scale Homill – hammer mill in Zambia, we need to describe present and future market trends for the industry. For example we need to know the trends in the milling – industry in Zambia to determine whether there is a market for the small – scale Homill – hammer mill. Is there really a need for the Homill – hammer mill in Zambia, or do industry trends stimulate the need for larger – scale hammermills? Therefore this question is relevant for the current study.
(2) What geographic, economic and social foreign market segments are of major importance?	To assess the market opportunity of the small – scale Homill – hammer mill in Zambia, we need to define and describe what the exact market for the Homill hammer mill is, therefore this particular question is relevant for current study.
(3) Are there any major domestic or foreign government restrictions or regulations regarding the firm's product(s)?	This particular question is relevant for the current study, because in order to determine the market opportunity of the small – scale Homill – hammer mill in Zambia, we need to have information about the accessibility of the market and possible trade barriers.
(4) What are the projected market sales and profit potentials?	For analyzing market opportunity of the small – scale Homill – hammer mill it seems useful to have some indication of it's profit potential and expected sales. After all, for a one – man – business like Homill, with limited resources, it's important to market its product in profitable markets. Therefore projected market sales and profit potentials are relevant for the current study to assess the profitability of the Zambian market.
(5) What competitive products are sold in the foreign market, and what are the names of the firms that produce those products?	To determine the market opportunity of the small – scale Homill – hammer mill in Zambia, we should have a clear understanding of possible competitors. For example, we need to know whether there are dozens of other companies producing small – scale hammermills with nearly the same characteristics as the Homill – hammer mill

	or there are no such companies. Therefore this particular question is relevant for the present study.
(6) What are the market shares of major competitive products?	This question is relevant for assessing the market opportunity of the small – scale Homill – hammer mill in Zambia, because market shares of major competitive products tell us something about the type of market were considering to enter. We could determine whether this market is characterized by a monopoly, an oligopoly or by free competition. By doing that we could determine the market opportunity of the Homill – hammer mill, because it can be argued that it would be easier for Homill to enter a market characterized by free competition rather than a monopoly for example.
(7) How do competitive products compare with the firm's foreign market reputation, product feature and other attributes?	To determine the market opportunity of the small – scale Homill – hammer mill in Zambia, it is useful to compare the characteristics of the Homill – hammer mill with competitive products. Therefore the question is relevant for the present study. We cannot compare foreign market reputation though, because Homill does not have such a reputation yet. Therefore the question should be rephrased to; <i>How do competitive products compare with the firm's product features and other attributes?</i>
(8) What types of distribution intermediaries are used by competitors, and what are the major price accumulations and margins typically used by competitors?	For the current study it is very important to determine the possible distribution intermediaries for the distribution of the small – scale Homill – hammer mill to Zambia, while it is one of the key objectives of the current study. Determining the intermediaries used by competitors, is therefore relevant for the current study. Determining major price accumulations and margins typically used by competitors could be useful as well, but it is difficult to acquire such information, because inside information of competitors is needed, therefore these factors will be left out of consideration. The question will be rephrased to; <i>What types of distribution intermediaries are used by competitors?</i>
(9) How do prices of competitive products compare with the prices of the firm's products?	Because there is no fixed price set for the small – scale Homill – hammer mill yet, prices of competitive products could be used as guidance for setting a competitive price. Therefore the question is relevant for the present study.
(10) What types of advertising and promotion are used by competitors, and how successful are they?	Identifying the types of advertising and promotion used by competitors could provide Homill with useful information, since successful promotion activities of competitors on the Zambian market could be applied by Homill as well when marketing its product in Zambia. Therefore this question is relevant for the current study.

2.3.3. Assessment of the Relevancy of the Questions of the Second Step of 'Planning Model Of Steps for Success in Export Markets' for the Current Study

Figure 2.10. presents an overview of the ten key questions belonging to step 2 'Assess Product Potential' of the 'Planning Model of Steps for Success in Export Markets'. In table 2.3. the relevancy of each of the ten items in the researcher's view for this study, will be discussed.

Figure 2.10.; Second Step of the Planning Model of Steps for Success in Export Markets (Darling & Taylor)



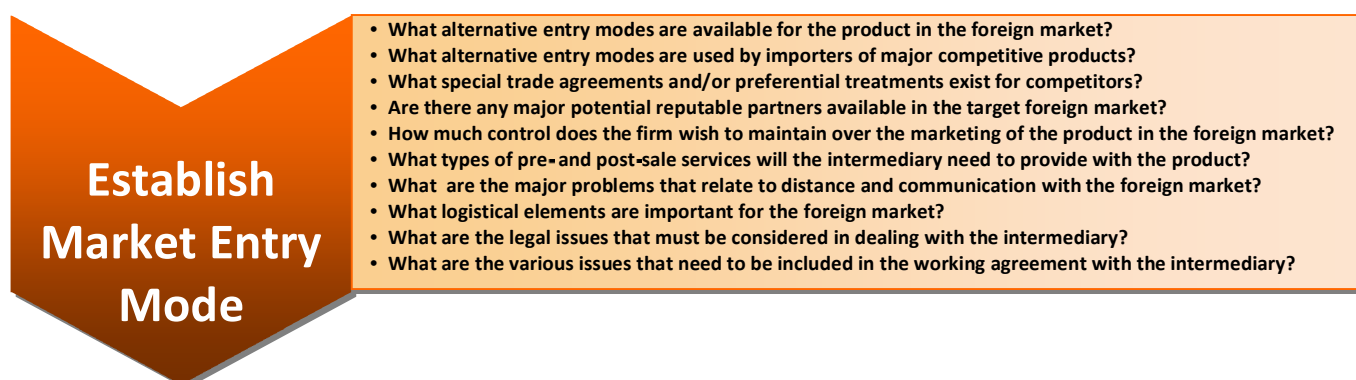
Question	Relevancy
<i>(1) What product(s) from the firm’s product line is (are) best suited for the foreign market? For visibility purposes, should the firm enter the market with only one product or an entire product line?</i>	This question is not relevant for the current study, because Homill produces only one product at the moment, namely the small – scale Homill – hammer mill, other Homill – products are only in the design – stage. Therefore it is crystal clear with which product Homill wants to enter the Zambian market for small – scale agricultural products.
<i>(2) Is the firms product competitive with similar products sold in the domestic market?</i>	This question is not relevant for the current study, because the small – scale Homill – hammer mill is designed for the foreign market only. The Homill – hammer mill is not available for the domestic market and therefore does not need to be competitive with similar products in the domestic market. A relevant question would be if the Homill – hammer mill is competitive with similar products sold in the Zambian market. This question is in large part covered by the questions ‘ <i>How do competitive products compare with the firm’s product features and other attributes?</i> ’ and ‘ <i>How do prices of competitive products compare with the prices of the firm’s products?</i> ’ from step 1, Analyzing Market Opportunity.
<i>(3) How new is the firms product to the foreign market, and what types of competition are likely to be encountered from other products?</i>	In order to asses product potential, we need to determine if the product distinguishes itself from other competitive products and what kind of competition will be encountered from other products. For example we need to determine whether the expected competition will be based on price or differentiation. Therefore the question is relevant for the present study.
<i>(4) What are the competitive strengths and weaknesses of the firm’s product in the domestic market and in the foreign market?</i>	An analysis of competitive weaknesses and strengths of the small – scale Homill – hammer mill in the Zambian market is relevant to determine the product potential of the Homill – hammer mill in Zambia, therefore such an analysis is relevant for the current study. We are not interested in the competitive strengths and weaknesses of the Homill – hammer mill in the domestic market, simply because the Homill – hammer mill is not designed for the domestic market. Therefore the question needs to be rephrased to; <i>What are the competitive strengths and weaknesses of the firm’s product in the foreign market?</i>
<i>(5) What needs does the product serve in the domestic market and how do these needs differ in the foreign market?</i>	In the current formulation, the question is not relevant for the current study, because the small – scale Homill – hammer mill is not designed based on the needs of the domestic market. A relevant and interesting question for determining the product potential of the small – scale Homill – hammer mill would be if the Homill – hammer mill serves the needs in Zambia. Therefore the question needs to be rephrased to; <i>What needs does the product serve in the foreign market?</i>
<i>(6) Will higher production volumes or larger manufacturing runs have positive effects on unit costs?</i>	To determine whether the small – scale Homill – hammer mill is competitive and can remain competitive on the Zambian market, assessing whether higher production volumes have positive effects on unit costs can be useful. Because Homill ultimately wants to market its product in several developing countries worldwide, such an assessment could also be useful in determining the product potential of the Homill – hammer mill in those countries. Therefore the question is relevant for the present study.
<i>(7) What are the effects of price fluctuations and availability of raw material needs, and the implications of these for the foreign market?</i>	It would be very difficult and time consuming, reckoning with the limited scope of the Bachelor Assignment, to determine the exact effects of price fluctuations and availability of raw material needs and it’s implications for the Zambian market. Therefore this question will be left out of consideration and is therefore not relevant for the current study.
<i>(8) Does the product have the same use conditions in the foreign market as domestically?</i>	In the current formulation, the question is not relevant for the current study, because the small – scale Homill – hammer mill is not designed based on the needs of the domestic market. A more interesting and relevant question would be whether the small – scale Homill – hammer mill

	can be used under the use conditions in Zambia. Therefore the question needs to be rephrased to; <i>Does the product meet the use conditions in the foreign market?</i>
(9) Does the product have to be adapted to the foreign market in any of its physical, package and service attributes? Are there any concerns related to company / product image adaptation?	This question is relevant for the current study, since it would be sufficient for Homill to know whether the product at its current state needs to be adapted before marketing it to Zambia.
(10) Is the quality of the product(s) manufactured for the domestic market appropriate for the foreign market?	In the current formulation, the question is not relevant for the current study, because the small – scale Homill – hammer mill is not designed based on the needs of the domestic market. But the question whether the quality of the small – scale Homill – hammer mill is appropriate for the Zambian market is more relevant for determining the product potential of the Homill – hammer mill and therefore for the current study. The question needs to be rephrased to; <i>Is the quality of the product appropriate for the foreign market?</i>

2.3.4. Assessment of the Relevancy of the Questions of the Third Step of ‘Planning Model Of Steps for Success in Export Markets’ for the Current Study

Figure 2.11. presents an overview of the ten key questions belonging to step 3 ‘Establish market Entry Model’ of the ‘Planning Model of Steps for Success in Export Markets’. In table 2.4. the relevancy of each of the ten items in the researchers vision for this study, will be discussed.

Figure 2.11.; Third Step of the Planning Model of Keys for Steps for Success in Export Markets (Darling & Taylor)



Source; John R. Darling & Ruth L. Taylor, (2003), ‘Successful Exporting by the Small Business Firm – Keys for Strategic Decision Making’, The Journal of Contemporary Business Issues, Volume 11, Number 1, Spring 2003, pp. 5 – 6.

Table 2.4.; Assessment of the Relevancy of the Questions of the Third Step of the ‘Planning Model Of Steps for Success in Export Markets’ for the Current Study

Question	Relevancy
(1) What alternative entry modes are available for the product in the foreign market?	Because of the limited scope of the Bachelor Assignment it is impossible to investigate all possible entry modes that are available for the small – scale Homill – hammer mill in Zambia, therefore the ten questions regarding the third step of the Planning Model of Steps
(2) What alternative entry modes are used by importers of major competitive products?	

(3) What special trade agreements and / or preferential treatments exist for competitors?	for Success in Export Markets in the current formulation are not
(4) Are there any major potential reputable partners available in the target foreign market?	relevant for the current study. Furthermore, there is no need to consider all alternative market entry modes that are available for marketing the small – scale Homill – hammer mill in Zambia. The most suitable market entry mode will depend in large on Homill’s cooperation with UN – organizations / NGO’s / microcredit organizations. Therefore we do not have to identify, analyze and evaluate a numerous amount of alternative market entry modes.
(5) How much control does the firm wish to maintain over the marketing of the product in the foreign market?	Instead, we could gather information about the most suitable market entry mode for the Homill – hammer mill through UN – organizations / NGO’s / microcredit organizations. Therefore the ten question of step 3 of the Planning Model of Steps for Success in Export Markets are replaced by three questions only which are relevant for the current study. These three questions are;
(6) What types of pre – and post – sale services will the intermediary need to provide with the product?	(1) Can UN – organizations play a role in marketing the Homill – hammer mill in Zambia?
(7) What are the major problems that relate to distance and communication with the foreign market?	(2) Can NGO’s play a role in marketing the Homill – hammer mill in Zambia?
(8) What logistical elements are important for the foreign market?	(3) Can microcredit – organizations play a role in marketing the Homill – hammer mill in Zambia?
(9) What are the legal issues that must be considered in dealing with the intermediary?	
(10) What are the various issues that need to be included in the working agreement with the intermediary?	

2.3.5. Customized Theoretical Framework

In figure 2.12 (see the next page) the customized theoretical framework is presented, the customized model consists of 20 items. In Chapter five, the results will be presented per item in the sequence of these 20 items. In figure 2.12. the numbers of the sub - paragraphs corresponding with each item are presented as well, so that it is clear in which sub – paragraph of chapter four the results of each item are being listed. After presenting the results per item in chapter four, in chapter five the implications of the results for the two sub – research questions and the central research question will be discussed. Based on the answering of the central – research question recommendations towards Homill will be listed and elaborated.

But first in the next chapter, chapter three, the ways of collecting data and the empirical data collection will be addressed, as these data form the basis for the presentation of results and findings in chapter four and its implication in chapter five.

Figure 2.12.; Customized Theoretical Framework



Chapter 3; Methodology

3.1. Introduction

The data collection for this study would ideally involve qualitative data as well as quantitative data, because the actual theoretical model (presented in figure 2.12.) implies the need to collect both types of data in order to be able to determine a realistic international marketing strategy for Homill. For example, for answering the question *'Are there any major domestic or foreign government restrictions or regulations regarding the firm's product?'* from the model, one needs to collect and select qualitative information regarding such restrictions or regulations. On the other hand, for answering the question *'What are the market shares of major competitive products?'* of the model, one needs to collect and select quantitative information regarding the market shares of major competitive products.

Since, it was not an option to conduct the study in Zambia itself, it was impossible to directly observe the situation in Zambia itself and to gather relevant data from the field itself. Gathering data from the field was further complicated by the geographical distance between the field and the researcher, and the lack of sufficient communication channels connecting the researcher to the field. Therefore the only option was to gather data which was already available through sources which were accessible from the location where the research was conducted. In other words, the relevant qualitative – and quantitative data – could only be acquired through *(1) reviewing secondary data already available through literature resources* and *(2) collecting secondary data from external actors / institutions specifically for the purposes of the study*. Subsequently, three methods of data collection were conducted in this study; *(1) conducting a literature study*, *(2) conducting pre – structured qualitative interviews* and *(3) immediate participative observations by the researcher*. In the following paragraphs the three methods of data collection will be further highlighted. After discussing the methods of collecting relevant data, the chapter will conclude with an overview of the most important empirical data, collected during the interviews. Since this overview involves just one table, it was decided to present it at the end of this chapter, rather than devoting a separate chapter to it.

3.2. Conducting a Literature Study

In order to acquire relevant data regarding relevant topics an extensive literature study was conducted. Several books, written articles, flyers and websites – URL's were collected, selected and analyzed in order to identify and select relevant data. The literature sources are listed in the references section at the end of the report.

3.3. Conducting Pre – Structured Interviews⁴³

Since the main purpose of this study is to assess whether and how UN – Organizations / NGO's / Microcredit – organizations could play a role in marketing the Homill – hammer mill in Zambia, it was apparent from the start of this study that data from UN – Organizations / NGO's / Microcredit – organizations had to be collected. While much relevant information is available through the various websites of these organizations, it would be relevant for the study to collect empirical data through representatives of these organizations as well, because information regarding the role that UN – Organizations / NGO's / Microcredit – organizations could play in marketing one specific product, the Homill – hammer mill, in one specific country, Zambia, was needed. Such information could not always be found on the websites of these organizations.

In the early stages of this study it was assumed that collecting information from representatives of UN – organizations / NGO's / Microcredit – organizations would be sufficient to determine the

⁴³ Elaborations of all interviews are presented in appendices 3.1. – 3.7. of this report.

market opportunity, product potential and most suitable market entry mode for the Homill – hammer mill in Zambia. But soon, it became apparent that the representatives of UN – organizations / NGO's / Microcredit – organizations which were accessible for inquiries didn't not have the knowledge to be able to provide such information. Therefore it was decided to incorporate other external actors who were able to provide such information. Furthermore, representatives of UN – organizations and microcredit – organizations were not contacted for answering questions, these organizations are not widely available and approachable from the Netherlands.

Based on previous talks with the principal July the 4th all the information that was gathered from the principal was verified and processed into an elaborate interview, see appendix 3.1. at the end of this report. Based on information gathered from the principal it became apparent that the principal was mainly interested in whether the Homill – hammer mill could be marketed by the traditional Dutch NGO's; Cordaid, Oxfam Novib, ICCO and Hivos. Therefore these organizations were contacted in order to answer some questions. Also Agromisa, CARE Netherlands and Connect International were contacted, because these organizations were named by other NGO's as potentially able in helping Homill marketing its product in Zambia. Lastly from the NGO's, Stichting het Groene Woudt was contacted, because this foundation had actually bought two Homill – hammer mills, so it was interesting to determine what the main reasons for them buying the machine were. Unfortunately not all representatives of contacted NGO's were willing to answer interview questions or to fill – in a questionnaire. The representatives of Cordaid, CARE Netherlands and Stichting het Groene Woudt did answer the questions. Talks with other representatives of NGO's, with representatives from ICCO, Oxfam Novib, Cordaid, Agromisa and Connect International provided some relevant data for this research though. So based on the immediate participative observation of the researcher, this information was taken into account when writing this report.

Because representatives of NGO's mostly didn't have an idea of what a hammer mill was in the first place, let alone what the Homill – hammer mill was, a flyer was made with some pictures of the mill and some basic information regarding the product. This flyer was send to interviewees through e – mails or a hardcopy was provided to them, when the interview was face – to – face. Also a short clip of around 2 minutes where the functioning of the Homill – hammer mill is shown, was placed on Youtube and embedded on the website of Homill. Since the beginning of June, more than 1.000 people worldwide have seen the clip. The clip on Youtube actually led to a person from India who was interested in selling the machine on the African market to contact me, requesting price information about the Homill – hammer mill. His questions were redirected to the principal. Also at one instance, a person from an NGO called MAF contacted the principal directly, with questions about the machine, after seeing the clip on Youtube.

Since the representatives of NGO's were not able to extensively determine the market opportunity of the Homill – hammer mill themselves, additional respondents were contacted who could answer some questions, this involved three respondents; Mr. Freddy Alferink from the Werkgroep Ontwikkelingstechniek, Mr. Ab Wanders a retired consultant of the International Agricultural Centre in Wageningen and Father Toon Van Kessel, who has been living in Zambia and conducting developments projects in Zambia for more the forty years.

In the appendices 3.1. – 3.7., the empirical data gathered during the interviews is presented in coded tables. This is done to ensure that readers can get a quick insight in what a respondent stated regarding a certain topic, without having to see through the elaborative presentations of the interviews presented in the appendix. In practice the coding of the data gathered during interviews means that a table lists a set of items over which the respondents were asked to answer questions. Per item the answer of the respondent in question is mentioned briefly. It was decided to code the answers of respondents per respondent in seven distinct tables. This is done because the items over which respondents were asked to answer questions were not the same for each respondent since

each respondent has a different background. For example it is logical that the items discussed with Mr. Freddy Alferink, a person with a technical background, differed somewhat from the items discussed with Mr. Meindert Witvliet, who has a background in development cooperation.

3.4. Immediate Participative Observations by the Researcher

For acquiring information and data, two seminars were attended by the researcher, the VN – procurement days at the 16th of May at the EVD in Den Haag and the Zambia – day at the 4th of July at the Ministry of Foreign Affairs in Den Haag. During these events relevant data and information was collected by the researcher by objectively observing what was said and presented during the events.

Also some representatives of NGO's with whom the researcher had talked were not willing to answer questionnaires, as stated already in the previous section. Therefore their statements were observed by the researcher so that they could be taken into account when writing this report. Appendix 4.8. list all contacted persons and the contact moments the researcher had with those persons.

3.5. The Empirical Data Collection – An Overview

In table 3.1. on the next page, the most important statements of interviewees regarding the market opportunity and product potential of the Homill – hammer mill in Zambia and the potential role of external organizations in marketing the mill in Zambia are presented. Statements of all seven interviewees regarding key topics are presented, so that the reader is enabled to compare the statements of interviewees regarding those topics. The statements presented in the table are derived from the coded tables presented in appendices 3.1. – 3.7.. For more elaborate statements of individual interviewees regarding the key topics, the reader is directed to those appendices.

