

Navigating Business Model Innovations

AMEA Learning Event
24th & 25th June 2025





There's a lot of innovation in smallholder inclusive business models, but knowing what fits takes time

Adoption of innovations has been scattered whereas innovation at transformative scale is lagging



Uncertainty on where and how to innovate



A variety of case studies and pilots



Insufficient focus on business outcomes

Eight years ago, under the **Farmfit Africa Program**, we were tasked with developing a pipeline of promising and impactful innovations:



Action research approach



Comparability of insights



Holistic business model focus



Contextual differences and variations in business fit and objectives are barriers to replication

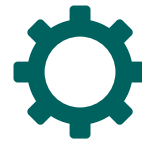
Influential Contextual Factors



Value Chain Dynamics



Degree of Farmer Organization



Rural & Digital Infrastructure



Climate & Environment



Geographical Spread of Farmers



Policy Environment

Internal Factors



Are they willing and able to dedicate the **time** needed to implement?



Can they finance the **investment needs**?



Are they able to take on the **risk** of failure?



For many companies sourcing from and servicing smallholders, they don't need to reinvent the wheel...

Innovation Level	Type of innovation		
	Adjusting existing approaches	Implementing proven approaches	Deploying new approaches
Products and services	Medium	Medium	Low
Business models	High	High	Low
Ecosystems	High	Medium	Medium

We saw the most **additionality & need** at the levels of business models and partnerships

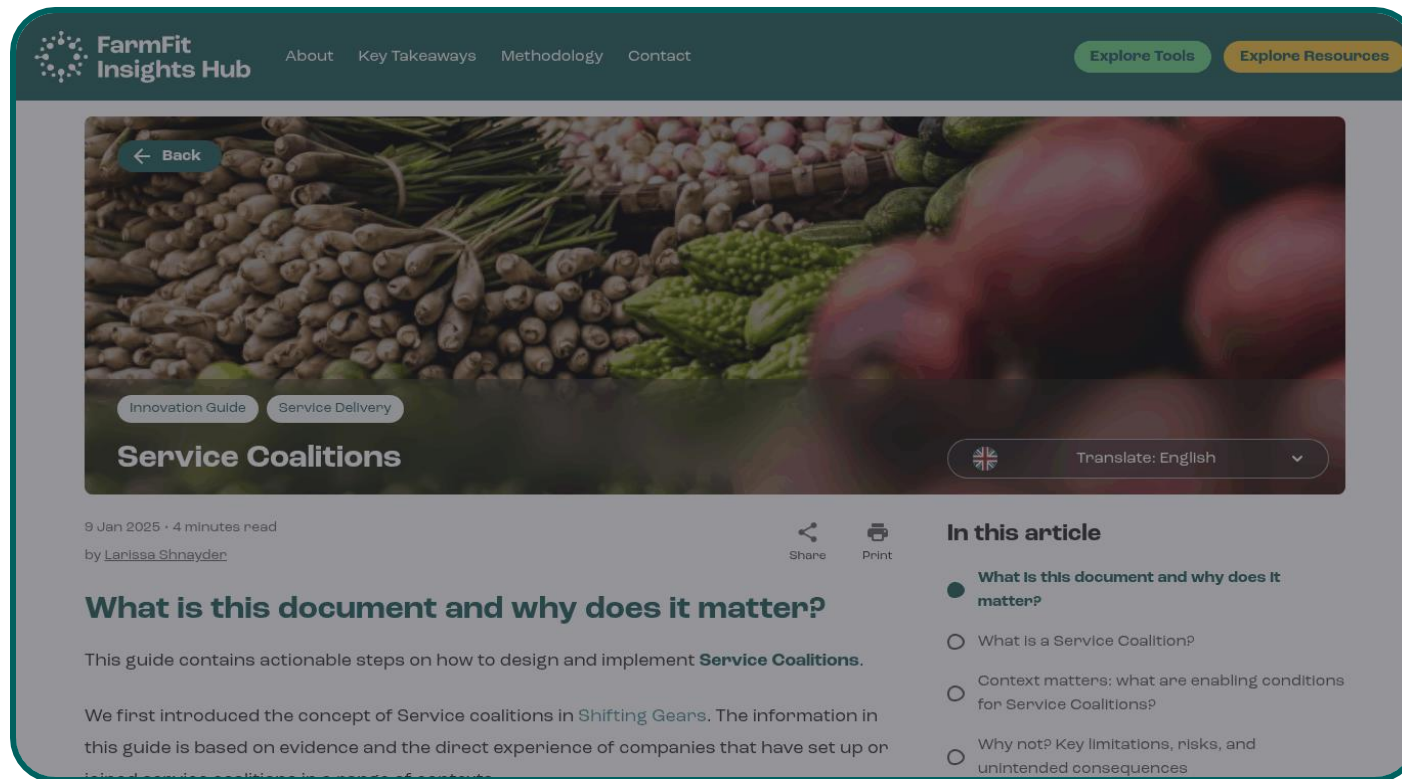
There was ultimately low **appetite** and **business model fit** for newer more transformative innovations

