How to fulfill the potential of Business Development Services using SCALE

SEPTEMBER 2021

argidius

FOREWARD

In 2013, I arrived as the new director of Argidius with the expectation that we should focus on small and growing businesses and acceleration. Accelerators were the thing, and development can be as much the victim of fashion as any other human endeavor! "But," I said to my board, "First, we do not know whether accelerators do accelerate business growth, and if they do, how? And, second, there are a range of other interventions that might be equally or even more effective? Should not we find out?" To their credit, they said yes, so we set off on a journey to fund a range of interventions to a cross section of different types of business at different stages of growth to see if we could find out from our own impact data what appeared to work most effectively. At the same time, we would sponsor the research of others and the wider collation of what the sector was learning to see whether what we were discovering correlated with the findings of others.

Through all of this work, elaborated on in this report, a pattern of common characteristics emerged that became SCALE. Rather than a prescriptive framework, SCALE is a lens through which to look at a business development program. For a practitioner, this can demonstrably suggest ways to improve their impact. For a funder, it can help one see what good can look like and how to help grantees achieve better, more impactful results. Often these improvements can be quite small yet have compelling effects.

At Argidius, we have incorporated SCALE into the questions we ask at due diligence and how we frame the discussion with partners, potential and actual, about what to focus on as we work together to achieve the best possible results. This includes adapting not only programmatic funding but the core funding we provide to organizations to help support their people, structure, and processes. Meanwhile, we recognize that there is always more to learn – and so, SCALE is the beginning not the end of a journey as we explore together ways to help entrepreneurs build more successful businesses.

It is, however, very much focused on some of the core "nuts and bolts" of a successful intervention. Whilst we recognize that there may be many other important considerations that business support programs wish to include – gender, wider inclusivity, climate, wider sustainability issues, etc. – we don't want to lose sight of getting the basic building blocks right because without them, no other objective will obtainable. I remember a program that had so many indicators of "success" that the business coach spent more time collating these than actually counselling the businesses with, sadly, predictable results.

I, thus, commend SCALE to you and look forward to working with our partners – practitioners and funders – to continue to develop and refine what we know so that we can help small and growing businesses appropriately scale and create the formal, productive employment that we see as one of the key pathways out of poverty into a resilient and sustainable future.

Best wishes,

Nicholas Colloff

Executive Director
Argidius Foundation

1

BDS effectively supports firm growth when done right

This section summarizes evidence of the effectiveness of BDS and introduces five fundamental considerations for getting BDS right.

2

SCALE - Five key considerations to best support enterprises

This section details each consideration, describes the evidence behind it, and highlights good practices.

3

How to: case studies of SCALE in action

This section provides case studies of six BDS providers that have cost-effectively delivered high-impact programs, where SCALE considerations played a key role in program success.

4

Tools and resources

This section provides tools and resources to help funders and BDS providers integrate SCALE considerations.

1

BDS effectively supports firm growth when done right

Why SCALE?

- Small and growing businesses **(SGBs) profoundly impact economies and livelihoods, particularly in emerging markets.**

- A growing body of evidence **demonstrates that business development services (BDS) create jobs and increase the productivity of SGBs.**

- However, the impact of **BDS programs varies considerably.**

- In 2013, Argidius set out to **identify what works best in BDS** to enable SGBs to grow and create employment. In doing so, they drew not only from their own portfolio but also from extensive academic literature and the experience of outside programs.

- Five **fundamental considerations emerged that distinguished high-performing BDS programs** (those that cost-effectively delivered SGB growth). These five considerations have been codified as **SCALE.**

- **SCALE offers BDS providers and funders guidance** on how to implement practices that improve the effectiveness of BDS programs and, as a result, boost revenue and job creation for SGBs.

- **Emerging evidence continues to reinforce the positive impact of SCALE considerations on BDS programs.**

- **This report aims to share these considerations and good practices with BDS providers, funders, and other key actors** across the BDS ecosystem to improve the effectiveness of support offered to SGBs.

SGBs play a significant role in the development of emerging markets and growing evidence demonstrates that effective BDS helps these businesses thrive

Small and growing businesses (SGBs) are critical to the economic growth of emerging markets, but their low access to knowledge and resources limits their growth

Micro, small, and medium-sized enterprises (MSMEs) create an estimated 60% of new jobs in emerging markets and have the potential to grow their contribution to GDP from 30% to 50%.[1, 2] They are therefore key to economic transformation. Within the MSME category are SGBs, a segment of commercially viable enterprises that have significant potential and ambition for growth. SGBs create new jobs, drive innovation, and deliver goods and services that address consumer needs, but have limited access to business resources, knowledge, and finance.[3, 4, 5] In order for SGBs to grow, these challenges will need to be addressed.

Effective BDS is proven to help SGBs grow

Incubators, accelerators, technical assistance providers, investors, impact funders, and other entities offer business development services to help SGBs identify their constraints and develop solutions. BDS consists of non-financial support, through services such as training, mentoring, consulting, networking, and coaching. Effective BDS helps SGBs generate enterprise growth, improve productivity, create jobs, and ultimately to improve the livelihoods and wellbeing of the population in emerging markets.[6,7,8] Years of research have identified effective approaches to BDS across a variety of enterprise segments* and types of services.[9]

*ABOUT SGBs

SGBs are not a monolith – they can be broadly segmented into four profiles (High-Growth Ventures, Niche Ventures, Dynamic Enterprises, and Formalizing Enterprises) based on several key characteristics: market growth and scale potential, product/service innovation profile, and entrepreneur behavioral attitudes. SGBs in each segment have different needs and constraints – these can be addressed by effective BDS programs. More detailed information on each of these segments can be found in the CFF The Missing Middles report.

ABOUT BDS

Business development services are non-financial services offered meant to help startups, MSMEs and SGBs tackle obstacles more effectively, speed up growth and achieve greater scale. These services include, acceleration, incubation, technical assistance, coaching, consulting and other forms of non-financial support.[10]

BDS programs have exhibited considerable variation in impact, and there is compelling evidence around what drives this variation

There is significant variation in impact across BDS programs

Evaluations conducted by Argidius Foundation,[11] GALI,[12] USAID PACE,[13] World Bank,[14] and others have shown high variability in BDS program impacts on enterprise outcomes. Even programs delivered by the same BDS provider using the same approach and similar curriculum can yield vastly different business performance outcomes.

Substantial evidence has revealed what does and does not work in BDS programs

Approaches to design, delivery, and evaluation drive variation more than the type of service offered. Multiple good practices have been identified that high-performing BDS programs of all types consistently implement to deliver impact. Meanwhile, some practices have been found to be less effective at improving enterprise performance.[15-19]

> ## So, what practices work best to help SGBs grow and develop?

What drove variations in impact among Village Capital's highest and lowest performing programs?

In 2016, GALI evaluated 15 Village Capital programs[20] to identify practices that impacted performance, some of which are described below. Enormous variation was found.

On average, the highest performing programs generated USD 86,000 in 1-year incremental investment growth per enterprise compared to an average of USD 28,000 per enterprise in the lowest performing programs.