Table 3.1. Key Quotes of Interviewees Regarding Key Topics, an Overview							
	Interviewee 1	Interviewee 2	Interviewee 3	Interviewee 4	Interviewee 5	Interviewee 6	Interviewee 7
	Mr. Paul Swinkels	Mr. Meindert Witvliet	Mr. Ab Wanders	Mr. Freddy Aijferthik	Ms. Joaquina Leemkuil	Mr. Carmille Fontijn	Father Toon Van Kessel
Market Opportunity and Product Potential of the Hommill – Hammer Mill							
Strengths of the Mill	Its small – scalability and its ability to run in the local electrical grids in developing countries	Its small – scalability, less power needed for operating than for larger – scale mills.	Probably its small – scalability.	Looks good aesthetically.	-	-	The fact that it's designed to be as maintenance – free as possible is very positive.
Weaknesses of the Mill	Access to the electricity grid is a precondition for the mill to run and this access is scarce in Sub – Saharan developing countries.	It's electrical power source, not that many people have access to a reliable source of electricity in Zambia.	It's questionable whether the mill can produce perfectly white meal and meal that is delicate enough. Also the selling prices of 1600 euro's is way too much.	Possibly too complex. If the mill is designed for domestic use, than the output of 30 – 80 kg is too much, in that case an engine of 2,2 KW is not really necessary.	-	-	Electrical powering is a big weakness, because in remote rural areas, where there is definitely a need for hammer mills, people have no access to electrical power at all.
Market Opportunity of the Mill in Zambia	The mill is suited for domestic use or for use in women's cooperatives. By using the mill, processing maize into meal is physically less exhausting on women than processing maize by using a pestle and mortar.	There is a market opportunity in Zambia if Hommill can find a way to cooperate with local entrepreneurs or local Zambian marketing companies.	Not too optimistic about it, there could be a niche market for the mill in the beer brewing industry in Zambia.	From a technical point of view, the mill has potential, but the product may be too complex.	It's difficult to say, but I would say, the question who could afford the mill and how the target group of potential end – users could be reached.	The lack of access to electricity in a country like Zambia can reduce the market opportunity of the mill and its potential for success considerably.	There is definitely a need for hammer mills in rural areas in Zambia. But the places where hammer mills are needed the most, are the ones where there is the least access to electricity. The mill could be suited for large families (4-100 persons) or women's cooperatives located nearby large cities. The mill is too large – scale for domestic use.
Difficulties in Marketing the Mill in Zambia	Local markets in Sub – Saharan Africa are difficult to oversee and difficult to reach,	Most people in the Netherlands will consider the mill as a hobby – machine,	-	The costs of the machine and the costs incurred for using the	Again, who could afford the mill and how could the ones that can	The lack of electricity supply in Zambia and the	Price, lack of electricity in areas where hammer mills are needed the most.

	mainly due to a lack of funds.	while local residents in developing countries could actually benefit more from the mill than from larger – scale mills.		machine are difficulties in marketing the Homill hammer mill in Zambia. Again, the product can also be too complex to use and maintain.	afford it be reached?	price of the product.	
How to Market the Mill?	Trough cooperation with UN – organizations, NGO's and microcredit – organizations.	First, producing it in the Netherlands, if it becomes a success, producing components in Zambia itself.	The whole production process of the mill should take place in Zambia, there are numerous local Zambian enterprises which could produce the mill locally.	The whole production process should take place in Zambia, because then the product is accepted easier because it is not seen as just another Western technology.	-	-	Ideally, the mill should be produced locally, because in that way employment will be provided for local Zambians, also the technical knowledge of people regarding the mill would be much greater in that way.
The Homill – Hammer Mill, Success or Not?	No idea, it's a lot more difficult to market the mill than expected beforehand though.	The mill could be a success in Zambia if the right marketing channels are selected and used	Only one way to find out, place the mill near its target population, in that way one could find out in less than a day whether the product could be a potential success.	-	-	-	One way to find out, conduct market research in Zambia itself by testing the mill in the target market itself. Place a few mills in places where there is access to electricity, like schools or hospitals, and monitor their performance on a monthly basis for a year.
Potential Role of External Organizations in Marketing the Homill – Hammer Mill in Zambia							
Can UN – Organizations play a role in marketing the Homill – Hammer Mill in Zambia?	Yes, for example UNHCR, ILO, FAO	Probably not.	-	-	No idea.	Can't see how.	
Can NGO's play a role	Yes, for example	Traditional NGO's	One way to find out,	-	Cordaid can't play	CARE definitely	Possibly local organizations

<p>in marketing the Hommill – Hammer Mill in Zambia?</p>	<p>Cordaid, Oxfam Novib, ICCO etc..</p>	<p>can't play a role in marketing the mill.</p>	<p>by contacting NGO's like Africare and the IDRC. If NGO's are interested in the mill, than there is a good chance that they will copy the concept instead of buying it from Hommill.</p>	<p>-</p>	<p>a role in marketing the mill in Zambia. A potential NGO which could play a role is Agromisa.</p>	<p>can't play such a role, other NGO's possibly could, but this involves rather local NGO's than international NGO's.</p>	<p>could be interested in buying the mill, especially local organizations focused on promoting women emancipation.</p>
<p>Can Microcredit – Organizations play a role in marketing the Hommill – Hammer Mill in Zambia?</p>	<p>No idea which organizations specifically, just expecting that microcredit – organizations could play a role in marketing the mill because of their network and access to sufficient funds.</p>	<p>Probably not.</p>	<p>-</p>	<p>-</p>	<p>No idea.</p>	<p>Again, can't see how.</p>	<p>-</p>

Chapter 4; Results & Findings

In this chapter the results and key findings per item of the theoretical framework listed in figure 2.12. in chapter three will be presented. In other words, the data acquired through the methods described in the previous chapter, chapter three, will be coupled to the items described in figure 2.12. in chapter three. Regarding some items the data acquired was not sufficient enough to answer to present results and key findings. This is clearly stated in the sub – paragraphs where these items are discussed. The implications of the results and findings presented in this chapter in terms of the market opportunity and product potential of the Homill – hammer mill and the most suitable market entry mode of the mill will be discussed in the next chapter. In that chapter, chapter five, the sub – research questions will be answered as well as the central research question and based on that recommendation towards Homill will be presented and discussed.

4.1. Step 1; Analyze Market Opportunity

4.1.1. Present and Future Market Situations, and Trends for the Industry

In the post – 1991 period, hammer mill operations gained prominence in response to the demand for cheaper maize meal brands⁴⁴. Nowadays hammer mills can be found throughout Zambia, in both urban and rural areas. In Zambia hammer mills tend to produce as much as the industrial mills during marketing season⁴⁵. Hammer mills provide custom milling services to customers who bring relatively small amounts of maize directly to these mills. Some hammer mills in Zambia have recently started commercial milling activities and are selling their product directly to the public⁴⁶.

4.1.2. Geographic, Economic and Social Foreign Market Segments of Major Importance

4.1.2.a. Geographic Market Segments

Zambia can be classified in different ways into geographic market segments. First of all there are big differences between **urban geographical areas** and **rural geographical areas**. In the accessible urban areas the poverty rate is lower than in rural areas and the access to electricity is considerably greater than the access to electricity in rural areas. One interviewee, Father Toon Van Kessel, described the situation in the Luangwa Valley, a highly remote rural area in Zambia, as being isolated and having no access to electricity at all. This has some thorough implications for the market opportunity of the Homill – hammer mill, since it cannot be operated without a reliable source of electricity. Father Van Kessel's foundation is actually considering buying hammer mills to be operated in the Luangwa Valley, but according to him, the Homill – hammer mill is not an option because of the lack of access to electricity in the Luangwa Valley.

Also in urban areas people can buy mealie meal in local stores or process the maize themselves, while in rural areas people need to process the maize themselves into mealie meal. In general, in

⁴⁴ Technical Centre for Agricultural and Rural Cooperation (CTA), (October, 2000), *'Small – Scale Food Processing Sector in Zambia'*, CTA Working Document Number 8015.

⁴⁵ Billy Mwiinga et. al., (May, 2003), *'Enabling Small – Scale Maize Marketing and Processing to Assure Supplies of Low Cost – Staples'*, Policy Synthesis, Bureau for Economic Growth, Agriculture and Trade – Office of Agriculture and Food Security, Number 66, USAID, pp. 5.

⁴⁶ Billy Mwiinga et. al., (May, 2003), *'Enabling Small – Scale Maize Marketing and Processing to Assure Supplies of Low Cost – Staples'*, Policy Synthesis, Bureau for Economic Growth, Agriculture and Trade – Office of Agriculture and Food Security, Number 66, USAID, pp. 5.

rural areas people take their maize to a local entrepreneur who owns a mill and processes their maize into meal against a nominal fee. While this process takes place in urban areas as well, the distances that need to be travelled to a local miller are greater in rural areas than in urban areas. According to multiple interview sources, most villages in rural areas, have a local entrepreneur who operates a mill against a nominal fee, being money or maize. This does not mean however that there is no need for hammer mills in rural areas, multiple interview sources actually describe the need for a small – scale machine like the Homill – hammer mill in rural areas. This is mostly, because in rural areas still much of the maize is processed traditionally by women pounding the maize by the use of a pestle and mortar into meal. Considerable time and effort could be saved, if these women could process the maize through a hammer mill, like Homill's.

A second classification into geographic market segments involves the classification into **Agro – Ecological Zones (AE – Zones)**, these are zones classified on the criterion of amount of rainfall. Four AE – Zones are distinguished; (1) *The Least Rainfall Zone*, (2) *The Lower Rainfall Zone*, (3) *The Higher Rainfall Zone* and (4) *The Highest Rainfall Zone*. In the Higher Rainfall Zone and the Highest Rainfall zone, more maize is produced than in the other two AE – Zones and maize accounts for a larger portion of gross farm revenue. This could have important implications for determining the major geographic market segments for Homill, since one would expect that in areas where more maize is produced, more maize needs to be processed into mealie meal. But interview sources don't acknowledge this logic, they state that the fact that some geographic areas produce less maize than others, doesn't mean that no maize is consumed in those areas. After all, nshima is Zambia's staple food for a reason, it is consumed throughout the country. Therefore making a geographic segmentation based on AE – Zones is not useful, for the specific case of the Homill – hammer mill. A third classification into geographic market segments involves the classification into **provinces** or more elaborately into **districts**. Zambia consists of nine provinces and 73 districts. The nine provinces are; (1) *Central Province*, (2) *Copperbelt Province*, (3) *Eastern Province*, (4) *Luapula Province*, (5) *Lusaka Province*, (6) *Northern Province*, (7) *North – Western Province*, (8) *Southern Province* and (9) *Western Province*. The concentration of small – scale food processing activities is in urban areas. The geographical distribution of agro – processing industries in Zambia suggests that the majority of small – scale operations are located in the Lusaka Province. Central Province has the second highest distribution of these industries followed by the Southern, Copperbelt and Northern provinces⁴⁷.

4.1.2.b. Economic Market Segments

In general, the people living in urban areas have more financial resources than the people living in rural areas. Therefore more people in urban areas can afford themselves to buy mealie meal that is already processed by large industrial mills in local stores than people in rural areas. Also, the large scale – farms located in urban areas are net sellers of maize, while most small – scale farms and households in rural areas are only producing maize to meet their own consumption or are even net buyers of maize.

4.1.2.c. Social Market Segments

Traditionally, women are responsible for processing food in Zambian culture. These women process maize by pounding it by the use of a pestle and mortar into meal. This is an exhausting and time – consuming task, which could be eliminated in large part by operating a hammer mill, like the Homill – hammer mill. Since, women are responsible for processing food in Zambia, it seems that women need to be targeted when marketing the Homill – hammer mill in Zambia. In other words, women are the target group of potential end – users of the Homill – hammer mill. The target – group can be specified further by geographic segmentation. According to the discussion in section 4.1.2.a. the need for a product like the Homill – hammer mill is especially present in rural areas. Therefore the target group of end – users can be specified as being women or groups of women in rural areas.

⁴⁷ CTA, (October 2000), '*Small – Scale Food Processing Sector in Zambia*', CTA Working Document Number 8015, pp. 2.

4.1.3. Domestic and / or Foreign Government Restrictions regarding the Product

While the trade volume between the Netherlands and Zambia is relatively modest, with the volume being 57 million in 2006⁴⁸, there are no domestic (Dutch) government restrictions regarding marketing the Homill – hammer mill in Zambia. Trade relations between the Netherlands and Zambia have been developing since Zambia's independence in 1964⁴⁹.

In the decennium after its independence, the Republic of Zambia fared remarkably well, largely due to the presence of natural resources and minerals, especially copper. Copper prices were high during the 60's, 70's and 80's and exports of copper led to prosper the economy of Zambia. But this doesn't mean that everyone in Zambia could profit from the economic prosperity, poverty and large income inequalities were present and policymakers tried to counter these concerns by enlarging the role of the state in national development considerably, the state started to induce an interventionist policy. The interventionist policy involved import substitution, price controls of all major agricultural products, nationalization of manufacturing, agricultural marketing (for example the installation of Maize Marketing Boards that controlled the maize market through subsidies) and mining⁵⁰.

In the 1990's when the economic prosperity of Zambia was largely gone, because of low copper prices, the government decided to change its policy of state intervention. The reforms of the 1990's involved; (1) *the privatization of state enterprises*, (2) *the creation of capital markets*, (3) *liberalization of export trades*, (4) *elimination of non – tariff – barriers to trade*, (5) *installation of monetary and financial policies for the creation of a healthy environment for investing and production (relaxation of investment approval procedures)*, and (6) *interest – and exchange rate liberalization*⁵¹.

This liberalization effort has made it easier for foreign companies to enter the Zambian market and to set up business activities in Zambia. Especially the influence of Chinese companies in Zambia has grown over the last decade or so, a large part of the mining activities in the Copperbelt are controlled by Chinese enterprises nowadays. Also foreign companies that sell milling machines like Homill, have established themselves on the Zambian market. Nowadays, companies selling agricultural equipment from countries like South – Africa, Kenya, India, China and Great – Britain are active in Zambia. These firms will be discussed in greater detail in section 4.1.5.

4.1.4. Projected Market Sales and Profit Potentials

Too little quantitative and qualitative information is acquired in order to make an assessment of the market sales and profit potentials of the Homill – hammer mill in Zambia. For projecting market sales quantitative information regarding the demand of the mill would be needed. There is also no clear indication regarding the cost price and selling of the mill given a certain number of units to be produced. It is impossible to forecast projected sales and profit potentials without having at least some indication about demand, cost price and selling. Also no relevant qualitative information was acquired for determining projected market sales and profit potentials, the qualitative information sources identified instead describe methods to calculate the profitability of a mill for commercial use in a village or community. These information sources, '*Small – Scale Milling – A guide for development Workers*' by L. Jonsson et .al, '*Small – Scale Maize Milling*' by The International Labour Organization and '*Du Grain à La Farine – Le Décorticage et la Mouture des Cereales en Afrique de l'Ouest*' by M. Francois are describing methods to calculate how many inhabitants a certain village or community needs to have in order for a mill to be profitable in commercial use. These methods are

⁴⁸ <http://www.minbuza.nl/binaries/pdf/reizen-en-landen/betrekkingen-met-nederland/Zambia.pdf>

⁴⁹ <http://www.minbuza.nl/binaries/pdf/reizen-en-landen/betrekkingen-met-nederland/Zambia.pdf>

⁵⁰ Jorge F. Balat et. al., (2005), '*Globalization and Complementary Policies – Poverty Impacts in Rural Zambia*', Development Research Group, World Bank Group, Washington, pp. 4.

⁵¹ Jorge F. Balat et. al., (2005), '*Globalization and Complementary Policies – Poverty Impacts in Rural Zambia*', Development Research Group, World Bank Group, Washington, pp. 4.

not applicable for determining the profit potential of the Homill – hammer mill, since the Homill – hammer mill is meant for domestic use and not commercial use.

4.1.5. Competitive Products Sold in the Foreign Market and the Firms that Produce Them

4.1.5.a. Introduction

There are a lot of products on the Zambian market which are basically designed to do the same thing as the Homill – hammer mill does, namely reducing the size of cereals like maize into meal. Also there are products on the market, which involve the output of the Homill – hammer mill, namely mealie – meal, which is produced by the large industrial mills. In this section the different types of milling machines will be discussed, as well as the different types of hammer mills, in order to identify the competitive products sold on the Zambian market. Also the companies that produce these mills and are active on the Zambian market will be named and discussed.

4.1.5.b. Types of Milling Machines

Four types of milling machines can be distinguished; (1) *stone mills*, (2) *plate mills*, (3) *roller mills*, and (4) *hammer Mills*. All types of mills can be powered by different sources of power supply. In most Africa villages today, grain is either hand – pounded or milled in a small – hammer mills that runs from either a diesel engine or an electrical motor⁵², like the Homill – hammer mill. A new source of power which is being introduced into milling practices is use of photovoltaic power⁵³, or in other words, power gained from sunlight, which is of course largely available in Zambia. See appendix 4.1. at the end of this research report for an overview of the different types of milling machines.

4.1.5.c. Different Types of Hammer Mills

On the Zambian market, all sorts of hammer mills are available. These hammer mills distinguish themselves from other hammer mills on the following characteristics;

[1] Product Features; Some mills have a basic design made out of wood and are not equipped with a cyclone blower, while other mills have sophisticated design with numerous hammers or beaters and are equipped with a cyclone blower. Some mills have multiple screens or sieves, while others have just one screen or sieve. Nowadays, there are even hammer mills on the market that do not need screens to grind maize into meal, on example of such a hammer mill is the one developed by Amy Smith, from MIT⁵⁴.

[2] Power Source; Hammer mills in Zambia are mostly operated by hand, by diesel – engines or by electrical motors (driven by generators). The source of power supply is largely dependent on the scale of production.

[3] Output; Hammer mills differ greatly regarding the output ratio of meal they process. Some mills can only process as much as 10 kilograms per hour, while other mills can produce multiple tons of meal per hour. According to nearly all of the interview sources, most hammer mills that are operated in Zambia are larger – scale mills operated by primarily diesel engines, which have a larger output than the Homill – hammer mill. Therefore they think, that there could be a need for a smaller – scale machine like the Homill – hammer mill.

4.1.5.d. Industrial Mills

In the urban areas of Zambia, some large industrialized mills are being operated which process maize into meal, sold as mealie – meal in stores. These industrialized mills basically produce the end – product of milling machines like the Homill – hammer mill. Although the product processed by these

⁵² L. Johnsson et. al., (1994), *'Small – Scale Milling – A Guide for Development Workers'*, Intermediate Technology Publications, The Stockholm Environment Institute, pp. 48.

⁵³ See; E. Beshada et. al., (April, 2006), *'Design and Optimization of Voltaic Powered Grain Mill'*, Agricultural Engineering International: the CIGR Ejournal, Vol. VIII., pp. 1 – 12.

⁵⁴ <http://web.mit.edu/africantech/www/articles/Hammermill.htm>

large industrialized mills are more expensive than the meal processed by smaller – scale hammer mills, in urban areas they still form a basis of competition for products like the Homill hammer mill.

4.1.5.e. Firms that Produce Competing Products of the Homill Hammer Mill

There is little detailed information available regarding the firms that produce competing products of the Homill Hammer Mill. According to Mrs. Kumwenda from the Dutch Embassy in Lusaka, there are a lot of firms that produce hammer mills in Zambia, but the Embassy was not able to provide me with a list of those companies. Information from internet sources provided by Mrs. Kumwenda indicated though that foreign companies are also active on the Zambian market, these companies are Drotsky Mill & Mixers⁵⁵ from South Africa, CAMCO⁵⁶ from China and Alvan Blanch⁵⁷ from the United Kingdom. Alvan Blanch claims to be active on the markets in Sub – Saharan Africa for more than forty years⁵⁸.

4.1.6. Market Shares of Major Competitive Products

There is not enough sufficient data collected to be able to determine the market share of major competitive products. In order to do so, one would at least need detailed information regarding the quantities of mills sold in Zambia by type and by manufacturer. Since it was not possible to conduct the study in Zambia itself, it was clear from the start that the results of this study would depend largely on data that could be collected from secondary sources. In order to acquire information about the organizations that manufacture hammer mills and other milling products and characteristics of the market, the Dutch Agency for International Business and Cooperation (EVD) was contacted, since they state on their website that they can provide information regarding key markets in Zambia⁵⁹. The EVD gave the advice to the researcher to contact the Royal Dutch Embassy in Lusaka, cause they are the only source which could potentially provide detailed market information.

In order to acquire the information, Ms. Judy Kumwenda, the Programme Officer of Agriculture & Economic Development was contacted. Unfortunately, her search for detailed information didn't lead to the desired results. She provided the names of some foreign market players but she couldn't provide the researcher with a list of local hammer mill manufacturers, let alone information about their market shares. According to Ms. Kumwenda, there are numerous manufacturers of hammer mills dispersed throughout the country, therefore it's impossible to develop a list of all these manufacturers and the products they produce.

As stated in earlier sections, we do know that most agro – processing activities are located in urban areas, especially Lusaka. Therefore one could assume that most companies that manufacture hammer mills are located in urban areas. The principal used to work for such a company himself; Smallholder Agricultural Mechanisation Services (SAMS). It was also stated earlier that foreign companies, especially from China, are active on the Zambian market. So we know that there are various competing products of the Homill – hammer mill on the Zambian market, we unfortunately don't know how many, what types and for which selling price. In other words, there is a lack of detailed quantitative market information regarding the hammer mill industry in Zambia.

4.1.7. Competitive Products' features and Attributes in Comparison with the Firm's Product

As already discussed in section 4.1.5.c. hammer mills differ from each other regarding product characteristics. Some mills have a basic design made out of wood and are not equipped with a cyclone blower, while other mills have sophisticated design with numerous hammers or beaters and

⁵⁵ <http://www.drotsky.co.za/>

⁵⁶ <http://www.camco.cn/>

⁵⁷ <http://www.alvanblanch.co.uk/>

⁵⁸ <http://www.alvanblanch.co.uk/East%20and%20South%20Africa.htm>

⁵⁹ <http://www.evd.nl/zoeken/showbouwsteen.asp?bstnum=120490&location=>

are equipped with a cyclone blower. Some mills have multiple screens or sieves, while others have just one screen or sieve.

4.1.8. Distribution Intermediaries Used by Competitors

There is no information acquired regarding the distribution intermediaries used by competitors of Homill. Therefore no statements can be made regarding this topic.

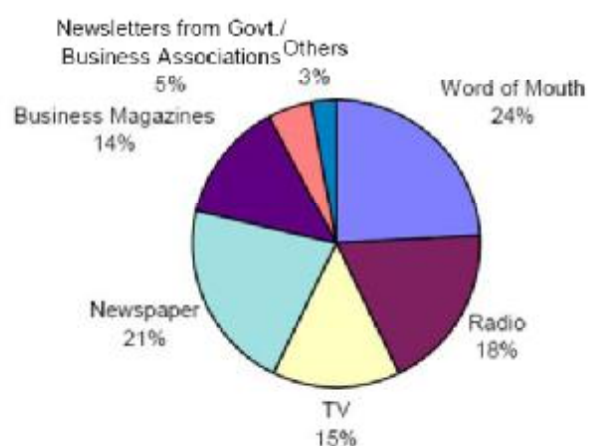
4.1.9. Prices of Competitive Products in Comparison with the Firm's Product

Little information is acquired regarding the prices of hammer mills that are sold on the Zambian market. But it's clear that there are cheaper alternatives on the market than the Homill – hammer mill. MIT for example stated has developed a hammer mill which costs approximately around 500 USD and has almost the same output as the Homill – hammer mill⁶⁰. Also, one of the interview sources, Mr. Wanders, stated that a product like the Homill – hammer mill can be produced for around € 200,-, so one can assume that when those products are sold on the market, they do not even come close to the selling price of € 1600 of the Homill – hammer mill. In this regard it's interesting to note that during the execution of this study, three organizations have contacted Homill, who were interested in buying the mill. After they received additional information regarding the price of the mill, nothing was heard from these organizations again. This is an indication for the fact that selling price is an essential factor for potential customers, when they are considering to buy the Homill – hammer mill. Taken into account the fact that cost price per unit was not considered by the principal as an essential precondition or even boundary condition during the design – and development phase of the mill, that seems to be an omission. When price is the determining factor and customers are not willing to pay an excess amount of money for higher quality (which is not even proven, only claimed by the principal), than cost price per unit should have been an essential precondition when designing – and developing the mill.

