

Business Development Services (B)¹

Cape Town, South Africa

CASE B. MARKETING THE LBSC PROGRAM

Launching the LBSC Program

Mr. Trevor Manuel, the Minister of Trade and Industry, told the BuDS office that December 15 would be the official launch of the program. The date came and went with nothing happening. The accreditation team was told the program would begin in late January for sure, but this, too, did not happen. It was at this point that Nicole began to have serious doubts whether the current leadership in government was still committed to the program. Meanwhile, the centers were operating and excited about their new status. BuDS held a workshop in February, the first for the newly accredited LBSCs. It was at this workshop that the centers began to question when they would receive the promised financial assistance. Let the political games begin! Finally in late February the Department decided that March 15th was the definite date for the launch and that the BuDS office should start the preparations.

They should start? What was the government talking about? The BuDS team was the facilitator of the program; they administered workshops and handled the day-to-day problems of the LBSC network. How could they also be expected to prepare the launch ceremony for this first program of the new government, the Reconstruction and Development Program (RDP)? This was the Department's launch, it was their program, their opportunity to show the people of South Africa and the world what they had done and how they were delivering on their promises of the 1994 election.

Nicole was astonished by the lack of support and initiative from the Department. She reminded herself a hundred times since arriving in South Africa that this was not her native New Jersey and things were done differently here. If she began to question every decision or instruction given to her and the LBSC program, she would get hung up on little details and fail to develop businesses in South Africa.

It was February 22 and they had exactly three weeks to prepare the national launch for the LBSC program. One woman from the department was given the task of putting it together. No committee was formed; rather one person had absolute control. That meant one person had to issue press releases, order the caterers, invite the public and in general make the event happen. They worked 80 hours a week for this program and it was time to sell it to the general public, the private sector and the international donors who they hoped would fund these selected centers, but the Department dragged its feet. Where were the brochures, where were the media advertisements? Where, for that matter, was the marketing strategy for the program?

Nicole attended the launch as a guest. Joe and she were there, but the rest of the accreditation team was not invited. About 100 people attended the celebration. It was held at one of the rural accredited centers, under a big tent on its property. It was so rural that most of the guests got lost, including the television reporters. The print media failed to attend because it did not seem reasonable to drive that far out from the urban center to cover a story that they knew nothing about because

there were no prior press releases. The Minister attended the ceremonies and gave out the first portion of the payments, which was most important, but it was obvious that marketing and advertising did not play an important role in the South African business world. During the launch there was very little attention paid to the private sector, the wealthy sector in South Africa. Nicole thought that this was a big mistake and a costly error on their part.

Figure 6

Dr. Naidoo and Mr. Stoffels handing COM-SEC the first installment of their financial assistance at the launch of the LBSC program.



Figure 7

Mr. Stoffels and the Minister of Trade and Industry, Mr. Trevor Manuel, at the launch of the LBSC program.



Figure 8

Nicole and Mr. Stoffels at the launch of the LBSC program.



Marketing the LBSC Program

It was the Monday after the launch that Nicole decided to bring up the point that very few of the LBSCs had marketing plans and now after being involved with the launch of the program, she understood that the concepts and practice of marketing and advertising were new to many businesses in South Africa. For that matter, freedom of speech was new, too! In order for the LBSCs to be successful in reaching the disadvantaged communities, they would first have to reach them through marketing and advertising.

Nicole recommended to the executive director, Dr. Raven Naidoo, that the first workshop for the managers of the LBSCs should be on marketing and each center should produce a marketing plan or strategy by the end of the workshop. As for BuDS and the LBSC program itself, Nicole brought the marketing mishap of the launch to the attention of both Raven and Joe. She suggested that it was imperative to involve the private sector in this program if it were to succeed. They were trying to sell a product, namely, the LBSC program itself. Like any other product, they had to market it, and the first thing they needed was a marketing strategy. The future of the program depended on the private sector accepting and buying into this network of nonprofit organizations. They had to accept the concept and work with the centers, giving financial and human resource support. The others agreed with her ideas and suggestions. Raven, in the typical development sector fashion ("too few people, too much to do"), told Nicole to get to work on it. She called the United Nations Development Program (UNDP) representative in South Africa and made arrangements for a marketing workshop, then began work on a proposal for the board of directors.

Understanding the marketplace was the first step. In a country like South Africa, it was imperative to take into consideration the history behind the current economic situation. Nicole needed information about the business and cultural environment. She enlisted the help of her South African colleagues. She discovered that no matter who you were or what job you held, you had a political opinion. From the cleaner all the way up to the executive director, everyone talked and was knowledgeable about politics. (See Appendix from (A) case.)

As for the business environment, South Africa was run as a monopolistic society from 1948 through 1994. They had state-run monopolies where competitive markets did not exist. Thus marketing and advertising were not a significant part of the operation of most businesses. This was the root of the problem. While South Africa had numerous mature industries, very few were familiar with the importance of marketing in all businesses.

In addition to this information on the South African cultural situation, the following were the actual items to be marketed to the private sector:

Product

The product that they were trying to sell was the LBSC program itself. The crux was the concept of a network of small business support centers throughout the country. They were working together to bring high quality support services, such as counseling, training and access to information, to everyone in the nation on an equal basis.

Price

The cost of the product would vary for each individual buyer since each sought different degrees of assistance. For instance, some companies would give only financial assistance, while other organizations might send an employee to work in the local business service center and still others might provide training or contracts for the clients of the service center. So there were a number of ways in which a company from the private sector might choose to become involved in the program, and therefore prices for services varied.

Promotion

The program needs a significant amount of publicity, specifically because after ten months of work, the man on the street knows nothing about the program or Business Development Services. Nicole felt that by not advertising the programs and getting their name before the public, this had hindered their abilities to involve the private sector and was something that should be rectified immediately. Promotion can be achieved with print and media advertising and brochures. In addition, Nicole felt that since this was a quasi-government program, it should have the full backing of the South African government and therefore should offer tax breaks to companies that buy into the program.

Place

Second to promotion, Nicole felt that variations in local conditions posed by far the biggest obstacle to the LBSC program. South Africa was a unique country with contradictions and problems that make a national program very difficult. Now in 1996, the task of creating a national program to provide equal services to everyone was in fact not only difficult, but next to impossible. A strategy for overcoming differences in living conditions had to be a major part of the marketing plan.

It was now April, and Nicole had been working on her proposal for three weeks. The Board of Directors meeting was set for two days hence, and Raven came to tell her that they were very interested in her proposal. She had worked closely with Raven and Joe in developing her thinking, taking into consideration their comments and criticisms. They all felt it was a strong proposal, but they knew it might meet powerful opposition. Nicole had to be convincing in defending her position that BuDS should spend substantial money on a large marketing campaign.

It was the day of the meeting and Nicole was nervous. Raven warned her to be brief and to the point, and wished her good luck.

Assignment:

- (1) Identify your own marketing strategy for the LBSC program to take to the board meeting. Be sure to include an advertising budget and reasons for all your suggestions.
- (2) Read the excerpts from the application of a specific Business Advice Center shown in the Appendix. Then complete the following:
 - a. Make your decision on the application: rejection, partial accreditation, full accreditation. Prepare an answer as if you were going to take your decision to the Accreditation Committee.
 - b. Create a marketing plan for the center to reach its target groups.

NOTES

1. This case was written by Nicole Scheps of Rutgers University. It is intended as a basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.