	High-performing programs	Low-performing programs
Applicant pool	Fewer but more qualified and experienced applicants	More applicants but not necessarily more qualified or experienced
Time spent on program-related activities	Entrepreneurs have more time to work on their own or with their teams	More time is spent on delivering standard training
Networking among cohort members	Strong networking, peer learning, and collaboration components	Low emphasis on networking, peer-learning, and collaboration

Argidius set out to identify what practices best support SGB growth by generating evidence from the programs it funds and drawing upon the academic research and lessons learned from others

In 2013, Argidius launched a strategy to improve the effectiveness and reach of SGB-development services. Since then, it has funded a variety of BDS organizations that deliver services such as acceleration, coaching, consulting, networking, and training to tens of thousands of SGBs of varying sizes, ages, and profiles. For each program (instead of for each engagement), it asked if, how, and why SGBs were supported to grow. Standardized quantitative and qualitative data collection was embedded into each of the three-year grants; independent evaluations for more than 30 projects were completed; and impact measurement and management at supported organizations was heavily invested in.

In addition, Agridius funded robust research, examined and synthesized findings from the broader academic space, and leveraged its network to learn from the experience of others.

8
Years of information gathering

12K
Enterprises shared annual performance data (many more participated in programs)

100+
Projects and 500+ cohorts were analyzed to identify what works

50+
Organizations targeting different stages and enterprise profiles were evaluated

Learning initiatives
Numerous learning initiatives were engaged and supported

Research initiatives
Multiple research initiatives were funded

Academic papers
Countless academic papers were read to align with what others were learning

"To maximize impact, we want to help BDS providers achieve the highest possible standards. SCALE is a way to accomplish this."

Nicholas Colloff
Executive Director
Argidius Foundation

Five key considerations emerged that distinguished cost-effective and impactful BDS programs from less effective programs – these are codified as SCALE

SCALE is evidence-based and can increase the effectiveness of BDS programs

Evidence from the Argidius portfolio, global academic literature, and lessons learned from other funders and BDS providers converged around five practices consistently engaged in by high-performing programs. However, what truly distinguished the high performers from the low performers were not the practices alone, but how they were implemented.[21-25] Analysis of this evidence resulted in SCALE, a set of considerations proven to increase the effectiveness of BDS programs.[26, 27]

SCALE is not intended to be a prescriptive framework or a checklist. It is a set of helpful considerations meant to align BDS providers and their funders along what works to achieve SGB growth.

THE FIVE SCALE CONSIDERATIONS

S   C   A   L   E

SELECT the right enterprise	**CHARGING** enterprises improves performance	**ADDRESS PROBLEMS:** we learn best by problem solving	**LEARN** by evaluating enterprise performance	**Lead by EXAMPLE:** Improve your own organization to better serve enterprises
▶ Click here to learn more	▶ Click here to learn more	▶ Click here to learn more	▶ Click here to learn more	▶ Click here to learn more

Emerging evidence continues to reinforce the impact of SCALE considerations on the performance of BDS programs

Actions taken by BDS providers to integrate some of the SCALE considerations have led to noticeable increases in revenue and job creation

Although SCALE considerations reinforce one another, they need not be implemented in an "all or nothing" way. Even small, straightforward adjustments made by BDS providers can lead to tangible improvements as illustrated in the spotlight to the right.

New studies continue to validate the significance of SCALE considerations on BDS program impact

There is an emerging body of evidence that continues to strengthen the rationale behind SCALE. For instance, a recent trial found that insourcing or outsourcing certain functions was particularly effective at growing enterprises, and more so than consulting or training.[28] Behind this result are the findings that: i) effectively **Addressing** problems leads to growth; ii) problems relating to certain functions, in this case finance and marketing, can be more effectively **Addressed** by bringing in new skills already available in the marketplace instead of developing new skills; iii) using mechanisms to enable firms to be **Charged** for the services overtime leads to sustained results; iv) **Selection** criteria and diagnostics ensured the support was targeted at suitable firms; and (v) in this case a robust evaluation methodology was deployed to **Learn** what works. Through their Arcadia model, Open Capital Advisors is taking a similar approach by training and connecting top graduates with SGBs.[29]

SPOTLIGHT

To learn more go to Bpeace's case study

Following a joint evaluation with Argidius, Bpeace made two straightforward adjustments to its programs in alignment with SCALE considerations – it introduced a program fee for its clients and adjusted the timing and intensity of delivery to better address entrepreneurs' problems. As a result of these relatively small changes, Bpeace saw a significant improvement in performance between otherwise similar cohorts. The new cohort generated USD 3.4 M in incremental revenue and 62 full-time jobs in just one year, while a previous cohort that had received support under the original model generated USD 180,000 in incremental revenue and 32 jobs after two years.

SCALE can help BDS providers and funders align on best practices to better support SGBs

While forums like ANDE have helped support growing collaboration among ecosystem players, including BDS providers and the funders that support them, misalignment can occur when expectations are set for BDS programs without evidence of what works. SCALE can help BDS providers and funders align on evidence-based practices that are proven to help SGBs grow and create employment.

How can SCALE benefit funders?

- Devote resources towards what works to support enterprises to grow
- Use the evidence base to help select appropriate BDS providers and guide outcomes
- Promote collaboration to help provide seamless services to entrepreneurs as they develop rather than encouraging BDS providers to lose focus and over-diversify their offerings
- Stimulate BDS ecosystems to build on learnings and continue to improve the quality of BDS programs
- Use SCALE as a conversation starter to align with grantees on a common language around good practices

How can SCALE benefit BDS providers?

- Implement practices that are proven to enhance performance and increase impact
- Use SCALE in conversations with funders to develop program goals that will demonstrate results
- Integrate continuous learning and support reliable delivery of impact outcomes at increasing scale
- Strengthen the effectiveness and sustainability of your own organization
- Build the case for funders to provide support beyond project delivery
- Incorporate SCALE into key inflection points to assess areas of strength and areas for future improvement

How can SCALE benefit SGBs?

- Participate in BDS programs that meet their needs and effectively support their growth and development
- Enable SGBs to choose among quality BDS programs that are designed around what works
- Learn how to identify and solve the problems that are directly relevant to their enterprise
- Learn from and build critical connections with their peers
- Generate a strong return on the time and resource investment for their businesses

This report and toolkit will provide the information, guidance, and inspiration needed to make evidence-based adjustments with confidence and maximize impact on SGBs.

2

SCALE - Five key considerations to best support enterprises

Incorporating SCALE considerations requires understanding the what, why, and how

The following slides describe each consideration and its importance, focusing on the evidence behind each, and how BDS providers have integrated SCALE into their programming. In addition, the slides provide insights on how funders can support implementation and how implementation can incorporate a gender and social justice lens.

While each consideration is described independently, they reinforce one another.