4.1.10. Promotion Activities of Competitors

As mentioned already in the previous sections, there are foreign manufacturers of hammer mills which are active on the Zambian market. These foreign manufacturers all have a website with product information, though prices are usually not mentioned, but these websites are probably not directed towards Zambia. Local manufacturers of hammer mills usually do not have a website promoting their products, which is not very surprising considering the fact that just an elite group of people has a working internet connection in Zambia. In fact marketing agricultural products in Zambia is a difficult undertaking, especially if the market for such products is located in the remote rural areas. It is very difficult to even spread market information regarding the market price of maize throughout the country to farmers, as by the Technical Centre for Agricultural and Rural Cooperation (CTA) of 1999 indicates⁶¹. In fact this study found that people receive information regarding agricultural products and other market information through multiple sources, not surprisingly word of mouth is the most used channel, especially in rural areas. Therefore it's not surprising that

Figure 4.1. Sources of Market Information in Zambia



Source; CTA, (1999), 'Small – scale Food Processing Sector in Zambia', CTA Working Document, No. 8015, pp. 71

⁶⁰ <http://web.mit.edu/africantech/www/articles/Hammermill.htm>

⁶¹ CTA, (1999), 'Small – scale Food Processing Sector in Zambia', CTA Working Document, No. 8015, pp. 65.

multiple interview sources indicated that the only way to bring the Homill – hammer mill under the attention of the potential end – users in rural areas is by bringing them into contact with the mill.

4.2. Step 2; Assess Product Potential

4.2.1. Originality of the Product and Types of Competition Likely to be Encountered From Other Products

Nearly all interview sources indicate that the Homill – hammer mill differs from other hammer mills in Zambia through its small – scaliness, other hammer mills in Zambia tend to be larger – scale machines. In other words, the differentiating factor of the Homill – hammer mill is its small – scaliness. Some interview sources indicate that the Homill – hammer mill would therefore be an excellent product for large families, where no mill is operated, or other small groups of end – users, such as schools, hospitals and orphanages. Interviewees indicate that they don't see a way for the Homill – hammer mill to be used on the household level, simply because households themselves could never afford a machine like the Homill – hammer mill. Also according to the interviewees the Homill – hammer mill also has too much capacity to be used in one household only, since it can process up to 80 kilograms of flour meal per hour. But they also state that the output of 80 kilograms per hour is not enough to process the flour mill for an entire village. According to Billy Mwiinga, the estimated mealie meal consumption is 7 kilograms per person per month⁶². Therefore a household consisting of an average of six persons only needs 42 kilograms per person⁶³. The Homill – hammer mill can produce these amount in less than an hour.

The type of competition most likely to be encountered from other products is price competition. Most people in Zambia cannot afford to buy a product like the Homill – hammer mill and the persons or organizations that can afford themselves to buy such products will most likely buy the cheapest product. The data gathered regarding the procurement procedures of UN – organizations and NGO's for example, indicate that NGO's usually buy the cheapest product available, without really considering quality aspects. So competition on quality aspects is less likely to be encountered from other products. For example, while electricity powered hammer mills are more durable than hammer mills powered by diesel engines, the mills powered by diesel engines are still widely used because the initial investment needed to buy the diesel powered mills is less than the initial investment needed to buy the electricity powered mills.

4.2.2. Competitive Strengths and Weaknesses of the Firms Product in the Foreign Market

The principles that were taken into account during the design – and development process are indeed important according to the interview sources. They describe the larger – scale mills which are mostly diesel – powered as not – durable and needing frequent maintenance and maintenance is something the users of the mills are not keen on doing. Also the fact that women are traditionally responsible for the food processing in Zambia, opt for a machine to be designed as maintenance – free as possible, because women usually don't possess the skills to execute maintenance activities, such as replacing parts. Therefore the fact that the mill is designed to be small – scale in order to be as

⁶² Billy Mwiinga et. al., (May, 2003), *'Enabling Small – Scale Maize Marketing and Processing to Assure Supplies of Low Cost – Staples'*, Policy Synthesis, Bureau for Economic Growth, Agriculture and Trade – Office of Agriculture and Food Security, Number 66, USAID, pp. 4.

⁶³ Billy Mwiinga et. al., (May, 2003), *'Enabling Small – Scale Maize Marketing and Processing to Assure Supplies of Low Cost – Staples'*, Policy Synthesis, Bureau for Economic Growth, Agriculture and Trade – Office of Agriculture and Food Security, Number 66, USAID, pp. 4.

durable as possible and as maintenance – free as possible is an appropriate consideration and the competitive strength mentioned the most by interviewees.

Although some interviewees pointed out, that whether the Homill – hammer mill is really more durable and maintenance – free than other mills operated in Zambia remains to be seen. Mr. Ab Wanders who has worked in Zambia for the International Agricultural Centre in Wageningen, pointed out that the only way to test the functioning of the machine is to place the machine in the target market and monitoring its performance. Mr. Wanders named multiple designs of agricultural equipment which looked great on paper, but which in practice turned out to be not appropriate for the market at all.

The fact that the Homill – hammer mill is equipped with a motor which is drive by electrical power is the weakness that is mentioned by the interview sources. Since electricity is not widely available in Zambia, especially not in rural areas, the target market of the mill is widely reduced by its need of a reliable electricity supply, which according to one interviewee, Father Toon van Kessel, is not even guaranteed in urban areas. While some interview sources indicate that there are aggregates available in some rural areas, they are not convinced that the Homill – hammer mill could be powered by such aggregates. According to Mr. Wanders, Homill should consider not equipping the hammer mill with a motor at all, so that local – end users are able to choose their own power supply. A widely heard comment among interviewees involves a paradigm with far going implications for Homill, the paradigm involves the following; According to interviewees, ***the market opportunity of the Homill – hammer mill is the greatest in places where people have the least access to electricity.***

Another weakness of the mill that is mentioned is its current selling price of € 1600,- without taxes and without shipping. According to Mr. Wanders, producing a machine like the Homill – hammer mill on the local Zambia market shouldn't cost more than € 200,-. Father Van Kessel stated that with the current price of € 1600,- it would take a considerable amount of time before an investment to buy the machine is paid back. For that amount of money large quantities of maize could be bought.

Lastly, one interviewee, Mr. Wanders, named another potential weakness of the Homill – hammer mill, this weakness involves the traditional food preferences by local Zambians. According to Mr. Wanders most villages in rural areas have a mill which is operated by a local entrepreneur. Inhabitants of the village and possible inhabitants of other villages take their maize to these local mills and process their maize for a nominal fee. Usually the people living in rural areas traditionally want to process their maize into white flour (*ufo*). In order to get an output of white flour, before or during milling, the germ of the maize needs to be separated from the bran of the maize, a process called dehulling. According to Mr. Wanders the local millers in villages have the equipment to dehull the maize during the milling process in order to produce white flour as output. It's questionable according to Mr. Wanders whether people will consume the 'yellow' flour meal that is processed by the Homill – hammer mill. Of course it's possible to get white flour as output with the Homill – hammer mill, but then the maize needs to be dehulled beforehand.

4.2.3. Needs Served by the Product in the Foreign Market

The Homill – hammer mill is primarily designed to grind maize into meal, which can be cooked into nshima. But the mill is able to grind other kinds of cereals and seeds as well, although the performance and output of the machine is influenced by the moisture content of the seed in question. Therefore one can state that the primary need served by the Homill – hammer mill in the Zambian market is the need to process seeds into meal by dry – milling the seeds.

The second important need served by the Homill – hammer mill in Zambia is that the mill could significantly simplify the physically tough food processing tasks, that are executed by women in rural areas every day. According to a calculation by Amy Smith, a researcher of the MIT, who developed a hammer mill herself for application in Southern African countries, it takes women about 30 minutes

to grind a kilogram of flour by hand⁶⁴, while it takes about a minute to grind the same amount of flour by using a motorized mill, like the Homill – hammer mill. Therefore, applying the mill could prevent these women from executing their back – breaking grinding activities.

Also when women process their maize by taking it to local millers, they often have to cover a large distance to get to those millers in the first place. According to Amy Smith's research in some case *'people have to travel from 4.00 o'clock in the morning and return at 9.00 or 10:00 in the evening'*⁶⁵. When women could have access to a small – scale hammer mill like the Homill – hammer mill, they could process their flour meal themselves, without having to travel hours while carrying large amounts of maize along the way.

4.2.4. The Effect of Higher Production Volumes and / or Larger Manufacturing Runs on Unit Costs

The current selling price of the Homill – hammer mill is € 1600,- without any taxes and without shipment. According to the principal for this selling price he's just breaking even or making a small profit. He doesn't know how much the unit cost of the Homill – hammer mill exactly is, because he made the machine himself and he doesn't know what cost to calculate for his own labor input. So the current selling price of the Homill – hammer mill is based on direct costs, or more specifically material costs, for example the costs of the electrical motor. The principal could calculate his own labor input relatively easily by (1) keeping track of the actual labor hours needed to produce one mill and (2) multiplying that with a presumed fixed rate (x) per labor hour, for example € 20,- per hour.

Based on his own experience the principal estimated the hammer mill could be produced for around € 400,- when it could be produced on a larger scale, especially when it could be produced in Zambia. In that case the selling price of the machine would be € 800,- with a margin of € 400, , which is a 100% margin.

Since, there was no detailed information provided by the principal regarding the construction of the unit cost and the selling price of the Homill – hammer mill, no calculations could be made regarding the actual effect of higher production volumes or larger manufacturing runs on unit costs. However one can assume that higher production volumes of the mill would have a positive effect on unit costs and the selling price, because larger quantities of material could be bought in for lower prices. For example, the principal stated that the electrical motor, which powers the hammer mill, could be bought in for a fairly low price from countries like Slovenia.

Many of the interviewees indicated that eventually the Homill – hammer mill should be produced locally in Zambia. Because of substantially lower costs for labor and materials in Zambia, the Homill – hammer mill could be produced locally for around € 200, - according to Mr. Wanders. Furthermore the transportation costs of the hammer mill would be substantially lower, when it is produced locally in Zambia off course.

4.2.5. Use Conditions in the Foreign Market

Mr. Wanders was the only interviewee who expressed some concerns regarding the Homill – hammer mill meeting use conditions in Zambia. According to Mr. Wanders, before the maize is milled in rural areas, it's usually laid down on to the sand to dry. When this maize would be put into Homill – hammer mill directly, then stones and other trash could come into the machine thereby damaging parts of the machine which would reduce the durability of the machine considerably.

⁶⁴ <http://web.mit.edu/africantech/www/articles/Hammermill.htm>

⁶⁵ <http://web.mit.edu/ats/Projects/tools-screenless%20hammer%20mill/t-shm.html>

4.2.6. Adapting the Product for the Foreign Market, Necessary or Not?

Homill has already made some necessary adaptations regarding the mill, so that the mill can function in Zambia. According to the principal the mill is able to run on the electric grid in Zambia (220 – 240 volts). Also according to the principal the mill is made of material which are available on the local Zambian market if parts need to be replaced. Lastly, the principal is considering delivering the mill with a service kit consisting of spare parts and spare tools and an instructors manual.

Some interview sources indicated though that there could be some problems with marketing the mill in Zambia, in its current form. Mr. Wanders indicated that he is not sure whether the mill can run on electricity supplied by aggregates. Another interviewee with a technical background, Mr. Alferink had some concerns about the complexity of the mill, in his opinion it might be too complex for local Zambians to use. Also he and Mr. Wanders were not sure whether the claim of the principal that broken parts are accessible on local markets is valid. This leads us back to one of the recurring statements heard during the interviews; the only way to find out whether the mill needs to be further adapted to the Zambian market or not, is by testing the mill in Zambia itself.

Regarding product image, Mr. Alferink made an interesting comment as he stated that local inhabitants of developing countries are not very keen on using machines provided to them by Western – Countries, because they refuse to adapt to the western technologies which are being forced on them. Therefore it would be better to produce the mill in Zambia itself, in that way local inhabitants will adapt to the technology much easier.

4.2.7. The Appropriateness of the Quality of the Product for the Foreign Market

Most interview sources indicated that the only way to determine the appropriateness of the Homill – hammer mill in the Zambian market is to test the product in Zambia itself. One interview source, Mr. Wanders indicated, that he was not sure whether all parts of the Homill – hammer mill could be produced locally in Zambia. He was most worried about the sieves, according to him these would be difficult to produce in rural areas in Zambia.

4.3. Step 3; Establish Market Entry Mode

4.3.1. Market Entry Through UN – organizations

4.3.1.a. Introduction

One of the external organizations considered by the principal to be possible able to market the Homill – hammer mill in developing countries are UN – organizations. Since the UN consist of a system of 21 separate organizations, only organizations whose activities are focused on agricultural issues will be discussed in this section. There are two UN – organizations which are organized around the topic of agriculture; the International Fund for Agricultural Development and the Food and Agricultural Organization (FAO).

4.3.1.b. The International Fund for Agricultural Development

The IFAD is a specialized agency of the UN whose mission is to enable empower poor rural women and men in developing countries to achieve higher incomes and improved food security. In order to achieve this the IFAD will ensure that poor rural people have better access to, and skills and organization they need to take advantage of⁶⁶;

- Natural resources, especially secure access to land and water, and improved natural resource management and conservation practices
- Improved agricultural technologies and effective production services

⁶⁶ All six elements derived from; <http://www.ifad.org/governance/index.htm>

- A broad range of financial services
- Transparent and competitive markets for agricultural inputs and produce
- Opportunities for rural off farm employment and enterprise development
- Local and national policy and programming processes

The IFAD currently has ten running projects in Zambia with loans totaling over 135.1 million USD on project funding. The primary objective of IFAD's operations in Zambia is to support the commercialization of smallholder agriculture, in particular by creating links between small scale farmers and suppliers and market intermediaries, and by improving the availability of rural financial services to small scale farmers. Because women are largely responsible for food production and income generation within their households, women have a key role in IFAD's programs and projects, which are oriented towards reducing poverty by generating income⁶⁷.

4.3.1.c. Food and Agricultural Organization of the UN

The Food and Agricultural Organization of the UN is striving for food security for all⁶⁸. The FAO has expertise in Zambia regarding (1) *natural resources*, (2) *the economic situation*, (3) *the agriculture sector*, (4) *the forestry sector*, (5) *the fishery sector* and (6) *technical cooperation*⁶⁹. Also the FAO has eight projects which are currently running in Zambia⁷⁰.

4.3.2.c. Procurement Procedures of the UN

After attending a presentation by an employee of the United Nations Procurement Division during the VN – Inkoopdagen on the 16th of May in Den Haag, it was soon clear that Homill couldn't possibly market its product through UN – organizations. During the presentation the employee stated that the UN usually buys in the goods that are priced the most competitively. Since the UN can buy – in its products worldwide, one can assume that there are cheaper hammer mills on the market than the Homill – hammer mill. Also the employee stated that the procurement process of the UN can take up to several years and that even the businesses that acquire the most contracts from the UN acquire just 10% of the contracts they are applying for. Also there is no possible negotiating regarding the terms of contract with the UN, these standard contract entails provisions which cannot be met by a small company like Homill, which is just setting up its operations. Therefore Homill should not waste any time and energy in trying to sell its product to UN – organizations.

4.3.2 Market Entry Trough Non – Governmental Organizations (NGO's)

4.3.2.a. Traditional Dutch NGO's

Introduction

Cordaid, ICCO, Oxfam Novib and Hivos are considered by the principal to be the traditional Dutch NGO's. When the principal developed the Homill – hammer mill he considered these NGO's to be able to play a role in the marketing of the Homill – hammer mill in Sub – Saharan developing countries. Therefore data was collected about these organizations in order to assess whether these organizations could actually play a part in the marketing of the Homill – hammer mill in Zambia. The result are presented per NGO in the following sections. See appendix 4.2. for some key information regarding the traditional Dutch NGO's contacted.

Cordaid

Based on data from Cordaid's website and the interview and talks held with a representative of Cordaid, Ms. Jaqueline Leemkuil, Cordaid can't play a role in the marketing of the Homill – hammer

⁶⁷ Whole section derived from; <http://www.ifad.org/english/operations/pf/zmb/index.htm>

⁶⁸ <http://www.fao.org/about/mission-gov/en/>

⁶⁹ <http://www.fao.org/countryprofiles/index.asp?lang=en&ISO3=ZMB>

⁷⁰ <http://www.fao.org/countryprofiles/index.asp?lang=en&subj=7&iso3=ZMB>

mill in Zambia or any other developing country. First of all, Cordaid doesn't have any running agricultural projects in Zambia at the moment. Secondly, development projects of Cordaid are not carried out by Cordaid itself, instead Cordaid has a network of local partner organizations which have the authority to make decisions regarding the procurement of products like the Homill – hammer mill themselves. Furthermore, procurement of goods and services is based on the lowest price. Lastly, Cordaid does cooperate with private – sector organizations like Homill, but this collaboration is mostly based on projects regarding Corporate Citizenship. In most cases private – sector organizations offer their knowledge, resources and networks to Cordaid.

Oxfam Novib

Based on data from Oxfam Novib's website and talks held with Mr. Wouter Bolding from Oxfam Novib, Oxfam Novib cannot play a part in marketing the Homill – hammer mill in any possible way. Oxfam Novib is conducting its development projects in developing countries through a network of 850 local partner organizations who are free to buy – in goods and services themselves. Oxfam Novib expects partner organizations to buy – in goods, services and advice based on their own needs. While partner organizations have the authority to buy – in product and services themselves, they have to be able to justify their procurement choices. While Oxfam Novib's Netherlands Division can't directly influence the actions of their partner organizations in Zambia, their activities go further than just monitoring the performance of local partner organizations though. They are also engaged in a constant critical dialogue with partners in order to assess opportunities and risks regarding procurement and regarding possible collaborations with companies like Homill.

The Oxfam Novib method of operations is based on the assumption that inhabitants of developing countries like Zambia, are the ones that are the most able to determine the things that need to be changed regarding their living conditions. That's why Oxfam Novib is conducting its activities through local partner organizations. According to Mr. Bolding, the best way to market the Homill – hammer mill in Zambia is to present it to the local partner organizations of Oxfam Novib in Zambia itself. In order for the local partner organizations to be able to make an assessment of the Homill – hammer mill, the mill needs to be transported to the Zambian market, so that the hammer mill comes under the attention of the local partner organizations.

Hivos

Just as Cordaid and Oxfam Novib, Hivos doesn't execute development projects in developing countries themselves. Instead Hivos supports a network of 800 local partner organizations in the developing countries it has activities. The basic assumption for executing development projects through local partner organizations is very similar to that of Oxfam Novib, Hivos believes in the creativity and capacity of local inhabitants of developing countries. In Zambia alone, Hivos supports 18 local partner organizations⁷¹. Therefore Cordaid could potentially play a role in marketing the Homill – hammer mill in Zambia and other developing countries.

Based on talks held with Mrs. Marijke Haanraads from Hivos, Hivos can't help Homill in marketing the Homill – hammer mill in developing countries in any way. Hivos' method or operations isn't any different than that of Cordaid and Oxfam Novib. Furthermore, in Mrs. Haanraads opinion there isn't any Dutch NGO which could play a role in marketing the Homill – hammer mill in developing countries, simply because most Dutch NGO's are not directly involved in executing development projects themselves. Instead they support local partner organizations which are authorized to buy – in goods and services themselves. Therefore Homill should promote the Homill – hammer mill to local partner – organizations in Zambia directly.

⁷¹ <http://www.hivos.nl/dut/content/view/full/96/%28sector%29/-1/%28country%29/10000023>

ICCO

According to the website and a statement by a representative of ICCO, Ms. Jenny Botter, ICCO currently has no running operations in Zambia⁷² and the partner organizations that are supported by ICCO in Sub – Saharan Africa are mainly focused on democratization and rebuilding peace. Therefore ICCO does not have the network to help marketing the Homill – hammer mill in Zambia and Sub – Saharan Africa in any way.

4.3.2.b. Other NGO's

Introduction

In this section result regarding other NGO than the traditional Dutch NGO's are presented. First of all, Stichting Het Groene Woudt, a foundation which has bought two Homill – hammer mills, was targeted, because it was interesting to know what the main reasons of this foundations were for buying the Homill – hammer mill, for which use the hammer – mills is bought etc.. Secondly CARE Netherlands, Agromisa and Connect International were contacted, because these organizations were named by other representatives of NGO's as potentially able to play a role in the marketing of the Homill – hammer mill in Zambia. Agromisa was named by Ms. Jaqueline Leemkuil from Cordaid, CARE Netherlands was named by Mr. Wouter Bolding of Oxfam Novib and Connect International was named by Mr. Meinderd Witvliet from Stichting Het Groene Woudt. See appendix 4.3. for some key information regarding the NGO's contacted.

Stichting Het Groene Woudt

Stichting Het Groene Woudt has bought two Homill – hammer mills for application in a Masai – village in Tanzania. Mr. Meindert Witvliet, the managing director of Stichting het Groene Woudt considers the Homill – hammer mill to be a better investment than the larger – scale mills which can be found throughout Sub – Saharan Africa. Those mill consume much energy, while energy is scarce in developing countries like Zambia. Mr. Witvliet stated that in his opinion traditional NGO's can't play a role in marketing the Homill – hammer mill in Zambia and other developing countries. According to him, NGO's are thinking traditionally and will therefore consider the Homill – hammer mill to be a hobby machine. Instead Homill attempt trough market the Homill – hammer mill trough local Zambian entrepreneurs or larger companies.

CARE Netherlands

CARE Netherlands could not play a role in marketing the Homill – hammer mill in Zambia or other developing countries. According to Mr. Camille Fontijn, the actual execution of CARE's development projects is in the hands of local headquarters and local partner organizations. These headquarters and local partner organizations buy – in their goods and services themselves based on a procurement procedure which is internally installed by CARE. CARE Netherlands has no influence whatsoever on the procurement of CARE divisions in other countries. CARE does cooperate with private – sector organizations, but usually these private – sector organizations support the activities of CARE, rather than CARE supporting the activities of private – sector organizations. NGO's could play a role in marketing the Homill – hammer mill in developing countries, but this involves local NGO's instead of NGO's that are operating internationally, like CARE.

Agromisa

Based on its mission statement one would expect that Agromisa could help in Homill in assessing the product potential and market opportunity of its product since Agromisa claims to have knowledge about sustainable small – scale agriculture in rural areas and wants to collaborate with other organizations. Therefore Agromisa was contacted in order to assess if they could help in determining the market opportunity and product potential of the Homill – hammer mill. During phone calls with

⁷² <http://www.icco.nl/delivery/main/nl/doc.phtml?p=Landen>

Ir. Roy Keizer it became apparent that Agromisa could possibly help Homill in assessing the market opportunity and product potential of its product, but they would charge Homill a considerable amount (up to 300 euro's a day). This information was referred to the principal, who decided not to make use of the services of Agromisa.