Legend: Farmfit focus

High	Medium	Low
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We've created a series of Innovation Guides, but identifying and selecting innovations requires a tool



Innovation Guide Features

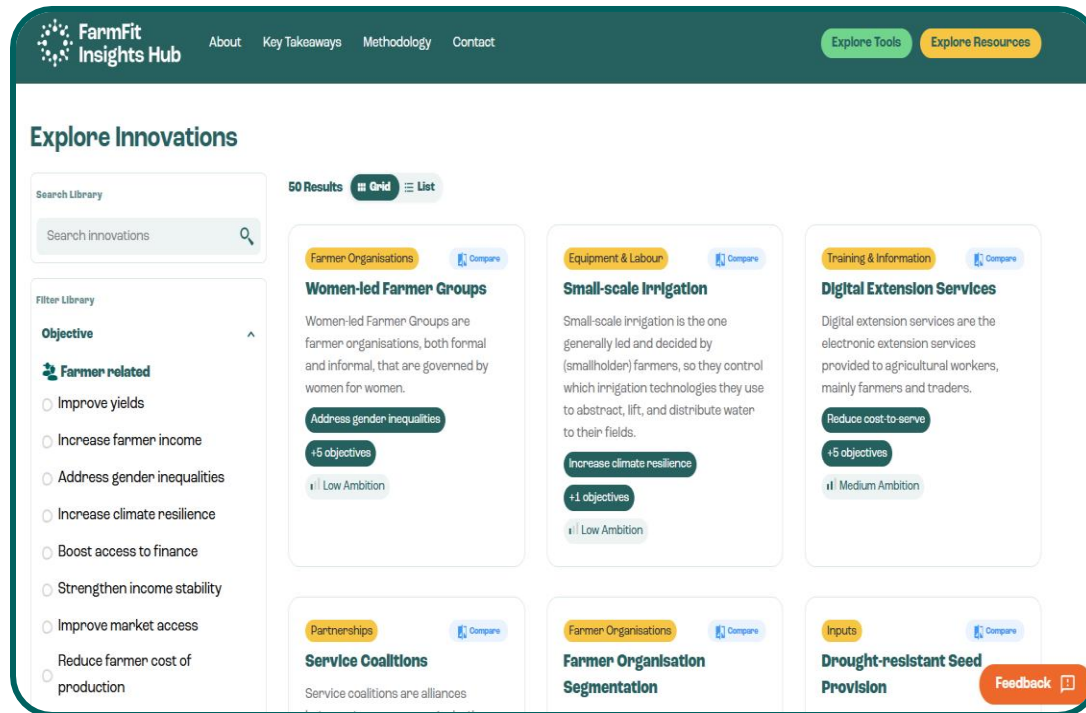
- Visual & Descriptive Explanation
- Value Proposition
- Key Risks and Limitations
- Contextual Considerations
- Design Tips
- Complementary Innovations
- Evidence on Business and Farm-Level Impact



The Innovation Library curates innovations by business objectives, impact ambitions and internal capacity

Key Features

- **Outcome-driven:** Quickly navigate towards innovation based on business and farm-level objectives
- **Curated library:** Intuitive filtering allows tailoring recommendation based on ambition level and business model design
- **Context-based:** Provides guidance on which contexts innovations are best suited to
- **Comparability:** Facilitates side-by-side comparisons of different innovations
- **Evidence-backed:** Leverages extensive internal and external research






What is your objective?