WHAT

CONTENT
- Definition of the consideration and its dimensions

WHY

CONTENT
- Why the consideration is important
- Why it represents a challenge

HOW

CONTENT
- For BDS providers: what to consider when implementing SCALE considerations
- For funders: how to support implementation
- Gender and social inclusion lens
- Questions for reflection

For each SCALE consideration evidence on its importance, and practical advice on how to implement it is shared

	S	**C**	**A**	**L**	**E**
	Select the right enterprise	**Charging** enterprises improves performance	**Address problems:** we learn best by problem solving	**Learn** by evaluating enterprise performance	**Lead by Example:** Improve your own organization to better serve enterprise
WHAT	Page 16	Page 29	Page 38	Page 50	Page 61
WHY	Page 17-18	Page 30-31	Page 39-40	Page 51	Page 62
HOW					
Dimensions	Page 19-24	Page 32-33	Page 41-45	Page 52-56	Page 63-66
Gender and Social Inclusion lens	Page 25	Page 34	Page 46	Page 57	Page 67
Funder Considerations	Page 26	Page 35	Page 47	Page 58	Page 68
Reflection questions	Page 27	Page 36	Page 48	Page 59	Page 69

SELECT THE RIGHT ENTERPRISE
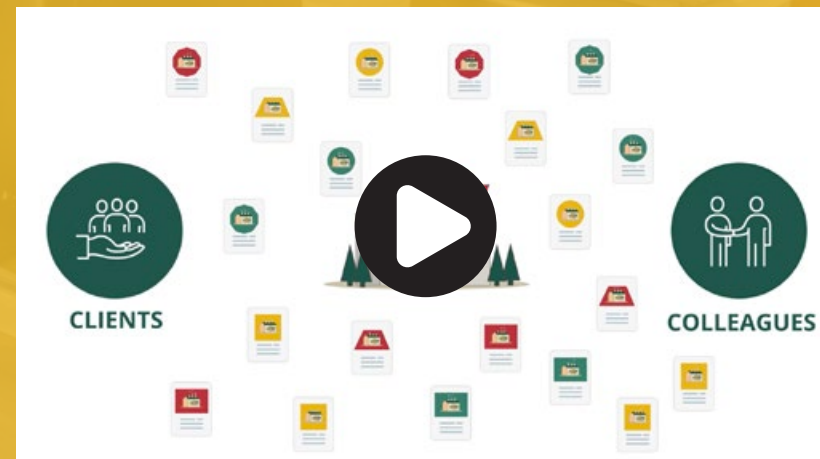
▶ Click here to watch a short video about selection

Selection involves identifying which enterprises and entrepreneurs will benefit most from what the BDS provider is offering

S WHAT WHY HOW

S Select the right enterprise

Select the enterprise your program can add the most value to. Clearly communicate the offering and what you expect to enable enterprises to select the BDS provider that best meets their needs.

DIMENSIONS

1. **Establish clear selection criteria** upon which to profile enterprises and entrepreneurs

2. **Leverage referrals** from past and current participants and others in the ecosystem

3. **Set clear and realistic expectations** for enterprises

4. **Segment the portfolio** and tailor the approach

5. **Make selection a multistage process** to periodically assess partnerships and allocate resources to enterprises that are most engaged and can derive the most value from the program

6. **Integrate feedback loops** to inform selection criteria going forward

WHY IS GOOD SELECTION IMPORTANT?

- Selecting the right enterprises can improve performance
- A strong selection process enables BDS providers to tailor their programs to specific enterprise needs
- Selecting the right mix of entrepreneurs can enable peer-to-peer learning within cohorts
- Selection allows BDS providers to identify entrepreneurs who are motivated to grow and prepared to make the changes necessary to succeed

SPOTLIGHT alterna

To learn more go to Alterna's case study

Alterna identified that selection was a bottleneck to scaling operations. In response, they focused on three aspects: (i) improving segmentation to ensure the right entrepreneurs were matched with the right programs, (ii) building a pipeline team dedicated to attracting and screening entrepreneurs, and (iii) investing in CRM (customer relations management) to have a back-end system by which to run the process. As a result, Alterna doubled the number of projects they could run in a year.

"The success was to bet on the pipeline team at the right time. It has allowed us to run simultaneous programs and has given us the opportunity to scale."

Daniel Buchbinder
CEO
Alterna

A BDS program's success depends on the quality of its match with the needs of participating entrepreneurs

Selecting the right enterprises can improve the performance of BDS programs
A well-targeted intervention can have significant impact, whereas the same intervention, poorly targeted, may have no impact.[30] The latest evidence from the much-researched microfinance field finds that microcredit is an effective approach to helping households escape poverty *if they are already running an existing enterprise* but is not effective for less entrepreneurial households.[31]

High-performing BDS programs are more selective than low-performing BDS programs and tend to target enterprises and entrepreneurs with common characteristics including:[32]

- Enterprises with initial revenue but need for increased investment

- Enterprises with intellectual property (e.g., patents)

- Entrepreneurs with higher education, entrepreneurial background, and management experience

BDS providers that focus on attracting a small but qualified pool of candidates, through referrals or other forms of outreach, are likely to have higher performing programs than those that seeking to attract as many candidates as possible.[33]

A strong selection process enables BDS providers to tailor their program to an enterprise's needs
During the selection process, BDS providers can understand an enterprise's needs and evaluate if it is a good fit for their program. Once the needs are well understood, BDS providers can adjust their program to offer the right kind of support.[34] This process can inform future selection and program design.

> *"Picking the right entrepreneur is the most critical success factor. You can do well with an average project and an outstanding entrepreneur, but you can't do as well with an outstanding project and an average entrepreneur."*

David Munnich
Executive Director
I&P Acceleration and I&P Development

S WHAT WHY HOW

Selecting the right mix of entrepreneurs can enable peer-to-peer learning within cohorts

While mentors and coaches provide excellent knowledge and guidance, entrepreneurs often most value the advice of their peers.[35] Creating communities of entrepreneurs in non-competitive environments can enable knowledge sharing and collaboration as well as build emotional support among peers.[36]

Selection allows BDS providers to identify entrepreneurs who are motivated to grow and prepared to make the changes necessary to succeed

Training entrepreneurs to develop skills will have limited effect if they are not motivated to expand their businesses.[37] However, some entrepreneurs, particularly from small and micro business, still need to recognize their capacity to grow.[38]

A strong selection process will increase the likelihood that motivated enterprises receive the training and support they need to succeed. Some questions that can help identify these entrepreneurs include:

- Is the entrepreneur fully dedicated to the enterprise, or is it a side hustle?
- What skills does the entrepreneur have or lack?
- Is the entrepreneur interested in learning and willing to make changes?

CHALLENGES GOOD SELECTION CAN ADDRESS

- High dropout rates prior to the program's conclusion
- Low engagement throughout the program because content is not relevant
- Low compatibility in values between the BDS provider and entrepreneur
- Cohorts where entrepreneurs are not learning from one another because they feel they cannot freely share information
- Dissatisfied entrepreneurs because of misaligned expectations

DATA INSIGHTS [39,40]
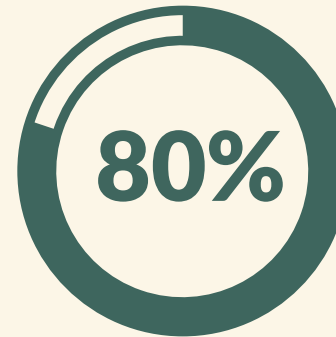
80%

of surveyed BDS providers consider selection to be critical and central to their program

1/3

Almost 1/3 of surveyed BDS providers report having difficulties selecting the right enterprises

Successful selection requires defining exactly who to target

S WHAT WHY **HOW**

1 Establish clear selection criteria to profile enterprises and entrepreneurs

Identify the type of enterprises you are best positioned to add value to
Once you have a clear value proposition and know the strengths of your program, you can determine whether to target a specific sector, growth stage, or enterprise size. For example, some BDS programs have a cadre of expert mentors in particular sectors and choose to focus on enterprises within those sectors, while others prefer to address problems common to many enterprises at a particular stage in their development. You should also determine who within the enterprise (founders, leadership, managers, etc.) is best positioned to participate.

Without a specific target, it is difficult to establish the precise selection criteria necessary to attract quality applicants who will benefit from your program.[41]

When starting a new program, conduct a gap analysis by engaging in conversations with enterprises and experts in the sector to better understand who to target.[42]

Identify what characteristics high-quality applicants have in common
Entrepreneurs who successfully scale their enterprises after BDS programs share common characteristics.[43, 44] Still, it is important to identify and integrate into your selection criteria the specific qualities common among successful entrepreneurs from your program.