Connect International

After a phone conversation with the managing director Mr. Tom De Veer it soon became evident that Connect International couldn't / wouldn't play a role in marketing the Homill – hammer mill in Zambia. First of all Mr. De Veer was not convinced of the need for a machine like the Homill – hammer mill in rural areas in Zambia. According to him, there are large – scale mills available to which people can take their maize to be processed, it didn't occur to Mr. De Veer that these people had a problem with this method of food processing. Furthermore, Connect International is mainly supporting projects where pumps are installed to improve the water supply in rural areas in Zambia, they have no expertise regarding hammer mills at all. Also Connect International does not have the funds to help Homill in marketing the Homill – hammer mill in Zambia.

4.3.2.c. Further Dutch Development Cooperation Initiatives in Zambia

NGO's present at the Zambia – day at the Ministry of Foreign Affairs

During the Zambia – day organized by the Werkgroep Zambia on the 4th of July, more than thirty small – scale NGO's were present to discuss issues regarding development cooperation in Zambia in three workshops (see appendix 4.4. for a list of the organizations and the locations they are at). One of the workshops focused on community development. During these workshop it became clear how small – scale Dutch NGO's operate in regard to the larger – scale traditional NGO's. Based on this information some similarities and differences between small - scale and larger – scale NGO's became apparent.

First of all, the main difference between small – scale NGO's and larger – scale NGO's is that the smaller scale NGO's are directly engaged in executing development projects. These projects are focused on one specific topic (for example creating ICT – networks) in one specific area (for example Macha). The community development projects conducted by the small – scale NGO's are focused on (1) *food security*, (2) *creating access to markets for farmers*, (3) *setting up small – scale business activities*, (4) *education*, (5) *ICT – services*. Some of the small – scale NGO's present during the workshop were focusing their activities on one topic, they are rather focusing their activities on multiple topics, in other words they are pursuing a holistic approach. A much heard comment during the workshop from these organizations was that it is much better to support multiple project areas than to support just one area, because all focus areas are related. For example, one cannot set – up local businesses without providing proper education to the ones that have to conduct business activities.

Secondly, the main similarity between small – scale NGO's and larger – scale NGO's is that small scale NGO's are also ensuring the assumption that development initiatives need to be originating from Zambians themselves. A much heard comment during the workshop was that local leaders need to be involved in development projects, if those project opt to be successful, because local leaders are the ones that can facilitate the change often needed for development projects to succeed. More and more development projects are therefore focused on supporting the local Zambian initiatives. Other small – scale NGO's work through a local network of key actors and state that the quality of people in Zambia is high, so these people can facilitate development projects themselves with a little support.

During the workshop it became apparent that the people working for the smaller – scale NGO's are actually working on the field and therefore have much more knowledge regarding conditions in the field than the representatives of larger – scale NGO's, whose representatives generally had no idea

what a hammer – mill is. Flyer swere spread among the participants of the community development – workshop, so participants could promote the Homill – hammer mill on the field. After the Zambia – day, on the 5th of July, more than 30 people watched the clip of the Homill – hammer mill which was based on youtube and one small – scale NGO’s actually contacted the principle because it was interested in buying the hammer mill. After inquiries regarding selling price and product characteristics were provided by the principal, this NGO seemed to lose its interest in buying the mill.

Projects of the Royal Dutch Embassy in Zambia

During the Zambia – day a form was handed out which listed the projects conducted by the Embassy in Lusaka and also the criteria for funding of projects conducted by other organizations (see appendix 4.5.) According to the form, the Embassy has no currently running projects in Zambia regarding hammer mill, though there is one running project regarding maize mills in Malawi, a small neighbor country of Zambia. It is also apparent from the form that it would be difficult for Homill to come into the picture for acquiring a subsidy from the Embassy. For example, one of the criteria’s for acquiring the fund states that the project to be funded needs to be based on a small – scale local initiative originating in the community or agency involved. This is clearly not the case with Homill. Also it is questionable whether the Homill – hammer mill could be implemented in the Zambian community by using local goods and materials, which is another listed criteria on the form presented in appendix 4.5..

4.3.3. Market Entry Through Microcredit Organizations

4.3.3.a. Introduction

In order to determine whether microcredit institutions could play a role in marketing the Homill – hammer mill in Zambia and possibly in other developing countries, first one needs to explore the concept of micro – financing into greater detail, since micro – credit is one of the elements of micro - financing.

4.3.3.b. Micro - Financing

Micro – financing is basically a method to provide the poor with a range of financial services that are convenient, flexible and affordable. Micro – financing does not only involve loans (microcredit), under circumstance it can involve other financial service as well, like savings, insurance and cash transfer services. The concept of micro – financing can be further described by exploring the eleven key principles of micro – financing as developed by the CGAP, the global resource center for microfinance standards, operational tools, training and advisory services. The eleven principles are the following⁷³;

- [1]** *Poor people need a variety of financial services, not just loans. In addition to credit, they want savings, insurance, and money transfer services.*
- [2]** *Microfinance is a powerful tool to fight poverty. Poor households use financial services to raise income, build their assets, and cushion themselves against external shocks.*
- [3]** *Microfinance means building financial systems that serve the poor. Microfinance will reach its full potential only if it is integrated into a country’s mainstream financial system.*
- [4]** *Microfinance can pay for itself, and must do so if it is to reach very large numbers of poor people. Unless microfinance providers charge enough to cover their costs, they will always be limited by the scarce and uncertain supply of subsidies from governments and donors.*
- [5]** *Microfinance is about building permanent local financial institutions that can attract domestic deposits, recycle them into loans, and provide other financial services.*
- [6]** *Microcredit is not always the answer. Other kinds of support may work better for people who are so destitute that they are without income or means of repayment.*

⁷³ All principles derived from; <http://www.cgap.org/p/site/c/template.rc/1.9.2747>

[7] *Interest rate ceilings hurt poor people by making it harder for them to get credit. Making many small loans costs more than making a few large ones. Interest rate ceilings prevent microfinance institutions from covering their costs, and thereby choke off the supply of credit for poor people.*

[8] *The job of government is to enable financial services, not to provide them directly. Governments can almost never do a good job of lending, but they can set a supporting policy environment.*

[9] *Donor funds should complement private capital, not compete with it. Donor subsidies should be temporary start-up support designed to get an institution to the point where it can tap private funding sources, such as deposits.*

[10] *The key bottleneck is the shortage of strong institutions and managers. Donors should focus their support on building capacity.*

[11] *Microfinance works best when it measures—and discloses—its performance. Reporting not only helps stakeholders judge costs and benefits, but it also improves performance. MFIs need to produce accurate and comparable reporting on financial performance (e.g., loan repayment and cost recovery) as well as social performance (e.g., number and poverty level of clients being served).*

4.3.3.c. Microcredit – Organizations

As shown in the above section, microcredit is just one part of micro – financing which involves all kinds of financial services provided to the poor. The term microcredit is generally used to describe the small loans provided to people with little financial resources and their small – scales businesses. These poor people cannot gain access to financial resources through traditional commercial banks and have therefore now chance to strengthen their financial basis. Through microcredits poor people can strengthen their financial basis by applying for small loans which they need to pay back during the pre – determined payback period. It’s important to note that a microcredit is a loan and not a grant, where borrowers need to pay back their initial loan and a small interest rate so that the loan amount can then be provided to another borrower. Microcredits are provided based on applications by poor people or groups of poor people themselves. The applications are reviewed by representatives of the microcredit – organizations that provide microcredit.

Based on the concept of microcredit there is no ground to assume that microcredit – organizations like Oikocredit (the largest micro – credit institution of the world) could help in marketing the Homill – hammer mill in Zambia and in developing countries. Microcredit – organizations are not focused on promoting products, instead they provide very small loans (usually between 10 and 500 euro’s) to poor local entrepreneurs. Homill, could only profit from microcredit – organizations when a group of local Zambian entrepreneurs, for example groups of women, apply for a loan to be able to buy the Homill – hammer mill and use the Homill – hammer mill for commercial activities so that they can pay back the loan in time. But for these women to be able to do so, they first must have knowledge about the existence of the Homill – hammer mill in the first place.

What is also important to note is that NGO’s have established micro – financing activities to. The traditional organizations Cordaid⁷⁴, Oxfam Novib⁷⁵, Hivos⁷⁶ and ICCO have all started micro – financing schemes to support small – scale local entrepreneurs in developing countries. In the talks and interviews held with representatives of these NGO’s representatives didn’t indicate once that micro – financing could be a way to market the Homill – hammer mill in Zambia. Which is not surprising because the micro – financing they provide are usually directed towards the poorest people. Cordaid for example loans entrepreneurs who want to set – up their own business an amount of € 85, which has to be repaid within a year, in weekly terms. The amount of € 85 is of course nowhere near the current selling price of the Homill – hammer mill of € 1600, .

⁷⁴ http://cordaid.nl/Ons_werk/Programma's/10_Microfinanciering_.aspx?mld=10812&rid=720

⁷⁵ http://www.oxfamnovib.nl/id.html?id=PROJ_GIDS&lang=&action=zoeken®io=0&land=0&thema=406&term=

⁷⁶ <http://www.hivos.nl/index.php/dut/Over-Hivos/Hivos-werkvelden/Financiele-diensten-bedrijfsontwikkeling/Microfinanciering.-Een-toekomst-kun-je-lenen>

Chapter 5; Conclusion and Recommendations

First of all it should be pointed out that the results of this study were limited through a lack of access to significant quantitative information regarding key aspects of the Zambian market, like sales numbers and market shares. Therefore it is impossible to draw any conclusions based on quantitative data. Instead in this section the most important conclusions based on the qualitative data acquired through the literature study, through the talks and interviews held with representatives of NGO's, technically oriented persons and volunteers and through the immediate participative observation by the researcher will be presented. The conclusions will be presented in the same sequential order as the research questions, meaning that paragraph 5.1. will discuss the most important conclusions regarding the market opportunity and market potential of the Homill – hammer mill in Zambia. Similarly paragraph 5.2. will discuss the most important conclusions regarding the possible market entry modes of the Homill – hammer mill in Zambia. Based on the conclusions presented in paragraphs 5.1. and 5.2. in paragraph 5.3. the central research question will be answered, thereby assessing which international marketing strategy would be the most suitable to market the Homill – hammer mill in Zambia successfully. Finally this chapter concludes with a discussion of six recommendations of the researcher towards Homill, these recommendations will be based on the conclusions discussed in the previous paragraphs.

5.1. Conclusions Regarding the Market Opportunity and Product Potential of the Homill – Hammer Mill in Zambia

Based on the discussion of results in the previous chapter, important conclusions can be drawn regarding *(1) the potential group of end – users of the Homill – hammer mill in Zambia, (2) the potential competitors of the mill on the Zambian market, (3) the strengths and weaknesses of the mill affecting its market opportunity and potential.* The conclusions regarding these topics will be presented in sub – paragraphs 5.1.1. – 5.1.3. The paragraph will conclude with a discussion of the implications of the conclusion drawn in the previous sub – paragraphs for the market opportunity and product potential of the Homill – hammer mill in Zambia in sub – paragraph 5.1.4.

5.1.1. The Potential Group of End – Users of the Homill – Hammer Mill in Zambia

The potential target group of end – users of the Homill hammer mill involves the people who are living in rural areas in Zambia. Since women are traditionally responsible for the processing of food in those areas, marketing activities should be directed directly at women or women's cooperatives. With its current output of 30 – 80 kilograms per hour the machine is too large – scale to be used in a single household. The output of 30 – 80 kilograms per hour is too small – scale to process the maize for an entire village though.

5.1.2. The Potential Competitors of the Homill – Hammer Mill in Zambia

Industrial mills, and other local millers are the main competing products of the Homill – hammer mill. In urban areas people can buy mealie meal which is produced by the large industrial mills in local stores. In rural areas people can usually take their maize to a local entrepreneur who operates a mill, in most cases a hammer mill, who will process their maize into flour meal for a nominal fee, either maize or money. The Homill – hammer mill distinguishes itself from other mills which can be found on the Zambian market by its small – scaliness. Other hammer mills in Zambia tend to be larger – scale and are usually driven by diesel engines.

5.1.3. The Strengths and Weaknesses of the Homill – Hammer Mill Affecting its Market Opportunity and Potential

The small – scalability of the mill is considered to be the major strength of the Homill – hammer mill by respondents. The major weakness of the mill is considered to be its electrical power source, since electricity is scarce in Zambia, especially in rural areas. This is a major problem, since women or women’s cooperatives in rural areas in Zambia are mentioned as the target group of potential end – users of the Homill – hammer mill. Therefore the fact that the Homill – hammer mill is equipped with an electrical motor is definitely reducing its market opportunity in Zambia. In fact there is a paradigm in place; the market opportunity of the Homill – hammer mill is the greatest in areas where people have the least access to electricity.

Next to the electrical power source, the price of the Homill – hammer mill is considered by respondents as the main weakness of the machine. Cheaper products are available on the market, the hammer mill developed by MIT costs only 500 dollars for example.

5.1.4. Implications of the Conclusions for the Market Opportunity and Product Potential of the Homill – Hammer Mill in Zambia – Answering Sub – Research Question 1

The potential target market of end – users of the Homill – hammer mill indeed involves the people living in rural areas in Zambia, more precisely women’s cooperatives. This is an important statement since the principal designed the machine for this target group. The application of the mill on a household level seems impossible since the access to electricity in rural areas of Zambia is not available on a household level, since the output of the mill is too much for a single household and since the mill is so expensive that local Zambian residents can’t afford it. Furthermore an application of the mill on community level seems also impossible, because in that case the output of the mill is not sufficient enough and there are local millers active on community levels who can grind maize for a nominal fee. Instead large families (consisting of around 100 persons) living in villages nearby large cities are named by interviewees as the target market of the Homill – hammer mill in Zambia. The mill could also be suited for use in hospitals, schools and orphanages, institutions where there is usually access to a reliable source of electricity. These institutions are easier to track down and target than people living in rural areas in general and women’s cooperatives in specific.

The two factors limiting the market opportunity and product potential of the Homill – hammer mill in Zambia are its electrical power source and its selling price. A reliable electricity source is very scarce in the rural areas in Zambia, which is a problem since the potential end – users of the mill are located in those areas. The price is a problem since there are cheaper alternatives on the market than the Homill – hammer mill. The fact that price was not one of the factors considered during the design – and development phase of the mill, was in that case a mistake, price should have been incorporated as a boundary condition during the design and development phase, since one could wonder whether local Zambians and also NGO’s are willing to pay for extra quality, or that they are satisfied with the quality of the cheapest option available on the market. Input from the potential end – users of the mill is much needed to assess this question, that’s why most of the interview sources indicate that the only way to assess the market opportunity of the mill is by bringing it into contact with the potential end – users.

Sub – Conclusion 1: *It is doubtful whether there is a market for the Homill – hammer mill in Zambia, but if there is a market for the Homill – hammer mill then this market is located in rural areas in Zambia. Large families (consisting of +- 100 persons), hospitals, schools and orphanages are the potential end – users of the mill. Factors restricting the market opportunity and product potential of the Homill – hammer mill are its electrical power source and its current selling price. Input from the potential end – users themselves is needed to assess the market opportunity and product potential of the Homill- hammer mill in greater depth. See sub – paragraph 5.4.1. for recommendations regarding the topic of market opportunity and product potential.*

5.2. Conclusions Regarding the Possible Market Entry Modes of the Homill – Hammer Mill in Zambia

Based on the discussion of results in the previous chapter, important conclusions can be drawn regarding (1) *the potential possibility to market the Homill – Hammer Mill in cooperation with UN – Organizations*, (2) *the potential possibility to market the mill in cooperation with NGO's* and (3) *the potential possibility to market the mill in cooperation with microcredit – organizations*. The conclusions regarding these topics will be presented in sequential order in sub – paragraphs 5.2.1. – 5.2.3. The paragraph will conclude with a discussion of the implications of the conclusion drawn in the previous sub – paragraphs for the possible market entry modes of the Homill – hammer mill in Zambia in sub – paragraph 5.2.4..

5.2.1. Marketing the Homill – Hammer Mill in Cooperation with UN – Organizations

The Homill – hammer mill cannot be marketed through UN – organizations, because these organizations have complicated procurement processes with an exquisite list of terms where small organizations like Homill have little chance to be selected as supplier of goods. Even the most successful organizations have just 10% chance of getting selected as supplier.

5.2.2. Marketing the Homill – Hammer Mill in Cooperation with NGO's

The Homill – hammer mill cannot be marketed through the traditional Dutch NGO's. These have a supportive role instead of an active one regarding the execution of development projects. They execute development projects through their large network of local partner organizations based on the assumption that local inhabitants of developing countries are the ones best able to decide on what needs to be changed regarding their own situation. These local partner organizations have the authority to buy – in their goods and services themselves based on their own needs. The procurement processes of these organizations are usually based on price, meaning that the cheapest product on the market will be bought in the most cases.

Small Dutch NGO's in Zambia are more directly involved in executing development projects in the field. But these organizations are usually focused on projects regarding one sector (for example education) in one small geographical area. These organizations didn't seem to be too interested in a product like the Homill – hammer mill. Like the traditional Dutch NGO's, the small Dutch NGO's also share the assumption that development projects need to be originating from local inhabitants of developing countries, in this case Zambia, themselves.

5.2.3. Marketing the Homill – Hammer Mill in Cooperation with Microcredit – Organizations

The Homill – hammer mill cannot be promoted through microcredit – organizations, since micro – credit organizations are merely involved in providing poor people in developing countries with small loans so that they can set up their own businesses. These organizations do not promote products towards these poor people, the initiative for getting a loan lies with the people themselves.

5.2.4. Implication of the Conclusion for The Market Entry Mode of the Homill – Hammer Mill in Zambia – Answering Research Question 2

The Homill – hammer mill can't be marketed through the organizations which the principal named as potential cooperative partners, namely; UN – organizations, NGO's and microcredit – organizations, for different reasons. First, UN – organizations have complicated procurement processes which oblige organizations to bear extensive responsibilities, too much for a one – man – business like Homill. Furthermore UN – organizations can consider the whole world as one global market place where they can shop, out of all the hammer mill producers worldwide, why should they choose Homill?

Second, the traditional Dutch NGO's have adapted a different method of operating since the principal was situated in Zambia. These NGO's work through a network of local partner – organizations and those partner – organizations have the authority to make decisions regarding the procurement of products like the Homill – hammer mill. Price and not quality seems to be the deciding factor during the procurement process, in other words, local partner – organizations of traditional Dutch NGO's are usually not willing to pay an excess amount for better quality. Smaller Dutch NGO's active in Zambia are also not very interested in the mill because of its price and because they rather buy a hammer mill which is fabricated in Zambia because in that way they support the local community.

Last, microcredit – organization's core business is providing the local poor with small loans to set up their own businesses. They do not promote products directly to people. Microcredit is only supplied when applied for by a person or a small group of persons. So if a group of people would ask for a microcredit for buying a Homill – hammer mill to set up a small milling enterprise, than microcredit organizations could indirectly contribute to the marketing of the mill. But in order for this to be possible, local residents of Zambia must be aware of the existence of the mill.

Sub – Conclusion 2; *The Homill – hammer mill cannot be marketed in cooperation with UN – Organizations, Dutch NGO's and microcredit – organizations. Therefore Homill should attempt other ways of marketing the mill in Zambia. Recommendations regarding this topic will be given in sub – paragraph 5.4.2.*

5.3. Overall Conclusion

The central research question addressed in this research study is; *Which international marketing strategy is the most suited for the marketing of the Homill – hammer mill in Zambia and what are the actions that Homill will have to undertake in order to effectively reach the target group of potential end - users of the Homill – hammer mill in Zambia?* In this paragraph this question will be answered based on the conclusions from the previous sections.

Based on the data presented in this research report we cannot conclude with certainty whether there is a market for the Homill – hammer mill in Zambia or not, a conclusion that is needed though in order to formulate a marketing strategy for the Homill – hammer mill in Zambia. There are indications that there could be a market for the mill in rural areas in Zambia, but that this opportunity is largely undermined by the mill's electrical power source and selling price. Homill should conduct more extensive research in Zambia itself in order to determine whether there is a market for the Homill – hammer mill in rural areas in Zambia or not. The problem hereby is that Homill lacks the funds and network to bring the mill into contact with its target group of end – users in Zambia. Therefore a cooperation with UN – organizations, Dutch NGO's and microcredit – organizations seemed possible option for marketing the Homill – hammer mill in Zambia, since these institutions do have the funds and network to bring the mill into contact with its target group of end – users.

Based on the data presented in this research report we can conclude that it would be very difficult if not impossible for Homill to market the Homill – hammer mill in cooperation with UN – Organizations, Dutch NGO's and microcredit – organizations. So the key question to be answered is; What other ways are available for Homill to market its product in on the Zambian market? In the view of the researcher there are three remaining ways;

[1] Direct Marketing the Homill – Hammer Mill in Zambia; First of all, it should be pointed out that Homill should conduct further research regarding the market opportunity and product potential of the mill in Zambia without putting any funds into it. External financiers will not invest in a product like

the Homill – hammer mill without having some indication regarding its market potential and functioning in practice. The only way to determine whether the mill works in practice, is to test it on the market location directly. In order to do that Homill will need funds, to transport some mills to Zambia. But the problem thereby is that in order to get funds, external financiers will request some indication regarding the market opportunity and potential of the mill. There is a paradigm in place; market information is necessary to get access to funds, but funds are needed to get access to market information. In practice, this paradigm will be hard to break through for Homill.

[2] Marketing the Homill – Hammer Mill through local Zambian NGO's; Since local partner – organizations of traditional Dutch NGO's have the authority to buy – in goods and service themselves, Homill could target these local organizations, in that way Homill could acquire information about the marketing opportunity and product potential of the mill directly from the field.

[3] Marketing the Homill – Hammer Mill in Cooperation with Private Sector Organizations; Homill could attempt to market the mill by assessing cooperation possibilities with private sector organizations, businesses, possibly some businesses producing small – scale agricultural products for developing countries would be interested in marketing the mill. In that case Homill could profit from such an organization's expertise, funds and marketing channels.

In the researcher's opinion the second option would be the best option for Homill to market the mill in Zambia since that is the most realistic option for Homill. It is not likely for a one – man – business like Homill to directly market its product in Zambia, it's also not likely that a local Zambian NGO would prefer buying the Homill – hammer mill instead of buying a Zambia product. Therefore the researcher was happy to hear that the principal is currently negotiating a cooperation with a Dutch company called Almex, located in Zutphen.

If it turns out that the Homill – hammer mill cannot be marketed through the three options mentioned above, than Homill should attempt to market the product in other developing countries where the market opportunity and product potential of the mill are potentially greater. If Homill doesn't succeed in that either, than it should stop investing any time, effort and money into the concept of the Homill – hammer mill in the notion that it has tried everything within its power in order to market its product successfully in developing countries. But with an inspirational man like Mr. Swinkels, at the forefront of Homill, who has put his heart and soul into the concept of the Homill – hammer mill, there is still hope for the mill to become a success in developing countries.