Farmer related

Improve yields 

Enhance crop productivity per unit area (e.g., kg/hectare)

Increase farmer income 

Boost smallholder earnings through higher revenues and/or reduced costs

Address gender inequalities 

Promote equal opportunities for women in farming activities and trade

Increase climate resilience 

Strengthen farmers' ability to absorb/adapt to/recover from climate challenges

Business

Reduce costs

Reduce operating costs through improved processes

Improve credit

Improve financial access and repayment

Service Coalitions | A live example

The key to the Innovation Library is being an **intuitive, practical and evidence-backed** tool to identify the **right innovations** to address **desired objectives** in a **given context**

Day 1

**Service
Coalitions
Deep Dive**

2





...so why engage in a service coalition?

Benefit for companies

- **Cost reduction.** Sharing a farmer base reduces customer acquisition costs; some costs and real assets can be shared; data collection/analysis are not duplicated.
- **Risk reduction.** Credit risk, production risk, & supply risk can all be reduced with the right partnerships. Credit risk can also be shared via tripartite financing agreements.
- **Operating synergies.** Companies can combine their capacities and expertise to become more than the sum of their parts.
- **Improvement in volume & reliability of sourcing or sales.** A wider range of complementary services can improve the efficiency and effectiveness of farmers, leading to better produce quality, higher yields, and consistent demand for inputs.
- **Ability to invest in assets.** Companies may be able to jointly invest in infrastructure that they could not afford on their own.
- **Access to shared data & insights.** Gives partners knowledge of processes, challenges, & outcomes that influence them.
- **Improved reputation.** Greater impact at farm level, which companies can use to showcase their inclusivity & sustainability credentials to consumers and downstream value chain partners.

Benefit for farmers

- **Improved access to services.** Service coalitions typically broaden the number, type, and reach of services available to smallholder farmers as a result of operating synergies.
- **Facilitation of complementary service packages.** Service coalitions typically broaden the number, type, and reach of services available to smallholder farmers.
- **Improved access to higher risk services.** Higher risk services can become more financially viable for service providers within a service coalition to provide because of opportunities for risk reduction and risk sharing.



That sounds great, but what are the risks?

Risks and limitations for companies

- **Poor alignment on a value proposition.** Businesses have different goals and transparency can vary, which can hinder alignment on a value proposition. Poor alignment leads to partners designing services in a self-interested way, failing to maximize complementarity & leading to fragmented services.
- **Free rider problem.** A partner may view the coalition as a free ride & try to benefit from the coalition with minimal contribution.
- **Over-dependency on a single partner.** A coalition could be unable to maintain its activities without involvement from the strongest partner, threatening the resilience of the coalition.
- **Service-poor regions.** Service coalitions aiming to provide services to farmers in difficult to access or service-poor regions may not be able to find partners that are able to provide the necessary services to the farmers in those regions.
- **Disagreements on cost/revenue distribution.** Businesses that cannot cover the cost of service provision or feel they are not receiving their fair share of the revenue may drop out.
- **Hesitance around data sharing.** Lack of data sharing can limit a company's insight into processes, challenges, and outcomes that are captured by other coalition members.

Risk of unintended consequences for farmers

- **Reduced access to standalone services.** Not all farmers need or want all services in a coalition's service package & enforcing a package may limit farmers' choice to access services individually.
- **Inefficient compromising.** In an attempt to maintain positive relationships within the coalition, coalition partners may seek to compromise. While compromise is not inherently bad, there are situations where it can cause services to become less efficient, less effective, or even fail.
- **Reduced market competition.** Service coalitions can reduce the costs and risks involved in providing services and opens the possibility of more competitive pricing, which standalone service providers would struggle to match. This may increase barriers to entry into the market for service providers outside of the coalition which can affect market competition.