Supporting entrepreneurs with high-growth potential can create jobs through which youth can develop the necessary skills and experience to become entrepreneurs themselves.

CHARACTERISTICS COMMON TO ENTREPRENEURS FROM HIGH-GROWTH VENTURES:*

Average age of **45 years old** [45]	**Technical** and **managerial** experience in founding team [46]	**20+ years** of work experience among founding team members [47]	Received mentoring or investment from **successful entrepreneurs**[48]

*High growth ventures are enterprises with 100+ employees. List is not comprehensive.

GOOD PRACTICES

EXAMPLE OF HOW TO REFINE A TARGET SEGMENT FOR DYNAMIC ENTERPRISES [49]

General demographics
- 18–35 years
- Living in X, Y, or Z municipalities

Identify a target segment with homogenous needs
- At least 6 months of operation
- Sales of USD 300K–USD 1M per month

} **Evaluate via application**

Identify motivations and willingness to apply changes
- Owner makes business decisions and owns at least 50% of business
- Business is primary source of income for the household
- Main motivation to participate is to grow the business
- Shows commitment to invest time and energy in the project
- Basic reading, writing, and numeric literacy

} **Evaluate via interview**

19

Assess whether the entrepreneur's values are a good fit for the program

While it is important to consider business metrics, selection should be centered on the entrepreneurs, their values, and their attitudes. Look for positive leaders who are committed to their projects, motivated to grow, and open to implementing lessons and recommendations from the program.[50]

Make sure entrepreneurs are also able to select into your program

Selection should be mutual. Have mechanisms that allow entrepreneurs to learn about and self-select into the program. Clearly communicate your offer (see dimension #3). Many BDS providers charge a fee to attract those candidates who see enough value in the program to pay for it. Other providers offer free previews of program content or employ targeted marketing and communication strategies.

S WHAT WHY **HOW**

DATA INSIGHT[51]

2-3x increase

An effective communication plan can support self-selection and result in 2-3 times more applicants than the number of available spots within the target segment

GOOD PRACTICES

- Use a mix of methodologies to evaluate applicants. Consider:
  - Site visits
  - In-depth conversations
  - Interviews with staff at multiple levels, not just the leadership team
  - Questionnaire with self-reported data
  - Bootcamp to screen participants
- Have a tool to collect and analyze key metrics (e.g., apps, web-pages, and spreadsheets)
- Assess entrepreneurs based on their willingness to listen to feedback
- Identify the communication channels your target segment prefers
- Have a clear and compelling message that resonates with your target audience

SPOTLIGHT

To learn more go to Bpeace's case study

Bpeace identified common characteristics of successful past participants and used this information to refine its selection criteria. Bpeace now focuses on enterprises with annual revenues of more than USD 200,000, which is a proxy for the complexity of organization that aligns with the capabilities of its network of volunteer experts.
Bpeace also looks for very specific leadership characteristics in the entrepreneurs it selects. In fact, when conducting site visits, it even tracks if the entrepreneur is greeting employees by name.

Current and past participants that fit well with the program can help attract others like them

2 **Leverage referrals from past and current participants and others in the ecosystem**

Promote referrals

Peer entrepreneurs can be highly effective in identifying which candidates will be a good fit for a program,[52] especially if they were prior participants. Therefore, it is beneficial to cultivate program alumni and participants as sources for referrals.

Other actors, such as successful entrepreneurs, angel investors, and up and downstream BDS providers, are also well-positioned to refer entrepreneurs to specific BDS programs.

However, evidence suggests that even experts can be wrong when predicting who will benefit from a specific intervention, so referral should never be the sole means of selection.[53, 54]

SPOTLIGHT TechnoServe *Business Solutions to Poverty*

To learn more go to TechnoServe's case study

TechnoServe understands the importance of referrals and has actively encouraged them, particularly from program alumni. In some of TechnoServe's programs, over 80% of participants come through referrals, resulting in an improved pool of candidates and lower selection costs.

GOOD PRACTICES

- Create mechanisms to continue engaging with entrepreneurs after the program has ended (e.g., networking events)
- Involve program alumni in the selection process

Transparency is critical to identifying the right candidates

S WHAT WHY HOW

3 **Set clear and realistic expectations for enterprises**

Be clear on what is and what is not included in your program
A clear value proposition helps entrepreneurs understand what they stand to gain by participating in your program.[55] Be specific and communicate expected growth, revenue, or job creation outcomes, and back these claims with qualitative and quantitative evidence.

It is also important that entrepreneurs understand, in detail, how results are meant to be achieved. For example, programs that utilize consultants should be very transparent about what the consultants can and can not do for them.

Communicate what you expect from your candidates
In order to decide whether it is viable to participate, enterprises must clearly understand the level of interaction and amount of time they are committing to. Communicate this information in outreach materials and reiterate it throughout the selection process.

Understand your candidates' motivations
Make sure that what is driving the entrepreneurs to join the program aligns with what you are offering and expecting from them.

SPOTLIGHT VillageCapital

To learn more go to VilCap's case study

Prior to the start of a program, Village Capital, clearly communicates to enterprises what is expected from them. It asks them to make a commitment to meet these terms and requests a USD 500–1000 deposit. If entrepreneurs abide by these commitments, they get their deposits back at the end of the program, but if the don't, they lose them.

GOOD PRACTICES

- Hold informational interviews/ webinars led by program alumni
- Hold a bootcamp to demonstrate the value of your program
- Gather feedback from past participants about what they found valuable and use this information to develop messages that may resonate with other entrepreneurs like them

Selection can inform how to group enterprises with common needs and what to offer them

S WHAT WHY HOW

4 **Segment the portfolio and tailor the approach**

Identify how to group your participants
Segmentation should occur before the portfolio is developed. Make sure that enterprises that can learn from one another are grouped together in the same cohort and that those in direct competition or that are at different stages in their development are kept separate.

Tailor your approach to meet specific cohort needs
Use the selection process to explore and identify needs common to the enterprises in a cohort, and adapt your approach accordingly.

SPOTLIGHT alterna

To learn more go to Alterna's case study

Alterna designed separate service lines for its two segments, recognizing that entrepreneurs had different needs that could not be addressed by one program. In order to best meet these diverse needs, Alterna decided to segment services into Basic or Advanced. Having tailored selection criteria for each segment was key to identifying enterprises and matching them to the right services.

GOOD PRACTICES

- Map the stages (pre-idea, idea, established, etc.) that the enterprises you serve are in
- Identify criteria to segment the enterprises you serve
- Ask participants for feedback on cohort fit

23

Both the program's partnership with enterprises and its selection process should be continuously assessed

S WHAT WHY HOW

5 **Make selection a multistage process to periodically assess the partnership and allocate resources to enterprises that are most engaged and can derive the most value from the program**

Define milestones to reassess a partnership
An enterprise that was a good fit for one of your programs may not be a good fit for everything you have to offer. Periodic assessments allow you and the enterprise to determine whether the partnership is still worth investing in.[56]

6 **Integrate feedback loops to inform selection criteria going forward**

Assess and refine your selection process to ensure you are meeting the needs of the enterprises
Ask for feedback from entrepreneurs on whether they feel the program is a good fit for them. Additionally, evaluate fit from your perspective. Use this information to refine and improve your selection process.

Assess whether the previous participants that perform most strongly have different individual or business characteristics and refine your selection criteria accordingly.