5.4. Recommendations

Based on the conclusions from the previous sections in this section six recommendations will be made to advice Homill in what concrete actions it should undertake in order to market its product successfully in Zambia. First of all, this research study in itself does not provide all the answers that Homill needs in order to successfully market its product successfully in Zambia. Therefore the first and foremost thing that Homill should do is conducting further research. Second, I would advice Homill to reconsider other options of power sources for operating the mill since access to reliable sources of electricity is scarce in Zambia. I am not claiming that the electric power source should be dropped, but rather that other power sources should be considered too. Third, I would advice Homill to try marketing the mill by assessing possible cooperations with private sector organizations. Fourth, If that doesn't work Homill should attempt to target marketing efforts towards local Zambian NGO's. Fifth, if further research concludes that there is a market for the Homill – hammer mill in Zambia, than Homill could possibly acquire the funds needed to test a few mills in Zambia locally. Last, if further research concludes that there is no market for the Homill – hammer mill in Zambia, than Homill could investigate whether there is a market for the mill in other developing countries. The recommendations are elaborated further in the following sub – paragraphs in sequential order.

5.4.1. Recommendation No. 1. Conduct Further Research

Further research needs to be done for assessing market opportunity and product potential. Thereby it seems inevitable to conduct market research in Zambia itself, since quantitative information is much needed regarding the hammer mill industry to make an appropriate assessment of the market opportunity and the product potential of the hammer mill on the Zambian market. Homill could for example make use of the consultancy services of the University of Wageningen, the Department Wageningen International which has expertise regarding agriculture in developing countries and marketing of agricultural products. Possibly a better option would be to make use of the consultancy services of the Technology Development and Advisory Unit of the University of Zambia (TDAU). TDAU is primarily a consultancy unit that provides testing, designing, fabrication, manufacturing, training and marketing services. On request, TDAU modifies existing technologies or produces original designs to meet the user's needs, conducts needs assessment and investigates potential business opportunities for its clients. It provides small producers and industry with technological options that use locally available resources, are simple enough to operate and maintain by the people, are affordable and labour-intensive, and use people's existing skills and knowledge⁷⁷.

I have actually spoken with one volunteer of the Working Group Zambia, Ms. Marjo Spronk, whose husband used to work for TDAU and she told me that TDAU has tried to develop small – scale hammer mills like the Homill – hammer mill in the past and introduce it to the market. She has shown me various videotapes about the mills developed by TDAU in the past. These videotapes contained evidence that TDAU has indeed developed small – scale hammer mills in the past. Therefore TDAU could help in Homill in assessing the market opportunity and product potential of the Homill – hammer mill in Zambia.

5.4.2. Recommendation No.2. Consider other Power Sources for Operating the Homill – Hammer Mill

The Homill – hammer mill was deliberately equipped with an electronic motor, since the principal wanted to develop a mill which could be operated by people at home, by using the electrical grid. But as it turns out, people from the field indicate that most people in Zambia do not have access to electricity and when people have access to electricity this supply is not reliable. Furthermore this research indicates that the target group of potential end – users of the Homill – hammer mill are women or women's cooperatives in rural areas, and those areas are happen to be the areas where there is most likely little or no access to electricity at all. Therefore it is worth considering other power sources for operating the Homill – hammer mill, especially a hand – driven mechanism would be worth considering. The market opportunity and product potential of the Homill – hammer mill would be further enhanced if it could run on power from the wind and from the sun. Some respondents indicated that in the current debate regarding global warming, such power sources would be truly innovative and that there would definitely be a market for such products.

5.4.3. Recommendation No. 3; Consider options to market the product through Private – Sector Organizations

Since marketing the Homill – hammer mill through UN – organizations, Dutch NGO's and Microcredit – organizations seems to be impossible, it could be worth investigating whether the Homill – hammer mill could be marketed through private – sector organizations, in other words other companies. Maybe, it's possible to sell the idea for the Homill - hammer mill to a larger organization. Mr. Meindert Witvliet of Stichting Het Groene Woudt named an American Organization named 'Kickstart' as a potential buyer of the idea for the Homill – Hammer mill. This organization started with a basic idea for a product, just as Homill, and nowadays has more than 300 stores in Kenya. Mr. Witvliet offered to arrange a meeting between managers of Kickstart and the principal if the principal wished

⁷⁷ <http://www.atdforum.org/spip.php?article59>

him to. The principal has already planned talks with another company, Almex, based in Zutphen in the Netherlands.

5.4.4. Recommendation No. 4; Direct Marketing Activities Towards Local NGO's

Since the development projects of Dutch NGO's are executed by local partner organizations in Zambia itself, the Homill – hammer mill should be taken under the attention of those local partner organizations.

5.4.5. Recommendation No.5. Distribute a few Homill – hammer mills in Zambia as a Pilot – Project and Monitor its performance

Multiple interview sources have indicated that the only way to find out whether there is a market for the Homill – hammer mill in Zambia and whether the Homill – hammer mill meets the local use conditions in Zambia is to place a few hammer mills in Zambia and to monitor its performance throughout a certain time period. The mills should be placed in places where there is a sufficient electricity supply to operate the machine. Respondents named orphanages, hospitals and schools as potential test sites for the Homill – hammer mill. The Homill – hammer mill could also be tested in villages around Lusaka, where people tend to have access to electricity. Testing the Homill – hammer mill in Zambia itself would definitely provide valuable information regarding the market opportunity and product potential of the Homill – hammer mill in Zambia.

5.4.6. Recommendation No. 6; Investigate Market Opportunity and Product Potential in Other Developing Countries

This study has focused on assessing the market opportunity and product potential of the Homill – hammer mill in Zambia. It is worth investigating market opportunity and product potential of the hammer mill in other developing countries since there are indications that those markets differ from the Zambian market. For example, the access to electricity in other countries could be better than in Zambia. I have recently spoken to a volunteer who's living in one of the most remote areas in Tanzania and he stated that in the local villages in that area there is access to electricity and that some if the mills operated in that area are actually operated by an electrical power source.

Chapter 6; Feedback on the Theoretical Framework – Implications for Further Research

In this last chapter of the study report a reflection regarding the theoretical framework applied in this research study will be presented with the goal of deriving some key implications for further research. This is important, since the number one recommendation given towards Homill was conducting further research. In paragraph 6.1. the applied theoretical framework will be summarized in short, to refresh the memory of the reader. After that the strengths and weaknesses of the theoretical framework will be evaluated in paragraphs 6.2. and 6.3. respectively. The Chapter will conclude with important implications of this evaluation for further research in paragraph 6.4.

6.1. The Applied Theoretical Framework – A Summary

In this research study the original assignment description as formulated by Homill is approached through an international marketing perspective. In effect this means that theories and models describing and prescribing international marketing strategies were used to identify the most suited international marketing strategy for successfully marketing the Homill – hammer mill in Zambia. Since Homill is a one – man – business the focus in the research study has been on frameworks describing and prescribing how a Small – and Medium Sized Enterprise (SME), should develop a suitable marketing strategy for marketing its product on a foreign market. The developed theoretical framework used in this research study was based on the *Planning Model of Steps for Success in Export Markets* by J.R. Darling and R.L. Taylor. This model consists of ten sequential steps , each consisting of ten key questions, that need to be addressed in order to develop a suitable international marketing strategy. The first three steps of the model were applied to the specific case of Homill, being *Step 1; Analyze Market Opportunity*, *Step 2; Assess Product Potential* and *Step 3; Establish Market Entry Mode*. The thirty key questions related to the three steps were narrowed down to twenty items, that were found to be relevant for the research study by the researcher (see figure 3.12 for the customized theoretical framework used in this research study). While reflecting on the research study after its completion, some important remarks can be made regarding the applicability of the theoretical framework to the case of Homill, which will be done in the following paragraphs of this chapter.

6.2. The Applied Theoretical Framework - Strengths

The applied theoretical framework is characterized by the following strengths;

[1] The Theoretical Framework is Complete; The theoretical framework is detailed, consisting of twenty items . An advantage of the model in theory is that the number of items captures the marketing concepts of the well – know marketing mix typology; price, product, placement and promotion. Therefore applying the framework to the case of Homill will lead to the development of a complete marketing strategy for marketing the Homill – hammer mill in Zambia. Applying the framework in practice has indeed led to the discovery if useful information regarding all four concepts of the marketing mix. It must be stated though that more useful information was derived regarding the concepts if product and placement than regarding the concepts of price and promotion.

[2] The Theoretical Framework is Easily Applicable in Practice; In theory the Planning Model of Steps for Success in Export Markets is very straightforward, if one follows the sequence of the model , than one ultimately ends up with a concrete marketing strategy. Following the steps of the model in practice has actually led to some key findings regarding the first three steps of the model and it was possible to answer the central research question of this research study based on that information. This does not mean however that the developed theoretical framework could be applied in practice

without any problems, or that the framework doesn't have any weaknesses, these issues will be addressed in the following paragraph.

6.3. The Applied Theoretical Framework – Weaknesses

The applied theoretical framework is characterized by the following weaknesses;

[1] The Theoretical Framework is Unclear Regarding the Sequence of the Items; *The Planning Model of Steps for Success in Export Markets* is a flow – model which follows a certain sequence of steps.

This sequence is not straightforward though, Darling and Taylor do not give arguments for the followed path. For example, it is unclear why the steps 'Analyze Market Opportunity' and 'Assess Product Potential' are sequential steps. It is even not clear why the two steps are independent steps, since the difference between analyzing market opportunity and assessing product potential is not defined by Darling and Taylor. One could argue that analyzing market opportunity and assessing product potential is basically the same process. When one is seeking for a potential market for a certain product than one is in fact seeking for a market where that product has the most potential.

[2] The Theoretical Framework is Imbalanced in Itself; As stated earlier the theoretical framework consist of items related to price, to product, to placement and to promotion. But there is more attention given to certain concepts of the marketing mix than for other concepts, while all concepts can be equally important. For example, of the twenty items only two items of the framework are directly related to the concept of promotion; (item 5.1.9. and partly item 5.2.6.).

[3] The Theoretical Framework Consists of Overlapping Items, Applying the theoretical framework in practice lead to similar results regarding different items, which is caused by overlapping items in the *Planning Model of Steps for Success in Export Markets*. For example *Step 2; Assess Product Potential* contains the items 'What are competitive strengths and weaknesses of the firm's product in the foreign market?' and subsequently 'What needs does the product serve in the foreign market?' In practice one part of the answer to the first item was that one of the weaknesses of the Homill – hammer mill was that it actually possibly doesn't serve any need (the need for perfectly white meal). So answering the first item in part already answers the second item. Another example is the overlap between the items 'Does the product meet use conditions in the foreign market?' and 'Is the quality of the product appropriate for the foreign market?' One could argue that when a product meets the use conditions in the Zambian market, the quality of that product must be appropriate for the market.

[4] The Theoretical Framework is only Prescriptive to a Limited Extent; The Planning Model of Steps for Success in Export Markets elaborates what to do, but not always why to do it and how to do it. For example, what exactly does the effect of production volumes or larger manufacturing runs say about product potential on the Zambian market? And how can the major price accumulations and margins typically used by competitors in Zambia, be determined by a one – man – business located in the Netherlands?

[5] The Theoretical Frameworks' Applicability can be Limited to Certain Types of Products and or Markets; The theoretical framework attempts to prescribe how SME's should develop an international marketing strategy for a given product in a certain foreign market. But in practice, SME's produce a variety of products for a variety of foreign markets. It is questionable whether one model like the *Planning Model of Steps For Success in Export Markets* can prescribe the most suitable method for developing an international marketing model for all products and all foreign markets. Marketing the Homill – hammer mill, a small – scale agricultural machine, in Zambia, a developing country, will likely involve different challenges than marketing for example German televisions, consumer electrical devices, in the Netherlands, a developed country.

6.4. The Applied Theoretical Framework – Implications for Further Research

Based on the above discussion, does the applied theoretical framework proven to be applicable to the specific of Homill? Is the Planning Model of Steps for Success in Export Markets suitable for developing an international marketing strategy for the Homill – hammer mill in Zambia? Are other theoretical models possibly more suited? These are the questions that will be addressed in this paragraph.

Based on the above sections it can be concluded that the theoretical framework developed in this research study, based on the *Planning Model of Steps for Success in Export Markets* by J.R. Darling and R. Taylor, has led to some key findings regarding the market opportunity of the Homill – hammer mill in Zambia, which made it possible to answer the central research question of this research study. But applying the *Planning Model of Steps for Success in Export Markets* did not lead to the development of a concrete international marketing model for Homill, which was initially the goal of this research study, instead applying the model can be considered as conducting a market screening. By no means does this mean that the *Planning Model of Steps for Success in Export Markets* is not suited for developing an international marketing strategy and / or model for an SME's, but that in this specific case the results derived by applying the model are not sufficient enough for developing an international marketing strategy / model. This is mainly due to two important reasons, one of which is of practical nature and one of which is of theoretical nature. First of all the practical reason; the model applying the model in practice requires the collection of detailed information regarding numerous items, which was difficult in this research study because information couldn't be gathered in the target market itself, in Zambia. Second, the theoretical reason; the Planning Model of Steps for Success in Export Markets does not cover the unique elements of this research study, it doesn't deal specifically with the fact that Homill is trying to market a specific type of product, a small – scale agricultural machine, in a specific country, Zambia, which is a Third World Country.

In the previous chapter the first recommendation given towards Homill was to conduct further research to assess market opportunity and product potential of the mill in Zambia into more detail. It would be highly recommendable to conduct such a research from an agricultural marketing perspective instead of an international marketing perspective, to fully capture the agricultural nature of the product and the challenges of marketing it in a developing country. Ideally a framework that deals with the marketing of agricultural products in developing countries should be used for assessing the market opportunity and product potential of the Homill – hammer mill in Zambia. That is exactly why the University of Wageningen was recommended in the previous chapter as a potential institution that could help Homill in conducting further research.

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Appendices

Appendices

Chapter 1

Appendix 1.1. Overview of the Homill - Hammer Mill



Appendix 1.2. Information About The Target Market – Zambia

Zambia is a landlocked country located in Southern Africa. Zambia was once classified as a middle income country but three decades of economic decline and neglect of infrastructure and services have turned it into an extremely poor country. Presently, Zambia is one of the poorest countries in the world and three out of four Zambians live in poverty and more than half of them are extremely poor and unable to meet their minimum nutritional needs. For poor rural people, ensuring food security is a constant preoccupation⁷⁸.

Zambia has a total population of 11,6 million, with 59,7 % of the people living in rural areas. Of these people in rural areas more than 83 % lives below the poverty line and 63% of the people in rural areas are actually living for less than 1 USD per day⁷⁹.

Figure 2.1.; Some Impressions of Zambia's Geographical Location



Source;

http://www.state.gov/cms_images/zambia_map.jpg

Source;

<http://www.architectafrica.com/NETWORK/ZAMBIA/sites/default/files/zambia-map.gif>



Source;

http://www.aochelptzambia.nl/e107_images/custom/map_zambia1.jpg



Source;

http://upload.wikimedia.org/wikipedia/commons/thumb/0/06/Flag_of_Zambia.svg/744px-Flag_of_Zambia.svg.png

⁷⁸ Section derived from; <http://www.ruralpovertyportal.org/english/regions/africa/zmb/index.htm>

⁷⁹ All statistics in this section derived from; <http://www.ruralpovertyportal.org/english/regions/africa/zmb/index.htm>

In the next appendix 1.3. an overview is being presented regarding basic Zambian statistics, to give some quantitative insights regarding Zambia. Interesting to note from appendix 1.3. is that rural poverty is high in Zambia and that almost 70% of the workforce is active in the agricultural sector. Also based on the statistics it is clear that most Zambians won't be able to buy the Homill – hammer mill themselves, with GNI per capita of just 380 USD per year. In Zambia more than 68% percent of the workforce are working in the agricultural sector. Cereals and especially maize are at the core of agricultural production, which is not surprising since cereals, especially maize, cover the largest part of the dietary energy consumption⁸⁰.

⁸⁰ All statistics in this section derived from; <http://www.ruralpovertyportal.org/english/regions/africa/zmb/index.htm>

Social indicators	
Total population (million), 2003	10.4
Population growth (annual %), 2003	1.5
Population density (people per km ²), 2003	14.0
Rural population (million), 2003	6.2
Rural population density (people per km ²), 2002	116.7
Rural population (% of total population), 2003	59.7
Crude birth rate (per 1,000 people), 2003	38.2
Crude death rate (per 1,000 people), 2003	23.3
Infant mortality rate (per 1,000 live births), 2003	102.0
Under-5 mortality rate (per 1,000 children), 2003	182.0
Life expectancy at birth, total (years), 2003	36.5
Prevalence of HIV, total (% of population aged 15-49), 2003	15.6
Total labour force (million), 2003	4.4
Female labour force (% of total labour force), 2003	43.0

Poverty indicators	
Number of rural poor (million, approximate), 2003	5.2
Rural population below the poverty line (%), 1998	83.1
Population living below \$1 a day (%), 1998	63.7
Population living below \$2 a day (%), 1998	87.4
Population living below the national poverty line (%), 1998	72.9
Income share held by lowest 20%, 1998	3.3

Education	
School enrolment, primary (% gross), 2002	82.2
Adult literacy rate, total (% of people ages 15 and above), 2002	79.9

Nutrition	
Malnutrition prevalence, weight for age (% of children under 5), 2002	28.1
Malnutrition prevalence, height for age (% of children under 5), 2002	46.8
Prevalence of undernourishment (% of population), 2002	49.0
Per caput dietary energy supply (kcal/day), 2000-2002 ^{1/}	1,900.0

Health	
Health expenditure, total (% of GDP), 2002	5.8
Physicians (per 1,000 people), 1995	0.1
Improved water source, rural (% of rural population with access), 2002	36.0
Improved sanitation facilities, rural (% of rural population with access), 2002	32.0

Agriculture and food	
Agricultural labour force (% of total labour force), 2003 ^{1/}	68.0
Food imports (% of merchandise imports), 2002	13.9
Fertilizer consumption (hundreds of grams per ha of arable land), 2002	123.9
Food production index (1999-2001=100), 2004	106.8
Crop production index (1999-2001=100), 2004	106.5
Cereal yield (kg per ha), 2004	1,563.9
Major exports (% share in agriculture), 2003 ^{1/}	
Cotton lint	28.6
Sugar, raw centrifugal	19.3
Tobacco leaves	14.2
Major imports (% share in agriculture), 2003 ^{1/}	
Maize	24.8
Oil of palm	9.7
Wheat	7.7

Environment	
Land area (thousand of km ²), 2003	743.4
Arable land (% of land area), 2002	7.1
Forest area (% of land area), 2000	42.0
Irrigated land (% of cropland), 2002	0.9

Economic indicators	
Local currency	Kwacha (ZMK)
Exchange rate: US\$ 1.00 = ZMK, 2003	4,733.3
GNI per capita, Atlas method (current US\$), 2003	380.0
GDP (current, US\$ million), 2003	4,335.2
GDP per capita growth (annual %), 2003	3.5
Inflation, consumer prices (annual %), 2002	22.2
Sectoral distribution , value added (% of GDP), 2003	
agriculture	22.8
industry	27.0
manufacturing	12.0
services	50.2
Consumption	
General government final consumption expenditure (% of GDP), 2003	14.6
Household final consumption expenditure, etc. (% of GDP), 2003	66.6
Gross domestic savings (% of GDP), 2003	18.7

Trade	
Merchandise exports (current US\$ million), 2003	940.0
Merchandise imports (current US\$ million), 2003	1,503.0
Balance of merchandise trade (current US\$ million)	-563.0
Foreign direct investment, net (BoP, current US\$ million), 2000	121.7
Foreign direct investment, net inflows (% of GDP), 2003	2.3

Government finance	
Revenue, excluding grants (% of GDP), 1999	19.1
Expense (% of GDP), 1999	17.4
Total external debt (DOD, current US\$ million), 2003	6,424.9
Present value of debt (% of GNI), 2003	121.1
Total debt service (% of exports of goods and services), 2003	27.8
Official development assistance and official aid (current US\$ million), 2003	560.1
Lending interest rate (%), 2003	40.6
Deposit interest rate (%), 2003	21.9

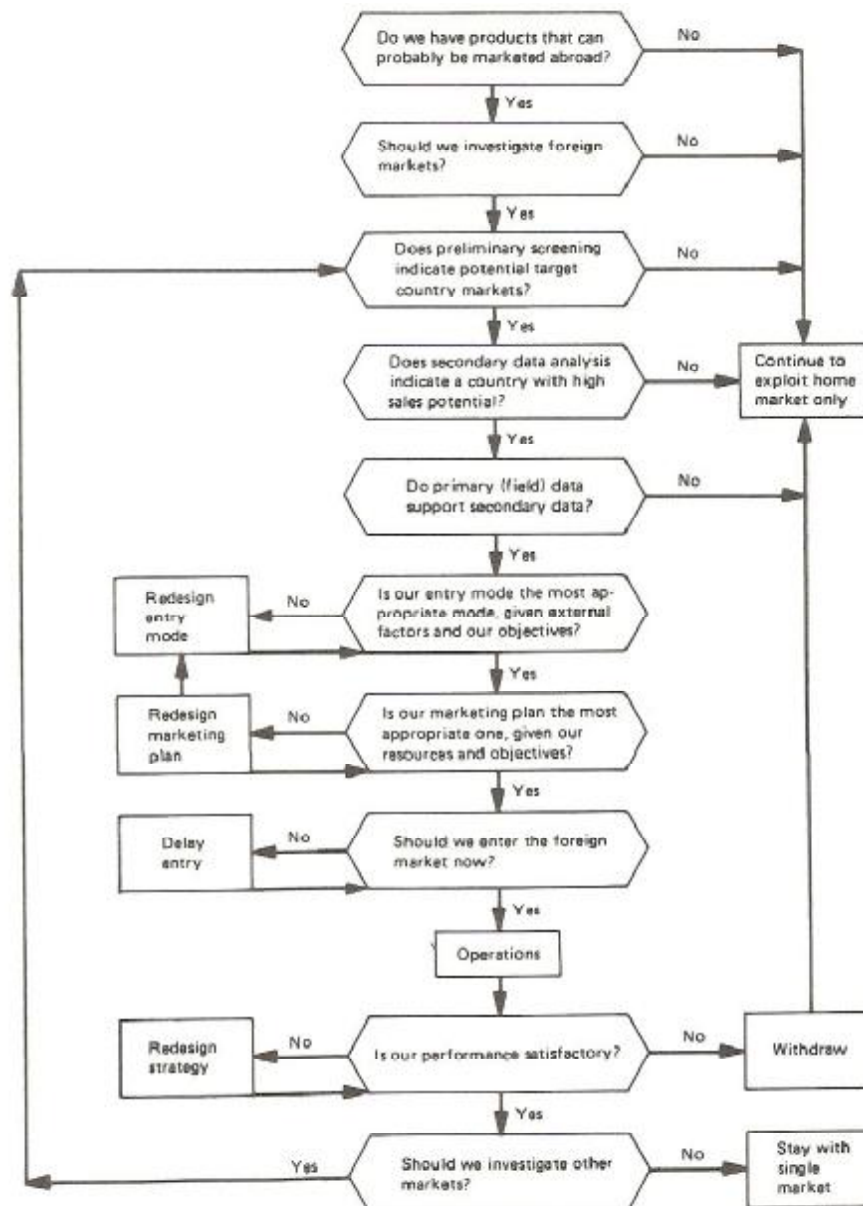
Technology and infrastructure	
Mobile phones (per 1,000 people), 2003	21.5
Fixed line and mobile telephone subscribers (per 1,000 people), 2003	29.4
Telephone average cost of local call (US\$ per three minutes), 2002	0.1
Personal computers (per 1,000 people), 2003	8.5
Internet users (per 1,000 people), 2003	6.1

Source; <http://www.ruralpovertyportal.org/english/regions/africa/zmb/statistics.htm>

Appendices

Chapter 2

Appendix 2.1. ; Root's Logical Flow Model of the Entry Decision Process



Source; Franklin R. Root, (1994), *'Entry Strategies for International Markets'*, John Wiley & Sons Inc., San Francisco, pp. 22.