SPOTLIGHT — TechnoServe — Business Solutions to Poverty

To learn more go to Technoserve's case study

TechnoServe assesses its partnership with entrepreneurs throughout the duration of the engagement with the entrepreneurs. For instance, it allows applicants to opt out of participating during the first stage of the program by scheduling an interview to understand their motives for leaving.

GOOD PRACTICES

- Engage in in-depth conversations or follow-up interviews
- Ensure open communication and bilateral feedback
- Mark clear stages at which to reassess partnerships

GOOD PRACTICES

- Conduct focus groups or exit interviews to validate value propositions and/or theories of change
- Conduct periodic evaluations of the selection process
- Use a CRM tool to keep track of feedback

Selection should ensure everyone enjoys an equal opportunity to take part in the process

S WHAT WHY **HOW**

Gender lens

Use inclusive language in communication material
For languages that are not gender neutral (e.g., Spanish, German) ensure the default is not set to male. Use inclusive pronouns to address all genders.

Include women entrepreneurs in images across all outreach and communication material
Avoid alienating women by developing communication material with images that only have male entrepreneurs (and women customers).

Aim to have female representation in cohorts
Proactively ensure female representation in all cohorts. When targeting male-dominated sectors, proactively recruit women.

Track what percentage of the employees in an enterprise are women and what percentage of women are in leadership positions
When selecting, look for enterprises that hire women, as well as those with women in leadership roles.

Proactively reach out to women entrepreneurs
Identify female entrepreneurship groups in the cities and regions where you operate. Inclusion is as much about active outreach as it is about open selection.

Engage women alumni as role models, mentors, and sources for referrals

Inclusion lens

Include minorities and marginalized groups in images across all communication material — avoid all-white or all-male images
Develop communication material with images that ensure minorities feel represented.

Consider whether your application and selection process is accessible to all applicants
Provide paper copies of applications alongside digital versions. Offer applications in multiple languages (if relevant), and be cognizant about the time required for an entrepreneur to engage in the selection process.

Track what percentage of an enterprise's employees are part of a minority or marginalized group and what percentage of minority or marginalized people are in leadership positions
Look for enterprises that hire a diverse workforce as well as those with people from minorities and marginalized groups in leadership positions.

Proactively reach out to minority entrepreneurs
Identify and recruit from minority entrepreneurship groups in the cities and regions where you operate.

If you include a question on gender in the application, provide options beyond male/female and do not make it mandatory

Engage minority alumni and alumni from vulnerable groups as role models, mentors, and sources for referrals

Funders play a key role in enabling good selection

How can funders help BDS providers better select participants?

Partner with the BDS providers that can help the enterprise profiles you support
Understand the areas you want to invest in; identify the gaps where more needs to be done; and partner with the BDS providers that are best positioned to act in that space.

Align with BDS providers to enable the best possible selection
Engage in an open conversation with BDS providers to determine whether any of your criteria impede their ability to recruit appropriate enterprises. Help BDS providers develop a theory of change and a selection process that enables their mission. Additionally, align with entrepreneurs' motivations and support their growth.

To facilitate impactful selection, ask yourself:

- Are you enabling BDS providers to make the best possible selection or are you dictating who should be worked with?
- Are you enabling enterprises to make a choice or are enterprises compelled to participate due to your recommendation?

Other uses for SCALE

Consider assessing to what extent BDS providers are integrating SCALE considerations into their ways of working
This can help you determine which BDS providers to partner with and how to support them.

SPOTLIGHT FOUNDATION

Small Foundation analyzed SCALE considerations and identified which were aligned with their work. Based on this assessment it integrated criteria aligned with SCALE into the existing due diligence process.

"For us, it was helpful to have a spreadsheet with questions and categories. That's the way we used SCALE. It was taking what was there that aligned with our process. It was a low lift for us."

Karina Wong
Senior Executive
Small Foundation

26

Questions for reflection

1 Establish clear selection criteria upon which to profile enterprises and entrepreneurs

- Who is your target entrepreneur and enterprise?
- Is your process useful to screen in the desired profile?
- What types of enterprises or entrepreneur profiles (and at what stage) are you best positioned to add value to?
- Are you assessing whether the entrepreneur is a good fit?

2 Leverage referrals from past and current participants and others in the ecosystem

- How are candidates learning about your program?
- From where do you get your pipeline?
- Are you developing relationships with your past and present participants?

3 Set clear and realistic expectations for enterprises

- Are you clearly and transparently communicating what you are offering to candidates?
- Are you clearly and transparently communicating what you expect from candidates?
- Can your candidates articulate your value proposition?

4 Segment the portfolio and tailor the approach

- Are you segmenting peers before developing your cohorts?
- Are you considering whether peers are at similar stages face similar problems when segmenting your participants?
- Are you ensuring direct competitors are not in the same group?
- Are you assessing enterprises' needs prior to segmenting?
- Are you using enterprise performance data and feedback to assess which profiles you are best positioned to deliver value to?

5 Make selection a multistage process to periodically assess partnerships and allocate resources to enterprises that are most engaged and can derive the most value from the program

- Are you validating if the partnership is valuable to you and to the enterprise?
- Are there aspects of your support better suited to a subsection of participants?

6 Integrate feedback loops to inform selection criteria going forward

- Are you receiving any feedback from enterprises about your selection process?
- Are you asking enterprises to provide feedback about the selection process?
- How are you using this feedback?
- What are the characteristics of previous participants and their businesses who have performed most strongly?

CHARGING ENTERPRISES IMPROVES PERFORMANCE

▶ Click here to watch a short video about selection

Charging can optimize the participation of motivated entrepreneurs

C — Charging enterprises improves performance

WHAT / WHY / HOW

Charging is about finding a price point that encourages engagement and learning but does not exclude target firms.

DIMENSIONS

1. **Communicate the value of charging**
2. **Build relationships based on value**
3. **Define and test the appropriate level of contribution**
4. **Diversify income streams** to strengthen financial sustainability*

WHY IS CHARGING IMPORTANT?

- Charging enables improved job creation and return on investment
- Charging is possible
- Charging helps BDS providers select the right candidates and increases engagement in the program
- Higher prices drive further engagement but can exclude target enterprises

SPOTLIGHT — TechnoServe — Business Solutions to Poverty

To learn more go to TechnoServe's case study

TechnoServe openly promote self-selection through charging and believes the right enterprises will see the value of its services.

Charging has allowed TechnoServe to obtain high-quality feedback from its participants, as entrepreneurs expect more when they pay. Charging has promoted a continuous improvement culture within the organization.

"Charging promotes self-selection. The right enterprises see the value in the services. They are more demanding and are more willing to provide feedback because they have skin in the game"

Juan Carlos Thomas
Director of Entrepreneurship
TechnoServe

*Financial sustainability is addressed under "Lead by Example". Charging is a component of financial sustainability but not the answer.

Charging enables better outcomes by attracting the right candidates and increasing engagement

Charging enables improved job creation and increased return on investment
An evaluation of a BDS program that introduced fees as part of a refinement found that participating enterprises doubled the number of jobs created in half the time and the return on investment increased by more than 10-fold.[57]

Charging is possible
BDS providers commonly choose not to charge because they believe it goes against their mission or assume that enterprises cannot afford the fees.[58] However, a trial in Jamaica explored the willingness of microenterprises to pay for training and found that all were willing to contribute at least a nominal fee.[59]

Charging helps BDS providers select the right candidates and increases engagement in the program
On average, only 65% of participants attend business training programs when a full subsidy is offered.[60] In the trial, enterprises that paid attended more classes than those who were offered training for free. Charging screens out enterprises that are less likely to attend and selects the firms that expect to benefit more.[61]

"Charging made our entrepreneurs feel more like real clients, and they had a voice. Since we started charging, entrepreneurs have become more demanding of the quality of the program and provide feedback on how we should improve."