Appendices

Chapter 3

Appendix 3.1. Interview With the Principal

Table 3.2.	
Interview No. 1.	
Interview With Mr. Paul Swinkels – The Principal	
Interview Details	
Subject	Origin, Design and Development of the Small – Scale Homill – Hammer Mill
Name Interviewer	Adrián Kovács
Name Interviewee	Paul Swinkels
Function Interviewee	Founder and Owner of Homill
Date Interview	04 – 07 – 2008
Lenght Interview	70 minutes (16.00 p.m. – 17.10 p.m.)
Interview Type	Face – to – face Pre – structured Qualitative Interview
Location Interview	Albert Hahnweg 98, 7242 EK, Lochem, The Netherlands
Development Cooperation	
Activity in the field of Development Cooperation.	Has been active for about 20 – 25 years in the period between 1967 and 1998 in several countries in several functions.
Countries	Kenya, Nigeria, Tanzania, Sri Lanka, Pakistan, Indonesia, Zambia.
Functions	<ul style="list-style-type: none"> ▪ Giving classes in mechanical engineering (Kenya) ▪ Developing Industrial Estates for a company named Small Industries Development Organization (Tanzania). • Installing small – scale agricultural equipment at State Firms for a company named Seed Certification Service (Sri Lanka). ▪ Teaching activities regarding mobile workshops (Pakistan). • Working in a coffee factory, named LTA77 (Indonesia). • Developing hammer mill for an organization named Smallholder Agricultural Mechanisation Services (SAMS) (Zambia).
Designing and Development of the Homill – Hammer Mill	
Origin of the Idea	The idea for the Homill – Hammer Mill stems from the maintenance and reliability problems encountered by the interviewee with large – scale hammer mills in Zambia. This inspired him to produce a small – scale hammer mill which wouldn't have those problems. The interviewee came up with the idea to develop such a hammer mill in the period between 1995 and 1998.
Critical Factors Assessed When Designing the Homill – Hammer Mill	For critical criteria considered, the mill had to be; (1) durable, (2) reliable, user – friendly and (4) maintenance – free. Basically the mill had to be designed in a way that nothing could get broken. The mill had to be designed to be able to run on electrical power from the electricity grid in Sub – Saharan developing countries.
Functions the Homill – Hammer Mill had to contain	The core function of the mill was to grind maize and other into maize mill, also other seeds could be grinded, based on the moisture content of the seeds in question. The cyclone function is also pretty essential since it guide the grinded maize directly into a bucket or bag thereby minimizing waste.
Functions the Homill – Hammer Mill did not have to contain	Consideration here was; the less functions installed, the less part that can get broken. An important consideration was therefore to keep the number of functions installed down to those necessary to ensure durability, reliability, user – friendliness and maintenance – freeness.
Differentiating Characteristics of the Homill – Hammer Mill	Factors that differentiate the mill from other mills in Sub – Saharan Africa are its small – scaliness and its ability to run on the local electrical grids.
Weaknesses of the Homill – Hammer Mill	The fact that access to the electricity grid is a precondition for the mill to run and this access is scars in Sub – Saharan developing countries.
Process	The design and development of the mill was a process of trial – and error by starting with a concept model and improving it part by part. The mill was developed in the period between 2002 and 2005. In this period 11 trial versions were developed to be distributed to potential customers.
Homill – Hammer Mill Basic Information	
Production Costs	Production costs difficult tot determine, the selling price of 1600 euro's barely covers the

	material costs. The production cost of the mill could be reduced to as much as 300 – 400 euro's, when produced in larger quantities.
Price	The current selling price is 1600 euro's without taxes, if the mill could be produced in larger quantities the selling price would be around 800 euro's.
Margin	If the production costs in the future would be 400 euro's, then the margin would be 400 euro's (so 100%) and the selling price would be 800 euro's.,
Market Opportunity of the Homill – Hammer Mill	
Targeted Geographical Market	All developing countries in Sub – Saharan Africa have equal market potential.
Targeted Social Market	Women's cooperatives and small – scale farmers and people who let their food process for a fee at local millers are potential end – users of the mill.
Difficulties in Marketing the Homill – Hammer Mill	Local markets in Sub – Saharan developing markets are difficult to oversee from the Netherlands, because these markets are located thousands of miles away. Furthermore these markets are difficult to reach as well. A lack of funds makes it difficult to market the mill in Sub – Saharan developing countries directly.
How to Market the Homill - Hammer Mill	The only successful way of marketing the mill is to cooperate with NGO's, microcredit organizations or UN – organizations.
The Homill – Hammer Mill in the Future; Success of not?	No idea if the mill will be a success, it's a lot more difficult to market the mill as originally expected. If the mill doesn't turn out to be a success, than the interviewee has at least tried anything within his capabilities.
The Potential Role of External Organizations in Marketing the Homill – Hammer Mill in Sub – Saharan Africa	
Which External Organizations	UN – Organizations, (Dutch) NGO's and Microcredit – Organizations.
Why Marketing Through External Organizations	UN – organizations, NGO's and microcredit – organizations have important contacts and sufficient funds to market the mill successfully. When the interviewee was still involved in the field of development cooperation a lot of NGO's were executing development projects regarding small – scale agriculture in Sub – Saharan developing countries. The mill could fit perfectly in such a project.
Which NGO's	Cordaid, OxfamNovib and ICCO.
Which UN - Organizations	UNHCR, ILO and the FAO.
Which Microcredit - Organizations	The interviewee has no idea, he just thinks that microcredit – organizations could play a role in marketing the mill because of their network and access to sufficient funds.
External Organizations Already Contacted	TNO, Achterhoeks Centrum for Technology (ACT), the University of Wageningen and the University of Twente.

Appendix 3.2. Interview With A Respondent with A Background in Development Cooperation

Table 3.3. Interview No. 2. Interview With Mr. Meindert Witvliet	
Interview Details	
Subject	Qualitative Assessment of the Market Opportunity of the Small – Scale Homill – Hammer Mill in Zambia
Name Interviewer	Adrián Kovács
Name Interviewee	Meindert Witvliet
Function Interviewee	Managing Director of Stichting Het Groene Woudt
Date Interview	06 – 06 – 2008
Lenght Interview	50 minutes (13.30 p.m. – 14.20 p.m.)
Interview Type	Telephonic Qualitative Interview
Location Interviewer	University of Twente, Capitool E 307, 7500 AE Enschede, The Netherlands
Location Interviewee	Stichting het Groene Woudt, Slangenweg 30, 1251 Laren Noord – Holland, The Netherlands.

Function of the Interviewee	
Stichting Het Groene Woud	The foundation is founded in December 2005 with the mission to facilitate development projects from a business perspective in a prudential manner. The foundation is a profit – making institution characterized by a professional social venture approach. This approach differs from the traditional cooperative approaches of the traditional Dutch NGO’s. The foundation is mainly active in agricultural projects on multiple developing countries where the goal is to provide local farmers with access to markets, through newly established commercial enterprises in 5 – 7 years.
Own Functioning	Managing director of the foundation, but not the official founder. Daily activities of the interviewee involves approving project appraisals and attending meetings worldwide.
Development Cooperation	
Activity in the field of Development Cooperation.	Active in the world of development cooperation since 1965 until now, one of the first volunteers to be send out to Zambia. During more than forty years, the interviewee has worked for multiple development organizations in various countries in various functions.
Countries	Various Countries.
Functions	Voluntary work for SNV in 1965 (Zambia). Different functions at the World Bank Group the Department for Dutch External Affairs and the Dutch Ministry of External Affairs (as an advisor). Chief Executive Officer of Foster Parents Plan for eight years. Managing Director of Stichting Het Groene Woudt since 2005 untill now.
Trends in the Field of Development Cooperation	<ul style="list-style-type: none"> • Focus from project based work to sector – based aid and vice versa. • Acceptance of development cooperation has increased in the last 30 – 40 years but has stagnated over the last few years because the development cooperation sector has not succeeded in presenting significant results of the projects in a concrete manner to the public. Therefore private individuals have started with providing development aid themselves instead of supporting larger traditional NGO’s. Also large financiers are retrieving themselves from traditional charity activities. • Another trend is that NGO’s are providing more services instead of products towards developing countries.
The Homill – Hammer Mill – Own Impression	
Awareness of the Homill – Hammer Mill	The interviewee knows of the existence of the mills since approximately a year and a half, trough a demonstration of the principal himself. The foundation bought two mills form Homill to be shipped to Tanzania, where the mills will be placed in small stores operated by the Masai so that villagers can grind their maize in the stores.
First Impression of the Homill – Hammer Mill	Nice piece of equipment, much smaller – scale than any other hammer mill encountered in developing countries.
Strengths of the Homill – Hammer Mill	Its small – scaliness, less power needed for operating than for larger – scale mills.
Weaknesses of the Homill – Hammer Mill	Its electronic power source, since not a lot of people have access to a reliable source of electricity in Zambia, although the number of people having access to electricity in developing countries is growing.
Market Opportunity of the Homill – Hammer Mill	
Market Opportunity of the Homill – Hammer Mill in Developing Countries	The mill has market potential because of its small – scaliness, such small – scale mills are not yet available on local markets. Potential end – users are for example inhabitants of Masai villages in Tanzania who can process their maize in a local store stalling a Homill – Hammer Mill.
Market Opportunity of the Homill – Hammer Mill in Zambia	Absolutely, if Homill can find a way to cooperate with local Zambian entrepreneurs in the field of smallholder agricultural technology or local Zambian marketing companies. Homill should not attempt to market its product through cooperation with traditional Dutch NGO’s, instead Homill could attempt to join a larger company focused on promoting small – scale agricultural technology in developing countries. A potential candidate is Kickstart, a company located in the US, the interviewee could bring the principal into contact with this company if needed.
Difficulties in Marketing the Homill – Hammer Mill	People in the Netherlands will consider the mill as a hobby – machine, while local residents in developing countries could benefit more from the mill than from larger – scale mills.
How to Market the Homill -	First producing it in the Netherlands, if it’s a success, later producing components in

Hammer Mill	Zambia itself.
The Homill – Hammer Mill Success or Not?	The Homill – Hammer Mill could be a success in Zambia and other developing countries when the right marketing channels are selected and used. Homill should attempt to joint other organizations like international development banks, local entrepreneurs or sell its product idea to multi – nationals.
The Potential Role of External Organizations in Marketing the Homill – Hammer Mill in Zambia	
The Role of External Organizations in Marketing the Homill – Hammer Mill in Zambia	Traditional NGO's can't play a role in marketing the mill, UN – organizations and microcredit – organizations probably can't also.
Closing Remarks	
Potential Useful Contacts Who Could Contribute to this Research	The interviewee knows a certain Mr. Kok – Visser, a resident of Almelo, who used to be a field – director of SNV in Zambia. He could potentially provide contact information of Dutch farmers in Zambia, who could help assessing the marketing opportunity of the Homill – Hammer Mill in Zambia.

Appendix 3.3. Interview With A Respondent With a Technical Background (1)

Table 3.4. Interview No. 3. Interview With Mr. Ab Wanders	
Interview Details	
Subject	Qualitative Assessment of the Market Opportunity of the Small – Scale Homill – Hammer Mill in Zambia
Name Interviewer	Adrián Kovács
Name Interviewee	Ab Wanders
Function Interviewee	Retired Researcher
Date Interview	12 – 06 – 2008
Lenght Interview	60 minutes (13.30 p.m. – 14.30 p.m.)
Interview Type	Face – to – Face Interview
Location Interview	Steenbeekstraat 35, 6671 AL Zetten, The Netherlands
Development Cooperation	
Activity in the field of Development Cooperation.	The Interviewee has been active in the field of development cooperation and small – scale agricultural technology for 36 years. He is currently retired but still has some activities regarding the field of small – scale agricultural technology.
Countries	Various African Countries, Mainly West – African Countries.
Functions	<ul style="list-style-type: none"> ▪ Researcher for IMAG (Instituut for Milieu en Agritechniek) in Wageningen. Responsible for the execution of development projects regarding small – scale agricultural technologies in various African countries, including Zambia. • Agricultural engineer at the Agricultural Research Center in South – Africa. Responsible for coordinating small – scale agricultural projects.
Trends in the Field of Development Cooperation	In the last ten years the decision – making authority regarding the purchasing of goods and services has shifted towards local residents in developing countries. Development cooperation is mainly a process of coordination nowadays.
The Homill – Hammer Mill – Own Impression	
Awareness of the Homill – Hammer Mill	Made aware of the existence of the mill through a phone call from the principal.
First Impression of the Homill – Hammer Mill	Mill differs from other mills in Zambia because of its small – scaliness. Usually the hammer mill operated in villages in Zambia have a capacity of 20 – 30 KiloWatt.
Strengths of the Homill – Hammer Mill	Hard to say, probably its small – scaliness.

Weaknesses of the Homill – Hammer Mill	It is questionable whether the mill could provide the perfectly white meal preferred by local Zambians. Also it is questionable whether the mill can provide meal that is delicate enough. Also the current selling price of the mill of 1.600 euro's is way too much, it shouldn't cost more than 200 euro's to produce locally.
Market Opportunity of the Homill – Hammer Mill	
Market Opportunity of the Homill – Hammer Mill in Developing Countries	Developing countries in West – Africa are far more developed in the field of agricultural equipment than Zambia. In these countries maize is processed through fermentation, other types of mills are more suited for this than the Homill – Hammer Mill.
Market Opportunity of the Homill – Hammer Mill in Zambia	In general, the interviewee is not too optimistic about the market potential of the Homill – Hammer Mill. There could be a market for the mill though in the Zambian beer brewing industry.
How to Market the Homill – Hammer Mill	The whole production of the mill should take place in Zambia, there are numerous local Zambian enterprises who could produce the mill locally. Considering the simplicity of the mill and the materials of which it is made, it shouldn't cost more than 200 euro's to produce it locally.
The Homill – Hammer Mill Success or Not?	Only one way to find out, by placing the mill near its target population in multiple countries, since each country has its own preferences regarding food processing and food quality. By placing the mill near the target population one could find out in less than a day whether the product could be a potential success.
The Potential Role of External Organizations in Marketing the Homill – Hammer Mill in Zambia	
The Role of External Organizations in Marketing the Homill – Hammer Mill in Zambia	Only one way to find out, by contacting these organizations. Possibly AfriCare and the International Development Research Centre could be interested in the mill. Also the Royal Tropical Institute (KIT) may be interested in the mill. If NGO's are interested in the mill, then there is a good chance that they will copy the concept instead of buying it from Homill.
Closing Remarks	
Potential Useful Contacts Who Could Contribute to this Research	None.

Appendix 3.4. Interview With A Respondent With a Technical Background (2)

Table 3.5. Interview No. 4. Interview With Mr. Freddy Alferink	
Interview Details	
Subject	Qualitative Assessment of the Market Opportunity of the Small – Scale Homill – Hammer Mill in Zambia → Focus on Technical Aspects of the Mill.
Name Interviewer	Adrián Kovács
Name Interviewee	Freddy Alferink
Function Interviewee	Technical Assistant at the Werkgroep Ontwikkelingstechniek of the University of Twente
Date Interview	11 – 06 – 2008
Length Interview	40 minutes (13.00 p.m. – 13.40 p.m.)
Interview Type	Face – to – Face Qualitative Interview
Location Interview	Working Group on Development Techniques, University of Twente, PO Box 217, 7500 AE Enschede, Netherlands, Campus University of Twente, Building 31, Achterhorst.
Function of the Interviewee	
Werkgroep Ontwikkelingstechniek	The Werkgroep Ontwikkelingstechniek was officially founded in 1969 with the goal of spreading knowledge regarding water pumps, water heating and other sorts of techniques towards developing countries. The Werkgroep Ontwikkelingstechniek is active regarding water pumps and water heating based on man power, wind energy, water force and energy from the sun, in basically all developing countries.

Own Functioning	The interviewee is technical assistant at the Werkgroep Ontwikkelingstechniek, which means that on a day – to – day basis he provides inquiries to students and employees of the University, he supervises students and employers and organizes all kinds of happenings.
The Homill – Hammer Mill – Own Impression – Technical Issues	
Awareness of the Homill – Hammer Mill	Became aware of the existence of the mill through first during the interview.
First Impression of the Homill – Hammer Mill	Looks good aesthetically, eager to know more about the machine.
Opinion Regarding Electrical Power Source of the Homill – Hammer Mill	The mill can be used in Zambia, where people have access to Electricity, which will be the case in urban areas. The fact that the electricity supply in Zambia is not very reliable doesn't have to be a problem, since the mill doesn't have to be operated continuously.
Opinion Regarding Electricity Consumption of the Homill – Hammer Mill	When the mill is designed for domestic use, than the power capacity of 2,2 KiloWatt is possible too much, maybe the electricity consumption will cost local Zambians too much. Is an engine of 2,2 KiloWatt really necessary?
Opinion Regarding the Output Capacity of the Homill – Hammer Mill	When the mill is designed for domestic use, then the output capacity of 30 – 80 kg is probably too much, and the machine could be made even smaller – scale. If the mill is designed for application in groups, then the output – capacity of 30 – 80 kg could be appropriate.
Opinion Towards Possible Other Power Sources of the Homill – Hammer Mill	Other power sources possible, but not very likely to be advantageous. For example wind energy and solar power are options, but large windmills and solar cells would be needed. These applications are very expensive in developing countries like Zambia.
Opinion Regarding the User – Friendliness of the Homill – Hammer Mill	The mill is possibly to complex to be used in developing countries, especially maintenance activities like replacing sieve could turn out to be a problem. It is important to produce the mill locally in Zambia because that ensures that parts are available on the local market. Also if the mill is produced locally in Zambia, it will be accepted sooner that if it's considered to be a western technology by local residents.
Opinion Regarding the Maintenance – Freeness of the Homill – Hammer Mill	Whether the Homill – hammer mill is maintenance free or not is not relevant, it's important that maintenance activities can be conducted easily locally. Maintenance is not a bad thing, since maintenance keep the technical knowledge of local inhabitants regarding a machine like the Homill – hammer mill up – to – date.
Market Opportunity of the Homill – Hammer Mill	
Market Opportunity of the Homill – Hammer Mill in Developing Countries	From a technical point of view, the Homill – hammer mill has potential, although the interviewee is worried that the product is too complex.
Market Opportunity of the Homill – Hammer Mill in Zambia	From a technical point of view, the Homill – hammer mill has potential, although the interviewee is worried that the product is too complex.
Difficulties in Marketing the Homill – Hammer Mill	The costs of the machine and the costs incurred for using the machine are potential obstacles. Also the complexity of the machine could be a problem, as mentioned earlier.
How to Market the Homill – Hammer Mill	The Homill – hammer mill has the most potential when it can be produced locally in Zambia, the whole production process of the mill should be located in Zambia. The best marketing strategy is also dependent on the specific target market, also within countries.
The Homill – Hammer Mill Success or Not?	The interviewee has no expertise to give valuable insights regarding this question.
The Potential Role of External Organizations in Marketing the Homill – Hammer Mill in Zambia	
The Role of External Organizations in Marketing the Homill – Hammer Mill in Zambia	The interviewee has no expertise to give valuable insights regarding this question.
Closing Remarks	
Potential Useful Contacts Who Could Contribute to this Research	None.

Appendix 3.5. Interview With An NGO – Representative (1)

Table 3.6. Interview No. 5. Interview With Ms. Jaqueline Leemkuil of Cordaid	
Interview Details	
Subject	Relationship between Cordaid and Business, Marketing possibilities of the Homill – hammer mill in Sub – Saharan Africa / Zambia through Cordaid.
Name Interviewer	Adrián Kovács
Name Interviewee	Jaqueline Leemkuil
Function Interviewee	Account Manager Business Relations at Cordaid
Date Interview	Questionnaire mailed on Friday the 27th of June, answers received on Monday the 30th of June.
Interview Type	Qualitative Interview through e – mail.
Location Interviewer	University of Twente, Capitoel E 307, 7500 AE Enschede, The Netherlands
Location Interviewee	Cordaid, Postbus 16440, 2500 BK Den Haag, Lutherse Burgwal 10, 2512 CB Den Haag.
Function of the Interviewee	
Own Functioning	Account Manager Business Relations, trying to match the demand of partner organizations in developing countries with the expertise and financial resources of Dutch companies.
Development Cooperation	
Activity in the field of Development Cooperation.	The interviewee works for Cordaid for seven years now. She lived in Suriname as a child for three years and she has been chairman of international solidarity of a trade union for some time. So she is active in the field of development cooperation for approximately 12 years now.
Trends in the Field of Development Cooperation	Development Cooperation through the traditional Dutch NGO's have become more focused on monitoring rather than directly executing projects. Another trend is that development work is no longer the domain of NGO's only, it's rather the domain of the whole society. Companies who discover markets in developing countries also consider social aspects.
Relation Between Cordaid and The Business Sector	In general, partner organizations are the ones that buy – in goods and service from private – sector organizations themselves. If an organization contacts Cordaid in order to access a foreign market in a developing country, than Cordaid takes this request into consideration. The companies policy towards corporate citizenship is taken into account.
Procurement at Cordaid	Cordaid buys – in goods and services from private – sector organizations, organizations who offer the lowest prices are the ones that usually are picked out during the procurement process. Corporate Citizenship policies play a role too.
The Homill – Hammer Mill – Own Impression	
Awareness of the Homill – Hammer Mill	Through this interview.
First Impression of the Homill – Hammer Mill	Nice initiative, there more initiatives like this.
Market Opportunity of the Homill – Hammer Mill	
Market Opportunity of the Homill – Hammer Mill in Developing Countries	It's difficult to say, but Homill should ask itself the question who could afford the product and how it could reach the target market of potential end - users
Market Opportunity of the Homill – Hammer Mill in Zambia	Again, It's difficult to say, but Homill should ask itself the question who could afford the product and how it could reach the target market of potential end - users
Difficulties in Marketing the Homill – Hammer Mill	Same answer, who could afford the product and how it could reach the target market of potential end - users
The Potential Role of External Organizations in Marketing the Homill – Hammer Mill in Zambia	
The Potential Role of Cordaid in Marketing the Homill – Hammer Mill in	Cordaid can't play a role in marketing the Homill – hammer mill in Zambia, it could at best provide Homill with the names of other NGO's which could play such a role.

Zambia	
The Potential Role of other External Organizations in Marketing the Homill – Hammer Mill in Zambia	An organization that could help Homill further is Agromisa. No idea whether UN – organizations or microcredit – organizations could help Homill in marketing the mill in Zambia and other developing countries.
Closing Remarks	
Potential Useful Contacts Who Could Contribute to this Research	The respondent does not have such contacts.

Appendix 3.6. Interview With An NGO – Representative (2)

Table 3.7.	
Interview No. 6.	
Interview With Mr. Camille Fontijn of Care Netherlands	
Interview Details	
Subject	Relationship between CARE Netherlands and the Business Sector, Marketing possibilities of the Homill – hammer mill in Sub – Saharan Africa / Zambia through CARE Netherlands.
Name Interviewer	Adrián Kovács
Name Interviewee	Camille Fontijn
Function Interviewee	Head of Fund Raising and Inquiries at CARE Netherlands
Date Interview	Questionnaire mailed on the 3th of July, answers received the 5th of August.
Interview Type	Qualitative Interview through e – mail.
Location Interviewer	University of Twente, Capitool E 307, 7500 AE Enschede, The Netherlands
Location Interviewee	CARE Nederland, Juffrouw Idastraat 11, 2513 BE Den Haag.
Function of the Interviewee	
Own Functioning	Head of Fund Raising and Inquiries at CARE Netherlands, member of the Management Team of CARE Netherlands responsible for all fundraising activities and marketing activities.
Development Cooperation	
Activity in the field of Development Cooperation.	The interviewee has been active in the field of development cooperation for approximately ten years. He has worked for Foster Parents Plan for 3 years as manager of loyalty and he is active for six years in his current function at CARE Netherlands.
Trends in the Field of Development Cooperation	The most important trend is the shift from international NGO's towards local NGO's. international NGO's are allocating the execution of development projects more and more towards local NGO's while focusing their own activities more and more on capacity building.
Relation Between CARE Netherlands and The Business Sector	In practice, private – sector organizations are supporting the initiatives of CARE Nederland more than the other way around. But this involves just a few sponsorship programs.
Procurement at Cordaid	The execution of development projects are in the hands of local country headquarters and local partner organizations. The buy – in of goods and services by local partner organizations is based on a central internally developed procurement process. CARE Netherlands has no influence on procurement decision of local partner organizations in other countries.
The Homill – Hammer Mill – Own Impression	
Awareness of the Homill – Hammer Mill	Through this interview.
First Impression of the Homill – Hammer Mill	The first impression is a positive one
Market Opportunity of the Homill – Hammer Mill	
Market Opportunity of the Homill – Hammer Mill in	The lack of access to electricity in a lot of developing countries like Zambia can reduce the market opportunity and potential for success considerably.

Developing Countries	
Market Opportunity of the Homill – Hammer Mill in Zambia	The lack of access to electricity in a lot of developing countries like Zambia can reduce the market opportunity and potential for success considerably.
Difficulties in Marketing the Homill – Hammer Mill	As stated in the answer to the previous question, lack of electricity supply in developing countries and the price of the product.
The Potential Role of External Organizations in Marketing the Homill – Hammer Mill in Zambia	
The Potential Role of CARE Netherlands in Marketing the Homill – Hammer Mill in Zambia	No.
The Potential Role of other External Organizations in Marketing the Homill – Hammer Mill in Zambia	NGO's possibly, but rather local organizations than international organizations. UN – Organizations, the interviewee doesn't see a way how.
Closing Remarks	
Potential Useful Contacts Who Could Contribute to this Research	The respondent does not have such contacts. Possibly local partner organizations of CARE could answer the questions proposed in this interview better.

Appendix 3.7. Interview With a Dutch Missionary in Zambia

Table 3.8.	
Interview No. 7.	
Interview With Father Toon Van Kessel	
Interview Details	
Subject	Qualitative Assessment of the Market Opportunity of the Small – Scale Homill – Hammer Mill in Zambia
Name Interviewer	Adrián Kovács
Name Interviewee	Toon Van Kessel
Function Interviewee	Missionary, Initiator of Stichting Steun de Luangwa Valley
Date Interview	10 – 06 – 2008
Length Interview	60 minutes (09.30 p.m. – 10.30 p.m.)
Interview Type	Face – to – face Qualitative Interview
Location Interview	Restaurant at the Train Station of Oss
Function of the Interviewee	
Stichting Het Groene Woud	The foundation focuses on creating markets for farmers, improving local infrastructure, creating food stocks, education and health care. The foundation exists for nearly ten years now. The foundation is actually currently looking to buy around 5 hammer mills, but they are looking for larger – scale mills than the Homill – hammer mill.
Own Functioning	Initiator and member of the directing board of the foundation.
Development Cooperation	
Activity in the field of Development Cooperation.	The interviewee has been living in Zambia for more than 40 years, he is involved in private – development projects as a missionary for more than 30 years.
Trends in the Field of Development Cooperation	<ul style="list-style-type: none"> ▪ Development cooperation has become a monitoring activity, there is little involvement from people in development projects. • Too much development projects are not originating from people in developing countries themselves. ▪ A lot of people start their own NGO's, based on economic motives.
The Homill – Hammer Mill – Own Impression	
Awareness of the Homill – Hammer Mill	Became aware of the existence of the mill during the Zambia – day at the Ministry of Foreign Affairs on the 4 th of July.
First Impression of the	The mill would be ideal for a large family, it's probably too small for a whole village but it

Homill – Hammer Mill	could be interesting for a large family, especially in for large families living nearby the urban areas.
Strengths of the Homill – Hammer Mill	The fact that it's designed to be as maintenance – free as possible is positive thing, since maintenance is usually the problem with the larger – scale diesel – powered machines.
Weaknesses of the Homill – Hammer Mill	The electrical powering is a big weakness, because in remote rural areas, like the Luangwa Valley there people have no access to electrical power at all.
Market Opportunity of the Homill – Hammer Mill	
Market Opportunity of the Homill – Hammer Mill in Zambia	There is absolutely a need for hammer mills in rural areas in Zambia, since usually on average there is less than one mill per village. But in the places where hammer mills are needed the most there is usually no access to electricity.
How to Market the Homill - Hammer Mill	Ideally, the mill should be produced locally, cause that will provide employment for people, also the technical knowledge of people regarding the mill would be much greater which would make maintenance – activities considerable easier.
The Homill – Hammer Mill Success or Not?	The mill could be a success when its marketed towards large families who live in villages nearby the large cities. Also the mill could be appropriate for women's cooperatives. There is only one way though to assess the market opportunity and product potential of the mill in Zambia, and that is to test the mill in Zambia itself. The mill could for example be placed at hospitals, schools and orphanages, because these institutions have usually access to electricity. The villages around Lusaka would form an ideal test case for the mill, there is no better market research than research on the market itself.
Own Advice Towards Homill	Conduct market research in Zambia itself, the best way to do that is to test the machine in the target market itself. place a few mills in places where people have access to electricity, like schools or hospitals and monitor its performance on a monthly basis for a year.
The Potential Role of External Organizations in Marketing the Homill – Hammer Mill in Zambia	
The Role of External Organizations in Marketing the Homill – Hammer Mill in Zambia	Possibly, local organizations would be interested in buying the Homill – hammer mill, especially local organizations who based on women emancipation.
Closing Remarks	
Potential Useful Contacts Who Could Contribute to this Research	No, because the interviewee lives in Zambia.

Appendix 3.8. Contacts

Organisatie	Contact	Contactpersoon	Functie	Contactpogingen	Succes	Afspraak
ICCO	Postadres ICCO Postbus 8190 3503 RD Utrecht Nederland Receptie ICCO Tel.: 030 - 692 78 11 Fax: 030 - 692 56 14 E-mail: info@icco.nl Servicedesk ICCO & Impulsis Tel.: 030 - 692 79 79 Fax: 030 - 880 1975 E mail: info@impulsis.nl Pedro Eikelenboom Tel. 030 692 78 07 Diederik Van Iwaarden E mail: diederik.van.iwaarden@icco.nl	Pedro Eikelenboom	Medewerker	Telefonisch Vrijdag 30 mei 2008 15.10uur - 15.40uur Telefonisch Vrijdag 30 mei 2008 15.40 Telefonisch Maandag 2 Juni 2008 11.50 uur Telefonisch Maandag 2 Juni 2008 14.15 uur Pedro Eikelenboom bevindt zich in de Verenigde Staten, hij heeft een vervanger Diederik Van Iwaarden, vandaag was zijn eerste dag E – mail Dinsdag 3 Juni 2008 10.45 uur Diederik Van Iwaarden	Niet doorheen te komen bij de receptie Servicedesk niet bereikbaar Pedro Eikelenboom neemt telefoon niet op Goed Bereikbaar echter niet gesproken met Pedro Eikelenboom	Concrete vraag / vragen mailen naar Diederik van Iwaarden, die zal dan door verwijzen naar de juiste persoon.

				<p>Telefonisch Donderdag 5 Juni 11.20 uur Diederick Van Iwaarden (gebeid wegens niet – beantwoording mail)</p> <p>Vrijdag 6 Juni 2008 Mail ontvangen van ICCO</p>	<p>Goed Bereikbaar, gesproken met Diederick Van Iwaarden, deze week nog antwoord op vraag.</p>	<p>ICCO richt zich niet op Agriculturele Projecten en kan derhalve geen antwoord geven op de gestelde vragen.</p>
<p>Stichting Het Groene Woud</p>	<p>Stichting Het Groene Woudt Slangenweg 30 1251 RV Laren Nederland Tel: 035 646 60 10 Meindert Witvliet Tel. 06 51 49 66 09</p>	<p>Meindert Witvliet</p>	<p>CEO</p>	<p>Telefonisch Vrijdag 30 mei 15.00uur</p> <p>Telefonisch Vrijdag 6 Juni 13.30 uur</p>	<p>Goed Bereikbaar, gesproken met Meindert Witvliet</p> <p>Goed Bereikbaar, Telefonisch Interview afgenomen met Meindert Witvliet.</p>	<p>Vrijdag 6 Juni, na de middag, telefonisch bereikbaar op kantoor voor beantwoording interviewvragen</p>
<p>HIVOS</p>	<p>Hivos Raamweg 16 Postbus 85565 2508 CG Den Haag tel: 070 376 5500 fax: 070 362 4600 mail: info@hivos.nl giro: 716000</p>			<p>Telefonisch Donderdag 5 juni 13.30 uur</p> <p>Telefonisch Donderdag 5 Juni 14.00 uur</p>	<p>Goed Bereikbaar over een half uurtje terug bellen</p> <p>Teruggebeid zoals afgesproken, maandag bellen naar mevrouw Marjke Haanraads (voorlichting)</p>	

Cordaid	<p>Cordaid Postbus 16440 2500 BK Den Haag Lutherse Burgwal 10 2512 CB Den Haag Tel: 070 31 36 287 Mob: 06 107 204 82 Fax: 070 31 36 201 Mail: jaqueline.leemkuil@cordaid.nl</p>	Jaqueline Leemkuil	Relatiemanager	<p>Telefonisch Dinsdag 24 Juni 15.05</p> <p>Gesproken tijdens de Seminar VN – Inkoopdagen 16 mei, Crown Plaza Hotel Den Haag</p> <p>Telefonisch Dinsdag 24 Juni 15.00 uur</p>	<p>Goed Bereikbaar, maar niet gesproken met Marijke Haanraads, die werkt morgen pas weer</p> <p>Gesproken</p> <p>Goed Bereikbaar, echter niet gesproken met Mevr. Leemkuil over half uur terugbellen</p>
Oxfam Novib	<p>Mauritskade 9 Postbus 30919 2500 GX Den Haag The Netherlands Tel: +31 (0)70 342 17 72 Mob: +31 (0)6 22 605 269 Fax: +31 (0)70 361 44 61 Mail: wouter.bolding@oxfamnovib.nl Site: www.oxfamnovib.nl</p>	Wouter Bolding	Medewerker Corporate Sector & Stichtingen Marketing & Fondsenwerving	<p>Gesproken tijdens de Seminar VN – Inkoopdagen 16 mei, Crown Plaza Hotel Den Haag</p>	Gesproken
EVD	<p>Juliana Van Stolberglaan 148 Postbus 20105, 2500 EC Den Haag</p>	Jane Aerts	Accountmanager VN, NGO's, Navo	<p>Gesproken tijdens de Seminar VN – Inkoopdagen 16 mei,</p>	Gesproken

EVD	<p>Tel: (070) 778 86 30 Mail: aerts@evd.nl Site: www.evd.nl/tio</p> <p>Tel: 070 778 86 73 Mail: zambia@info.evd.nl</p>	Karen Van Den Einden	Landenmedewerker Zambia	<p>Crown Plaza Hotel Den Haag</p> <p>Telefonisch Vrijdag 30 mei 2008, 14.40 uur</p> <p>Doorverwijzing: Henny Gerner Economisch Medewerker Nederlandse Ambassade in Zambia (studenten worden doorgaans niet geholpen)</p> <p>Telefonisch Dinsdag 10 Juni 14.40 uur</p>	<p>Goed Bereikbaar</p> <p>Wel opgenomen, maar niet door Mevr. Van Den Einden</p>	Woensdag 11 Juni om 13.30 uur bellen
D. Wood Consultants Investments	<p>Lusaka Tel: +260 1 223 178 P.O. Box 30028 Tel: +260 1 222 190</p>	Dennis Wood	Consultant	<p>Telefonisch Woensdag 18 Juni 11.10 uur</p> <p>Telefonisch Woensdag 18 Juni 11.15 uur</p>	<p>Bij de eerste poging meteen bereikbaar, echter Dennis Wood niet gesproken, +260 1 222 190 is niet (meer) het nummer van Dennis Wood.</p> <p>Niet Bereikbaar, het huisnummer van Dennis Wood is</p>	

				volstrekt niet bereikbaar, bij alle vijf pogingen hetzelfde verhaal; 'het nummer dat u belt is op dit moment niet bereikbaar'
			Telefonisch Woensdag 18 Juni 14.30 uur	Niet Bereikbaar, Wederom vijf keer naar het huisnummer van Denis Wood gebeld, wederom vijf keer de melding: 'het nummer dat u belt is op dit moment niet bereikbaar'
			Telefonisch Donderdag 19 Juni, Vrijdag 20 Juni, Verscheidene tijdstippen	Niet bereikbaar, wederom de welbekende melding
			Telefonisch Maandag 23 Juni 10.00 uur	Ma maar liefst 113 pogingen is het eindelijk gelukt om iemand aan de lijn te krijgen, het nummer 223 178 blijkt het

				<p>kantoonummer van Dennis Wood te zijn. Degene die de telefoon oppakte verschaft diverse gegevens van Dennis Wood, waaronder zijn mobiele nummer.</p> <p>Goed Bereikbaar, gesproken met Dennis Wood, gegevens uitgewisseld.</p>	<p>Afspraak dat Mr. Swinkels zo spoedig mogelijk contact opneemt met Dennis Wood.</p>
Privepersoon	<p>Kapiri Mposhi</p> <p>Tel: +260 5 271 002 + 260 5 271 228</p>	Danny Chibo	Voormalig Zakenpartner SAMS	<p>Telefonisch</p> <p>Maandag 23 Juni 10.20 uur</p>	
Nederlandse Ambassade Lusaka	<p>Tel: +260 125 38 19 + 260 125 37 33</p> <p>E mail; henny.gerner@minbuza.nl</p>	Henny Gerner	Medewerker Departement Agriculture & Economic Development / Trade	<p>Telefonisch</p> <p>Maandag 9 Juni 10.45 uur</p> <p>Telefonisch</p> <p>Maandag 9 Juni 11.00 uur</p>	<p>Melding: 'het nummer dat u belt is op dit moment niet bereikbaar'</p> <p>Wederom melding; 'het nummer dat u belt is op dit moment niet bereikbaar'(telefoon gaat overigens meermaals over)</p>

				Telefonisch Maandag 9 Juni 11.50 uur	Wederom melding; 'het nummer dat u belt is op dit moment niet bereikbaar'(telefoon in gaat overigens meermaals over)				
				Telefonisch Dinsdag 10 Juni 11.00 uur	Wederom melding; 'het nummer dat u belt is op dit moment niet bereikbaar'(telefoon in gaat overigens meermaals over)				
				Telefonisch Dinsdag 10 Juni 14.30 uur	Wederom melding; 'het nummer dat u belt is op dit moment niet bereikbaar'(telefoon in gaat overigens meermaals over)				
Judy Kumwenda				Telefonisch Woensdag 18 Juni 10.40 uur	Goed Bereikbaar, na drie pogingen uiteindelijk gesproken met Ms. Judy Kumwenda				Rond 30 Juni e mail met lijst hamermolen producenten.
Privépersoon	dixhaarn@zamnet.zm	Frank Van Dixhoorn	Voormalige Eerste Secretaris Nederlandse Ambassade in	E – mail Maandag 2 juni 13.50 uur					Nog niet gereageerd, gebeurt waarschijnlijk ook niet meer,

Agromisa	0317 412 217	Roy Keizer	Lusaka Coördinator Publicaties	<p>Telefonisch Vrijdag 30 mei 2008 15.45 uur</p> <p>Telefonisch Maandag 2 Juni 2008 11.50 uur</p> <p>Doorverwijzing; Practical Action UK Ab Wanders, IMAG, Zetten / Heteren WOT Jan Van Empel, Vogelenzang Andelst</p>	Goed Bereikbaar	
Practical Action Southern Africa	<p>Practical Action Zimbabwe P O Box 1744 Harare Zimbabwe</p> <p>Number 4 Ludlow Road (off Enterprise Road) Newlands Harare</p> <p>Tel. +263 4 776 107 +263 4 788 157</p> <p>E-mail. practicalaction@practicalaction.org.zw</p>	Ton Putt			Goed Bereikbaar Gesproken met Ir. Roy Keizer	
Werkgroep	Werkgroep	Ton Putt	Telefonisch	Wordt niet		

<p>Ontwikkelings Technieken (WOT)</p>	<p>OntwikkelingsTechnieken Universiteit Twente Postbus 217 7500 AE Enschede Nederland Tel. 053 4892845 (bij geen gehoor 053 4893191) E-mail (Ton Putt), putt- ton@zonnet.nl</p>		<p>Maandag 9 Juni 11.20 uur Telefonisch Maandag 9 Juni 15.35 uur E mail Maandag 9 Juni 16.00 uur Telefonisch Dinsdag 10 juni 11.20 uur</p>	<p>opgenomen, niemand is aanwezig Wordt niet opgenomen, niemand is aanwezig Goed Bereikbaar Gesproken met Freddy Alferink, Ton Putt werkt niet meer voor de WOT</p>	<p>Woensdag 11 Juni Afspraak met Freddy Alferink Gebouw 31, De Achterhorst</p>
<p>CARE Nederland</p>	<p>CARE Nederland Juffrouw Idastraat 11 2513 BE Den Haag Tel. 070 310 50 50 E mail. general@carenederland.org Voor donor – en sponsorcorrespondentie: Postbus 24 2501 CA Den Haag Tel. 070 – 3105055 E mail. care@carenederland.org</p>				
<p>Stichting Connect</p>	<p>Connect International</p>		<p>Telefonisch</p>	<p>Goed Bereikbaar</p>	

International	Jan van Houtkade 50 2311 PE Leiden Netherlands Tel. +31 (0)71 514 11 11 Email. info@connectinternational.nl	Dorien Nannings		Donderdag 5 Juni 2008 11.40 uur	Geen belangstelling → Doorverwijzing naar DAPP	
Bureau DIN	Telefoon 06 22 37 26 58 dn@bureaudn.nl	Ab Wanders	Webdesigner (beheer website Homill)	E mail Vrijdag 6 Juni 9.15 uur		Maandag 9 Juni 16.35 uur reactie ontvangen middels mail
Privépersoon	Steenbeekstraat 35 6671 Al Zetten Tel. 0488 454 865	Ab Wanders	Voormalig onderzoeker IMAG Wageningen	Telefonisch Woensdag 11 Juni 20.15 uur	Goed Bereikbaar, Ab Wanders gesproken, afspraak gemaakt voor interview	Donderdag 12 Juni 13.30 uur – 15.00 uur Afspraak interview met Ab Wanders op huisadres
Koninklijk Instituut voor de Tropen	KIT Library Royal Tropical Institute P.O. Box 95001 1090 HA AMSTERDAM the Netherlands Mauritskade 63 1092 AD Amsterdam Tel. (31) 20 - 5 688 462 Fax. (31) 20 - 6 654 423 E mail. Library@kit.nl		Medewerkster Bibliotheek	Telefonisch Vrijdag 13 Juni 10.30 uur	Goed Bereikbaar, vragen gesteld m.b.t. toegankelijkheid KIT - bibliotheek	Dinsdag 17 Juni, 15.00 uur tot 16.30 uur in de bibliotheek geweest
Nederlands Instituut voor Zuidelijk Afrika (NIZA)	NIZA Postbus 10707 Van Diemenstraat 200 1001 ES Amsterdam Tel. 31 (0)20 520 62 10 Fax. 31 (0)20 520 62 49	Kier Schuringa	Documentalist & Archivaris NIZA	Telefonisch Maandag 16 Juni 11.00 uur	Goed Bereikbaar, Gesproken met de receptioniste, afspraak gemaakt voor inzage archief	Dinsdag 17 Juni Na de middag, inzage archief van 12.30 uur – 14.00 uur