Alexandra Salas
Chief Program Officer
Bpeace

30

Charging can optimize the participation of motivated entrepreneurs

Higher prices drive further engagement but can exclude target enterprises

Paying more leads entrepreneurs to attend more training sessions and exert more effort in learning. [62]

C WHAT WHY HOW

DATA INSIGHTS [63]

Y-axis: # of classes out of 10 attended by enterprise (0 to 10)
X-axis: %of total cost paid (Free, 5%, 25-50%, 75%)
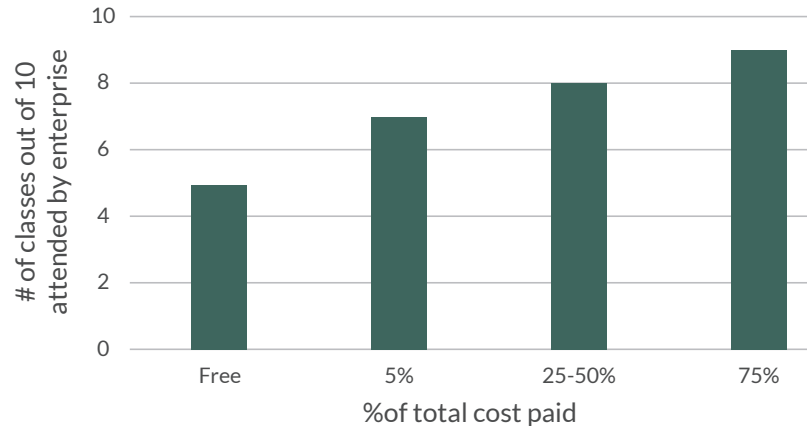
However, charging close to or at full recovery cost ends up screening out many business owners, making it costlier to achieve targeted recruitment numbers.[64] BDS providers need to find price points that stimulate optimal participation but do not exclude target markets.

DATA INSIGHTS [65,66]

82%
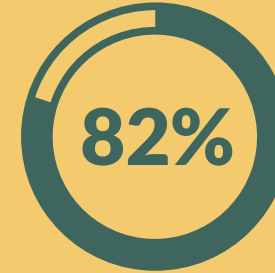
More than **80%** of organizations surveyed are currently charging or are considering charging for business support programs

40%
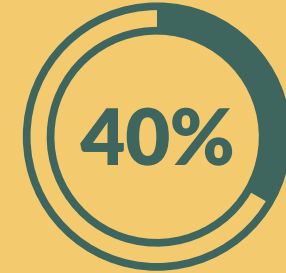
75% of organizations surveyed charge **40%** or less of the full cost of the program per participant

CHALLENGES GOOD SELECTION CAN ADDRESS

- Low engagement in the program
- High numbers of total applicants but low number of applicants that meet selection criteria
- An unclear value proposition
- High dropout rates
- Participants pursuing BDS programs for reasons other than training (e.g., grants of financing)

31

Promoting enterprise contribution involves communicating the value of the program, not just the cost

1 **Communicate the value of charging**

Ensure there is buy-in from staff

If you have traditionally offered free programs, work closely with your staff to ensure they understand the benefits of charging and buy in to its use. This is important because they may fear being unable to get sufficient applications.

Work closely with funders

While some funders actively encourage enterprise contributions, others are more cautious. To make the case for charging and to develop a model that meets funder needs, it is important to understand their objectives and any barriers to support they might face. Illustrating the positive impact charging has on performance can help you advocate for its integration.

Communicate value to entrepreneurs

Frame the pricing in terms of the monetary and non-monetary value that enterprises can expect to derive. Use data and feedback from clients to adjust the communication strategy and the amount charged. Charging can be an instrument by which to attract the enterprises that see value in the program and are willing to invest in it.

2 **Build relationships based on value**

Treat entrepreneurs as clients not beneficiaries

Entrepreneurs who are paying for BDS services are more motivated to make their needs known and to provide feedback to improve the program. Have mechanisms in place to encourage and integrate this feedback.

SPOTLIGHT

To learn more go to Bpeace's case study

Before charging, Bpeace sought alignment with its key stakeholders: clients, peers, and staff. It conducted interviews with alumni, analyzed the market to understand if and how much others were charging, and worked closely with local staff to address their concerns about charging.

While introducing a fee resulted in a 60% decrease in applications, candidates who did apply fit better with Bpeace's selection criteria. The first cohort of enterprises who paid created twice as many jobs and return on investment (ROI) increased by more than 10-fold in one year compared to a previous cohort.

GOOD PRACTICES

- If you are introducing a charge for the first time analyze and address potential risks
- Sensitize local staff about the benefits of charging using evidence and a clear rationale
- Monitor changes resulting from charging (e.g., total applicants, number of qualified applicants)
- Build evidence on the impact of charging and use it as a tool to sensitize stakeholders who are not on-board
- Test out the optimal price point and how this is communicated to enterprises

---

GOOD PRACTICES

- Encourage feedback from entrepreneurs
- Make adjustment to your charging strategy based on feedback

The right contribution level should be defined in an entrepreneur-centric and iterative way

3 **Define and test the appropriate level of contribution**

Involve enterprises in the process

Contributions should represent a meaningful investment but remain affordable to enterprises. Defining the right amount requires that you consult past and current participants about what they found valuable and how much they would be willing to pay for it. Additionally, you should understand the market and benchmark whether and how much competitors are charging. Finding the right balance will be an iterative process.

Explore which contribution model is the best fit

A fee-based model is a straightforward way for enterprises to contribute, however, there are multiple alternatives to fees. Explore which model makes the most sense for the type of services you offer. Some example are:

- Freemium: Enterprises get some digital content for free but pay for additional content or for in-person and high-touch services
- Shared success*: Enterprises pay an agreed-upon percentage of future revenue or equity in exchange for their participation in your program
- Satisfaction guarantee: Enterprises pay a fee upfront, and, at the end of the program, based on the value they received, decide what percentage of the fee the BDS provider should keep
- Deposits: Enterprises pay deposits at the beginning of the program and get them back at the end if they meet participation criteria

Build a reputation for delivering excellence before increasing contributions

Enterprises will be more willing to contribute to BDS programs that they believe will have a positive impact on their business.

SPOTLIGHT **alterna**

To learn more go to Alterna's case study

Alterna is piloting new models by which to charge enterprises. One such idea is a satisfaction guarantee. It charges a nominal fee at the start of the program and, upon conclusion, asks the entrepreneur whether they want their money back or believe Alterna should keep it based on the value they derived from the program.

The response has been positive, and, in addition to gaining a new source of unrestricted income, Alterna has seen an increase in commitment among participants.

GOOD PRACTICES

- Consider enterprise revenues and your contribution to their growth to determine the fee
- Run a trial-and-error process to define the right price
- Analyze pros and cons of different charging models to define which might work best for you
- Pilot different charging models
- Have a clear value proposition
- Have feedback loops in place to allow enterprises to assess whether the value they receive justifies the price they pay

---

* Although this model could potentially represent a path for financial sustainability, it is challenging to implement because, in addition to regulatory constraints, defining a valuation that the enterprise and the BDS provider agree upon can be difficult.

Charging is important for self-selection, but it should not lead to exclusion

C WHAT WHY HOW

Gender lens

Women-led enterprises tend to be less profitable
On average, women-owned firms have profits that are 34% lower than male-owned firms.[67] Women invest differently and are willing to sacrifice some of their margins to make longer-term decisions. It is therefore important to involve women entrepreneurs in the process of defining the price of a BDS program. This is especially relevant for BDS programs that target male-dominated sectors.

Charging higher prices for BDS programs has not been found to differentially affect female business owners.[68]

Women entrepreneurs often use profits from their businesses to pay for food, care, and other basic family needs, meaning they likely have less money to devote to BDS program fees
While women generally maintain control of their business income, they do not necessarily have flexibility in determining how to spend it.[69]

Inclusion lens

When defining how much enterprises should contribute, make sure the voices of minorities and marginalized groups are represented
In order for BDS providers to be inclusive, they must establish mechanisms for charging that ensure that the most vulnerable are able to pay.

Make sure contribution requirements do not exclude vulnerable populations
Monitor the effect of charging on the diversity of entrepreneurs in your program. If you identify a negative impact, actively consult entrepreneurs from minority and other vulnerable groups to understand the cause and remedy the disparity.

Offer scholarships to qualified candidates from minorities or vulnerable groups who are unable to pay

Consider whether a separate program is needed for vulnerable groups that cannot afford payment

Funders can advocate for charging among their peers and the BDS providers they finance

C WHAT WHY **HOW**

How can funders encourage BDS providers to implement contributions to improve impact?

Make the case for charging with other funders
Document case studies of BDS providers in your portfolio who charge, and build a base of evidence that illustrates the impact charging has on enterprise engagement during the program. Share these findings with other funders to shift how business development services are valued.

Allow flexibility in charging models
While charging is beneficial, there is no one-size-fits-all solution. Allow BDS providers flexibility to tailor charging to the segments or enterprise profiles they serve. Require monitoring to ensure that minorities and vulnerable populations are not being excluded from enterprise support due to the fees.

Facilitate dialogue among BDS providers in your portfolio so that they can learn from one another's experiences with charging
Bring members of your portfolio together to share good practices and lessons from their experience implementing different charging models. This can help those who are not charging but are considering it understand how to move forward.
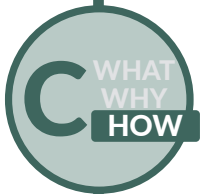
SPOTLIGHT

GBF
GOOD BUSINESS FOUNDATION

Based on its experience working with other partners and funders, the Good Business Foundation (GBF) has seen that charging is not well understood. There is a belief that because many are serving the poor, they should not charge.
GBF has advocated for charging (at least nominally) and is working to sensitize the actors in their ecosystem by engaging in conversations with them about its benefits.

"I suggested it was about having skin in the game and not about charging per se. After discussing it from that angle, they started thinking about charging."

Stuart Thompson
Executive Director
Good Business Foundation

Questions for reflection

C WHAT WHY HOW

1 Communicate the value of charging
- Is your staff on board with implementing enterprise contributions?
- How are you bringing them on board?
- Do your funders restrict enterprise contributions?
- Do you have evidence of the impact of enterprise contributions?
- Are the enterprises aware of the value of your program?
- Do you have data, feedback, or examples from other cohorts to better communicate how your program creates value?

2 Build relationships based on value
- What do entrepreneurs value about your program?
- Are entrepreneurs using what they learned from the program to implement changes in their enterprises?
- Why would entrepreneurs pay for your program?

3 Define/test the appropriate level of contribution
- How much should entrepreneurs pay for your program?
- Do you know how much enterprises are willing to pay?
- Are your competitors charging?
- How should entrepreneurs pay?
- Have you explored/piloted models beyond a fee?
- At what stage/stages of the program should the entrepreneurs pay?
- What internal changes do you need to make to implement a fee?

ADDRESS PROBLEMS: WE LEARN BEST BY PROBLEM SOLVING

▶ Click here to watch a short video about addressing problems

By addressing problems entrepreneurs gain the knowledge and skill set to prevent their recurrence

A — Address problems: we learn best by solving problems

To address problems, entrepreneurs must determine why they arose, learn how to solve them, and understand how to avert them.

DIMENSIONS

1. **Assess enterprise problems accurately**
2. **Build relationships based on trust**
3. **Facilitate learning among peers** who face and have overcome similar challenges
4. **Make business education relevant, engaging, and easy to apply**
5. **Allot time for learning to be applied**

WHY ENGAGE IN PROBLEM SOLVING AND PEER-TO-PEER LEARNING ?

- Helping entrepreneurs solve their problems, instead of teaching them what they "ought to know," fosters growth and productivity
- Problem solving in group settings can deliver impact at lower costs
- Promoting peer-to-peer learning to solve business challenges can positively impact growth

SPOTLIGHT — TechnoServe — Business Solutions to Poverty

To learn more go to TechnoServe's case study

TechnoServe initially offered a theory-based program, however, they realized that knowledge in and of itself did not lead to any improvements in how businesses operate.

It redesigned its process to select the most relevant skills for each enterprise segment and added behavioral change methodologies to help enterprises implement better practices.

"Training by itself may not work as well. For an entrepreneur to be successful, they don't just need to gain knowledge. They need to use the acquired key skills in the way they manage their businesses."

Juan Carlos Thomas
Director of Entrepreneurship
TechnoServe

High-performing programs focus on helping businesses diagnose and solve their problems

Helping entrepreneurs solve their problems instead of teaching them what they ought to know fosters growth and productivity

People learn best by problem solving.[70] Research has found that traditional business training, focused on teaching a broad range of topics in a short period of time, has limited effect on enterprise performance, whereas approaches that help entrepreneurs diagnose and solve their problems improve business outcomes. Consulting services help enterprises address specific business problems and have been shown to increase productivity, employment, and wages.[71] Alternatively, bringing in experts through outsourcing and insourcing has also been found to improve business outcomes and can be more cost-effective than building those skills through consultation.[72]

Business training can be effective if it provides relevant content. For example, a study conducted in South Africa demonstrated that targeted training in marketing and finance improves profits. More specifically, enterprises with no previous experience benefited from the growth focus offered by training in marketing, while established businesses benefited more from the cost-saving focus of financial training.[73]