<p>Stichting Werkgroep Zambia</p>	<p>E-mail: niza@niza.nl lvanzwol@gmail.com</p>	<p>Lottie Van Zwol</p>	<p>Medewerkster Info – team Werkgroep Zambia</p>	<p>Telefonisch Maandag 16 Juni 14.15 uur</p>	<p>Goed Bereikbaar, na verschillende mislukte contactpogingen vorige week, nu besproken met mevr. Van Zwol</p>	<p>Dinsdag 24 Juni, E – mail sturen naar mevr. Van Zwol, met exact verzoek.</p>
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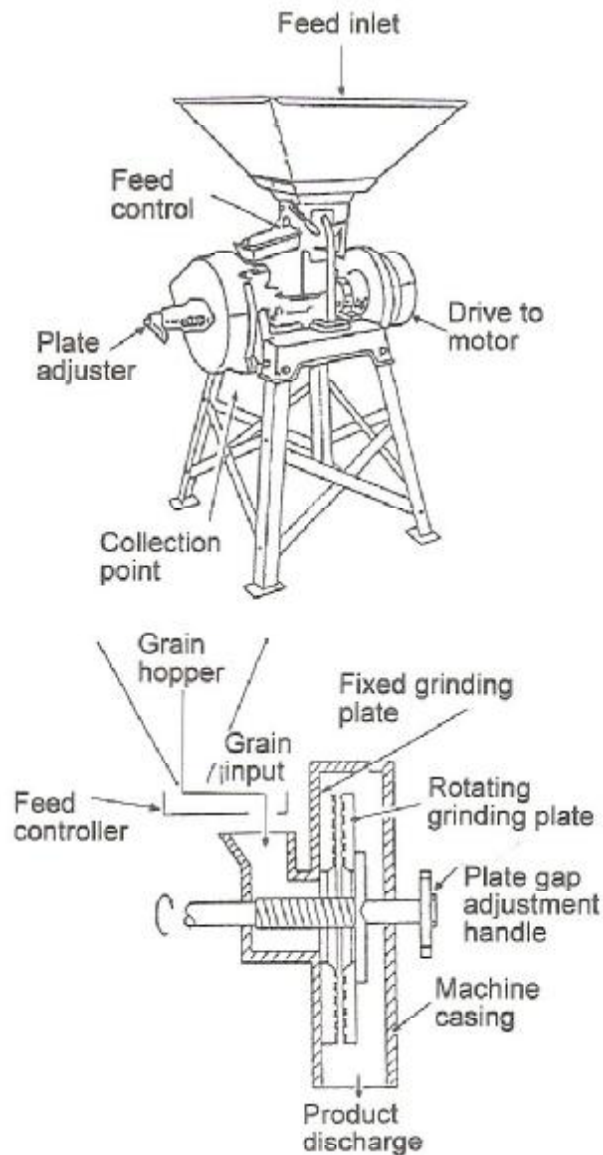
Appendices

Chapter 4

Appendix 4.1. Different Types of Milling

(1) Stone Milling

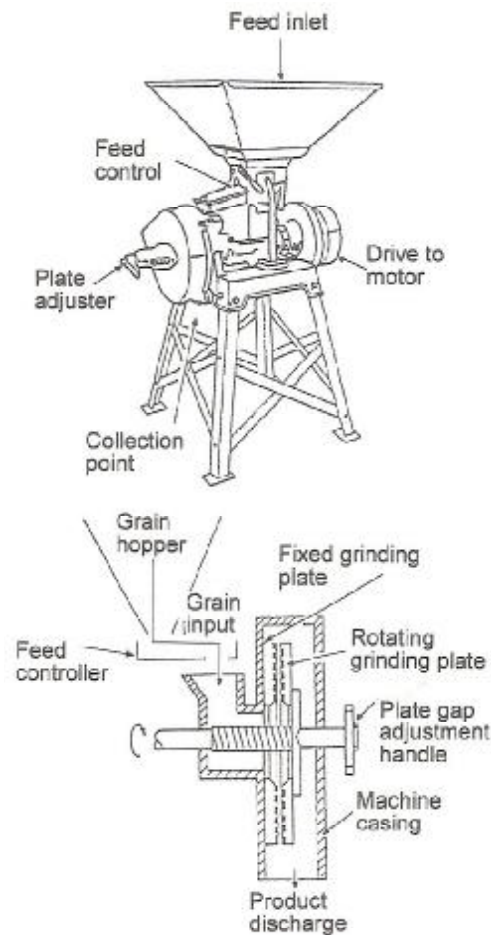
In stone mills the milling process is achieved by passing grain between the flat surfaces of two millstones, one of which rotates whilst the other remains stationary. A shearing action results which causes the grain to be reduced to a meal or flour⁸¹.



⁸¹ Section based on; L. Johnsson et. al., (1994), 'Small – Scale Milling – A Guide for Development Workers', Intermediate Technology Publications, The Stockholm Environment Institute, pp. 46.

(2) Plate Milling

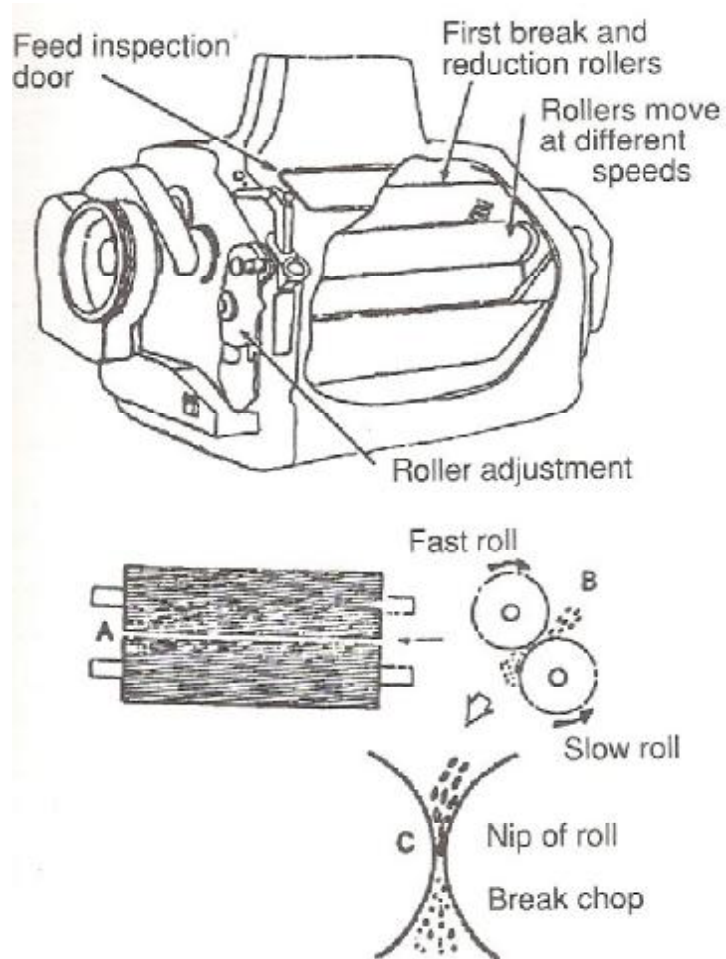
Plate mills have been developed from the traditional stone mill, with the millstones replaced by relatively small grinding plates made of cast iron, with grooves on both sides so that the plates can be reversed. Plate mills are designed and operated in much the same way as stone mills: with one plate fixed while the other is turned by a belt driven by a power source. Plate mills are predominantly used in Central America and are most suited for grinding wet material⁸².



⁸² Section based on; L. Johnsson et. al., (1994), 'Small – Scale Milling – A Guide for Development Workers', Intermediate Technology Publications, The Stockholm Environment Institute, pp. 47 – 48.

(3) Roller Milling

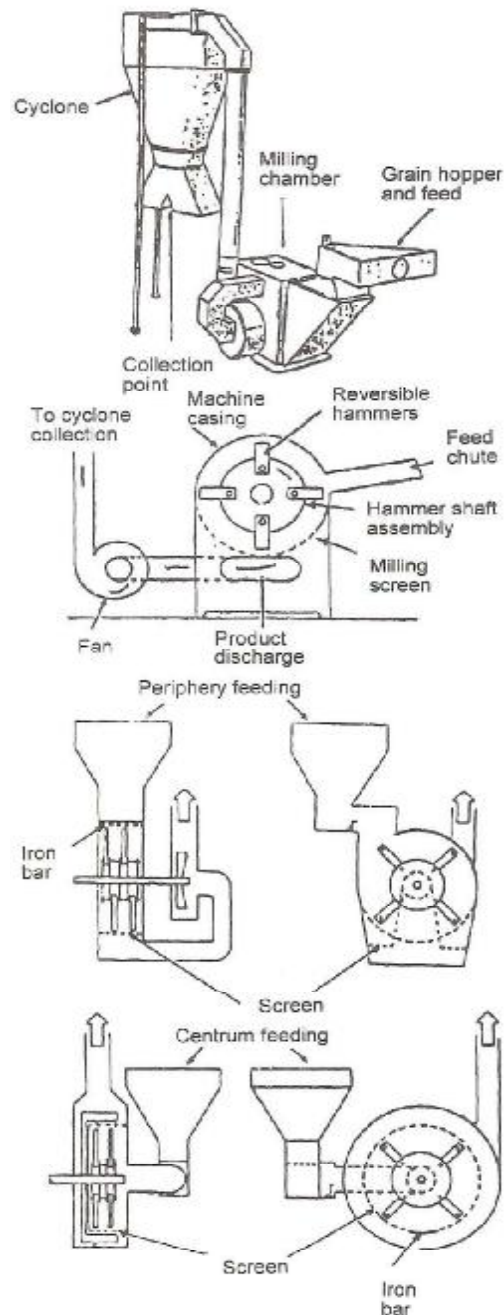
Roller mills are used for milling maize on a large – scale. The milling process of roller mills differs from other types of mills because in roller mills grains are broken down gradually and also roller mills remove the bran of the grain. The grinding process is carried out by passing the grain through a series of double rolls which turn together to crush the grain⁸³.



⁸³ Section based on; L. Johnsson et. al., (1994), 'Small – Scale Milling – A Guide for Development Workers', Intermediate Technology Publications, The Stockholm Environment Institute, pp. 51.

(4) Hammer Milling

Hammer milling is the simplest form of one – step milling for dry cereals and grains and is the dominant milling technique used throughout the African continent for the dry – milling of maize, sorghum, cassava and other cereals. Hammer mills are the dominant milling technique in Zambia too and are often manufacture locally. The size reduction of cereals in hammer mills occurs primarily by impact as the grain is hit by rotating hammer or beaters. Further impact occurs between the grains and as they hit the casing of the machine and the metal screen. The broken grain is retained within the milling chamber until its size is reduced sufficiently to allow it to pass through the screen perforations⁸⁴



⁸⁴ Section based on; L. Johnsson et. al., (1994), 'Small – Scale Milling – A Guide for Development Workers', Intermediate Technology Publications, The Stockholm Environment Institute, pp. 48 – 50.

Appendix 4.2. Traditional Dutch NGO's Contacted

Traditional Dutch NGO's Contacted	
Cordaid	Cordaid is a Dutch development organization with more than thirty years of expertise and experience in the field of international development cooperation ⁸⁵ . Cordaid's development projects worldwide are focused on 10 topics; (1) <i>minorities</i> , (2) <i>inhabitants of shanty towns</i> , (3) <i>women and violence</i> , (4) <i>prevention of disasters and disaster aid</i> , (5) <i>fraternization and rebuilding</i> , (6) <i>access to health care</i> , (7) <i>care for vulnerable society groups</i> , (8) <i>HIV / Aids</i> , (9) <i>small – scale entrepreneurship</i> and (10) <i>micro – financing</i> . Cordaid is active in more than 40 developing countries worldwide. In 2007, Cordaid had numerous running projects in Zambia, especially regarding small – scale entrepreneurship ⁸⁶ . Therefore Cordaid could potentially play a role in marketing the Homill – hammer mill in Zambia and other developing countries.
Oxfam Novib	Oxfam Novib Netherlands is a Dutch co – financing organization, which means that the organization receives most of its funding through government subsidies and subsidies from the European Union. Oxfam Novib strives for a justified world without poverty by executing development projects in more than 60 countries worldwide. One of these countries is Zambia, where Oxfam Novib currently has nine actively running projects ⁸⁷ . These projects are mainly related to the topics of trade, food security and health conditions. A product like the Homill – hammer mill could fit into such projects, therefore Oxfam Novib could potentially play a role in marketing the Homill – hammer mill in Zambia and other developing countries.
Hivos	Hivos is another Dutch co – financing institution, which strives towards an honest, durable and free world based on humanistic values. Hivos is active in 30 developing countries in Africa, Asia and Latin – America and has field offices in Zimbabwe, India, Indonesia and Costa Rica ⁸⁸ . Hivos' projects are directed towards a structural poverty reduction by focusing on community development and durable economic development. More specifically, Hivos' development projects are focused on (1) <i>financial services and setting up businesses</i> , (2) <i>durable production</i> , (3) <i>human rights and democratization</i> , (4) <i>HIV / Aids</i> , (5) <i>arts and culture</i> , (6) <i>gender, women and development</i> and (7) <i>ICT & Media</i> ⁸⁹ . Currently, Hivos has multiple running projects in Zambia, regarding diverse topics like sustainable production, HIV / AIDS, women development, and financial services ⁹⁰ .
ICCO	ICCO is another Dutch co – financing organizations which conducts its operations based on Christian values. ICCO's projects are focused on (1) <i>providing inhabitants of developing countries with basic necessities</i> , (2) <i>economic development</i> and (3) <i>democratization and peace</i> ⁹¹ . ICCO has running projects in more than 50 developing countries worldwide in Asia, Africa, Latin – America and East – Europe. ICCO claims to be able to provide companies large or small with business opportunities in developing countries through its 40 years of experience and through its extensive network of partner organizations ⁹² . Therefore possibly ICCO could help Homill in assessing the business opportunity of the Homill – hammer mill in Zambia.

⁸⁵ http://www.cordaid.nl/Over_ons/Cordaid/Index.aspx?mld=5741

⁸⁶ <http://cordaid.so-creatief.nl/Projecten2007/>

⁸⁷ http://www.oxfamnovib.nl/id.html?id=PROJ_GIDS&lang=&action=zoeken®io=0&land=257&thema=0&term=

⁸⁸ <http://www.hivos.nl/dut/Wij-zijn-Hivos/Hivos-in-het-kort/Hivos-in-het-kort>

⁸⁹ <http://www.hivos.nl/dut/Wij-zijn-Hivos/Hivos-in-het-kort/Hivos-in-het-kort>

⁹⁰ <http://www.hivos.nl/dut/content/view/full/96/%28sector%29/-1/%28country%29/10000023>

⁹¹ <http://www.icco.nl/delivery/main/nl/doc.phtml?p=Hoe+we+werken>

⁹² <http://www.icco.nl/delivery/main/nl/bedrijven.phtml?p=Ondernemen+met+ICCO>

Appendix 4.3. Other Dutch NGO's Contacted

Other Dutch NGO's Contacted	
Stichting Het Groene Woudt	Stichting Het Groene Woudt is an organization which was founded in December 2005 with the mission to facilitate development projects from a business perspective in a prudential manner. Stichting Het Groene Woudt is a profit – making institution. Stichting Het Groene Woudt is mainly active in agricultural projects in multiple developing countries (e.g. Kenia, Tanzania), where the goal is to provide the local farmers with access to markets, through newly established commercial enterprises. Stichting Het Groene Woudt's approach regarding development work can be described as a professional social venture approach . Professional in the sense that Stichting Het Groene Woudt is not only funding and monitoring projects in developing countries, but the foundation wants to be actively involved in all of its development projects.
CARE Netherlands	<i>CARE is a leading humanitarian organization fighting global poverty. We place special focus on working alongside poor women because, equipped with the proper resources, women have the power to help whole families and entire communities escape poverty. Women are at the heart of CARE's community based efforts to improve basic education, prevent the spread of HIV, increase access to clean water and sanitation, expand economic opportunity and protect natural resources. CARE also delivers emergency aid to survivors of war and natural disasters, and helps people rebuild their lives⁹³.</i>
Agromisa	<i>'Agromisa was established in 1934, and is linked to Wageningen University and Research Centre. Our aim is to exchange knowledge information on small-scale sustainable agriculture and related topics. Our target group is the underprivileged population in rural areas. Agromisa's main objective is to strengthen the self-reliance of the target group and to improve their livelihood by sharing experience and knowledge. Agromisa's role in this is a supportive one, which implies that we are not a donor organisation, nor do we finance projects directly. It is Agromisa's belief that the gap between formal (scientific) knowledge and informal (farmers') knowledge should be bridged. To achieve this, Agromisa wants to collaborate with intermediary organizations⁹⁴.</i>
Connect International	Connect International is an NGO who supports local communities in developing countries so that they can help themselves. By opting this method of working, Connect International has helped hundreds of villages and communities in five target countries; Philippines, Mozambique, Nicaragua, Tanzania and Zambia. Since Connect International has running projects in Zambia in Chibombo, Mazabuka, Kalomo, Chomo and the Mkushi Districts and thereby reaches 250.000 people in rural areas, Connect International could potentially help in marketing the Homill – hammer mill in rural areas in Zambia. Therefore Connect International was contacted to verify this.

⁹³ <http://www.care.org/about/index.asp>

⁹⁴ <http://www.agromisa.org/index.php?gekozen=ABOUT>

Appendix 4.4. Organizations who Attended the Zambia – day at the 4th of July and their locations

Organisaties op de kaart van Zambia

Zambia dag, 4 juli 2008

1. Junior Tembo
2. Stichting Renovatie en educatie in Zambia
3. PUM
4. Orange Babies
5. IICD
6. Kangaroo School – DXD
7. Plan Zambia
8. Cordaid (ondernemen)
9. Humana
10. Stichting Lukamanto
11. Simavi
12. Kasisi
13. Mindolo Ecumenical Foundation (sharing farms)
14. Stichting Kasanka
15. Stichting Steun de weeskinderen in Zambezi
16. Privaserve Foundation (Centre for Human Emergence, Linknet etc)
17. Stichting Kinderen van Mpongwe
18. RCZ Lundazi partnergemeente PKN Emmakerk Soest
19. Stichting Twatasha Community School (Project Kasondi)
20. Joy of a toy
21. Stichting Vrienden van Chilonga (Our Lady's Hospital)
22. Stichting Family in Christ Mission
23. Zambridge Senanga

Organisaties in en rond Lusaka:

Nrs. 3, 4, 5, 6, 7, 8, 12, 19, 21 en 22.

Appendix 4.5.; Embassy Projects and Embassy Funding in Zambia

Updated 20 June 2008

Overview of the Small Embassy Projects in Zambia and Malawi

There are two categories of Small Embassy Projects (SEPs):

1. **ODA SEPs:** refers to those small embassy projects that contribute directly to poverty reduction (called Official Development Assistance or ODA). The application period runs from 1st November to 31st January. In that period the Embassy receives about 200-300 applications. The annual budget in 2008 increased to €200,000, which is for about 15 projects. Clear criteria (see Annex) and application forms can be downloaded from www.netherlandsembassy.org.zm.
2. **Non-ODA SEPs** do not directly link with poverty reduction, but should be supportive to policy development of the Netherlands Embassy. The annual budget is €30,000.

Ad1) ODA SEPs

	Organization	Location	Purpose
2007	Radio Kabangabanga	Solwezi	Installation of radio broadcast studio
	Mandia Safe Drinking Water Project	Livingstone	Installation hand pumps and sand filters
	Kacema Musuma Orphanage	Kawambwa	Installation borehole and kitchen tools
	Water system for Deaf Unit Hostel	Solwezi	Installation of watertank
	Computer Literacy in Prison	Kabwe	Supply of computers for training
	<i>Beckwood Dairy</i>	<i>Malawi</i>	<i>set up pasteurization/packaging facility.</i>
2008	Kasondi School	Lusaka	School on new farm (3-8 year children)
	Mporokoso ICT	Mporokoso	ICT-services in women's club
	Kiwanga School	Kitwe	Books/garden tools for 170 pupils
	Batoka Dip Tank	Batoka	Provision of milk cooler tank
	Mandala School	Choma	Upgrading school for grade 8-9
	Macha Airstrip	Macha	Gravelling strip and fuel storage
	Disabilities organisation	Lusaka	Provision of sewing equipment
	Solwezi Deaf Unit	Solwezi	Extension for grade 10-12
	Munda Wanga	Chilanga	Tour for 2500 pupils (<i>schoolreisesjes</i>)
	Chavuma DFA	Chavuma	Storage facility for rice farmers
	Lusaka Health Institute	Lusaka	Learning aids for nurse students
	Lusalwa Women's Club	Lumwana	Multipurpose shelter
	Kamulanga School	Lusaka	Upgrade room into laboratory
	<i>Chikonyesa School</i>	<i>Luchezha/Malawi</i>	<i>Building teacher houses</i>
	<i>Chiuta CBO</i>	<i>Chiuta/Malawi</i>	<i>Matze mill</i>

Some expenditure for 2006 projects were paid in 2007.

Ad 2) NON-ODA SEPs

	Organization	Location	Purpose
2007	S. Africa-NL Chamber of Commerce	South Africa	Assistance to trade / investment enquiries
	Catholic Diocese	Ndela	Print mining book "For whom the windfalls"
	<i>Mario Kolk, author</i>	<i>Malawi</i>	<i>Book: "Can you tell me why I went to war?"</i>
2008	Dr. T. Rasing	Lusaka	Presentation on gender during women's day
	<i>Center for social concern</i>	<i>Malawi</i>	<i>Provision of photocopier for newsletter</i>
	European Film Festival	Lusaka	Contribution to film week

Updated 20 June 2008

Annex I: Criteria for ODA-SEPs**GOALS**

The SEP-programme supports local initiatives to improve the socio-economic position of the poorest in society and to offer solutions for acute needs and problems.

CRITERIA

A SEP:

- must be based on a small-scale local initiative originating in the community or agency involved;
- must be implemented using local goods and materials;
- must be targeted at a clearly defined group of people who are actively involved in it and prepared to contribute whatever they can to its implementation (money, labour, materials or land);
- must be capable of being sustained by the local population once complete;
- must be submitted between 1 November and 31 January
- must indicate how the project will impact on the position of women
- may not take the form of charity (such as supplying food, regional study grant, salaries or medical aid) or constitute a gift or part of an election campaign or for social functions;
- does not give priority to the construction of schools;
- is not meant as emergency aid, except as a stopgap to more permanent solutions;
- may not be part of a project or programme belonging to another development agency, or of a larger project split up into different SEP's.
- has a maximum duration of one year

FUNDING

In view of management aspects, funding requests for less than € 7,500/= in general are not taken into consideration. Maximum funding can be obtained for approx. € 20,000/=. Funding requests submitted by organisations, known by the Embassy of the Kingdom of the Netherlands, get preference treatment. Preference will also be given to already existing organisations with a track record and with existing activities.

APPLYING FOR FUNDING

A hardcopy of the application form is available at the reception. An electronic version, can be downloaded from the website www.netherlandsembassy.org.zm.

Address: Embassy of the Kingdom of the Netherlands
United Nations Ave.
Plot No. 5208
P O Box 31905
LUSAKA

E-mail: nlgovlus@iconnect.zm or lus-os@minbuza.nl

One Homill – One Nation

Assessing the Market Opportunity and Product Potential of the Homill – Hammer Mill in Zambia



Bachelor's Assignment – Study Report, Adrián Kovács, s0087262, Business Administration, 17 – 11 – 2008