Lastly, working with teams, peers, and mentors improves business performance more than "in-classroom" activities.[74]
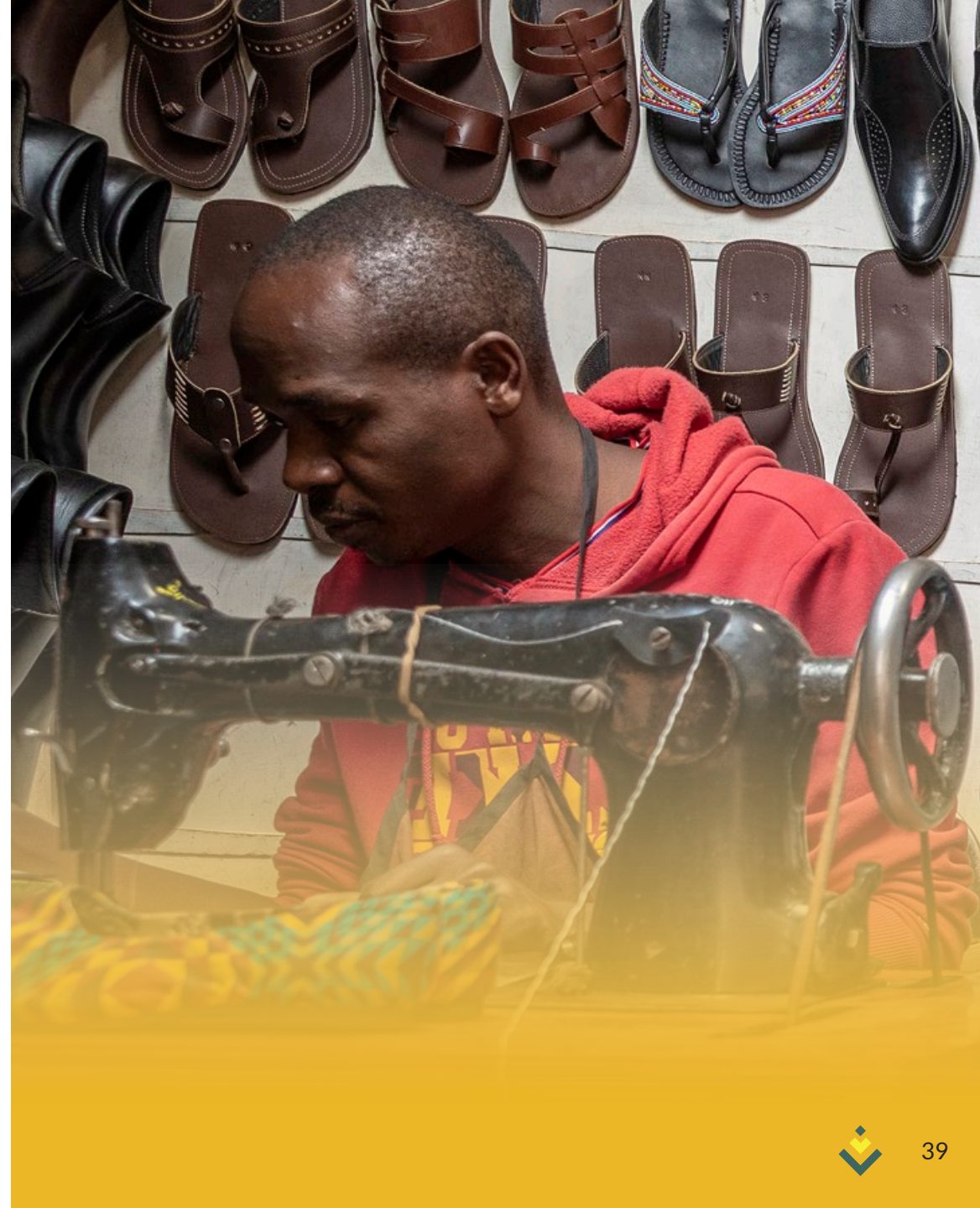
Charging can optimize the participation of motivated entrepreneurs

Problem solving in group settings can deliver impact at a lower cost

Although individual consulting services can positively impact enterprise growth and productivity, cost is a barrier to scale this type of intervention. However, group-based consulting, with cohorts of three to eight enterprises, can improve management practices by as much as individual consulting at one-third of the cost.[75] A group-based consulting intervention led to an increase of 6–15 workers, a 28–33% growth in sales and a 5–26% uptick in profits for small and medium-sized firms in Colombia's auto-parts sector.[76]

Promoting peer-to-peer learning to solve business challenges can positively impact growth

Encouraging entrepreneurs who are not direct competitors to regularly interact and discuss business challenges leads to information sharing about suppliers and improved management practices. This approach can encourage enterprise growth and increase the total number of clients and suppliers.[77] Moreover, entrepreneurs grouped with more experienced peers generate faster growth.[78] The opportunity to share solutions and learn from others may be why peer interactions are one of the program components most valued by entrepreneurs.[79]

Entrepreneurs who are part of peer networks exhibit a median annual revenue growth higher than the OECD definition for high-growth firms.[80] Fostering such networks can lead to more cohesive and productive entrepreneurial communities. Moreover, networks to support entrepreneurs are most effective when successful entrepreneurs lead the effort and serve as mentors.[81]

CHALLENGES PROBLEM SOLVING AND PEER-TO-PEER LEARNING CAN ADDRESS

- Isolated entrepreneurs without a network to rely on
- Low access to investors
- Low participation and engagement
- Entrepreneurs and their teams that fail to change working methods after participating in a BDS program
- Strategies that are not adapted based on refined business plans
- Low recall of lessons from BDS programs
- Lack of evidence on ways to improve revenue, employment, and investment

DATA INSIGHTS

10% growth

resulted when small groups of entrepreneurs held monthly meetings at one another's premises for one year [82]

1/3 the cost

to conduct a group-based consulting intervention compared with individual consulting [83]

Defining the core problem is the first step in helping entrepreneurs address it

1   **Assess enterprise problems accurately**

A WHAT WHY HOW

Help enterprises understand and define their problems
The problem entrepreneurs initially perceive as the most critical to solve is not always the one they should target. Discovering the core problem and its root causes is critical to determining what to focus on during the program.

In-depth conversations with advisors/consultants/BDS provider teams help entrepreneurs develop the trust necessary to share information about the challenges their enterprises faces. When these conversations are supplemented with diagnostic exercises, using tools such as Village Capital's VIRAL Pathway,[84] entrepreneurs and those serving them can gain a stronger grasp of the problem and better understand what needs to be done.

Peer interactions can help entrepreneurs define problems
Conversations with peers can help entrepreneurs talk more openly about their business problems and even identify new ones. Once issues are jointly identified, peers can engage in collective problem solving. These interactions have proven effective at increasing growth.[85]

Ensure you have the expertise to meet entrepreneurs' needs
While some BDS providers solve common problems in entrepreneurial cohorts, others choose a more personalized approach. For such providers, it is important to have access to the expertise necessary to solve more specific and individualized problems. Generic business constraints tend to hold back smaller and earlier-stage enterprises, whereas technical constraints tend to hold back more established firms. Each requires different expertise.

SPOTLIGHT   **PUM** Netherlands senior experts

To learn more go to PUM's case study

PUM's model is based on one-on-one interactions between volunteer experts and entrepreneurs. Therefore, identifying entrepreneurs' real needs and matching them with the right expert is critical. To ensure that PUM understands and can address an entrepreneur's needs, the team conducts several discussions with them. First, a local representative holds a conversation with the entrepreneur to identify high-level needs, and then a sector specialist asks more targeted questions about the client's technical needs and evaluates whether PUM has the capacity to address them.

GOOD PRACTICES

- Use empathy to build relationships and understand the enterprises. Do not judge them
- Employ human centered design methodologies to understand the problem
- Do an in-depth assessment once the entrepreneurs are in the program
- Use in-depth interviews to understand the enterprise's problems and help the entrepreneur articulate where they need to focus
- Use peer interactions as an opportunity to make topics relatable and leverage the combined experiences and wisdom of all of those present

Building trust will enable information sharing and collaboration

2 **Build trust and relationships**

Promote personal relationships and empathy between BDS provider team and the entrepreneurs they serve

Building trust requires that consultants, staff members, advisors, and mentors, get to know the entrepreneurs they work with and understand how they personally experience the problems their business faces. By being empathetic and focusing on the person rather than the business, BDS providers can develop trusting relationships.

Set clear expectations for the behaviors you expect from entrepreneurs

Entrepreneurs may be reluctant to share information. Therefore, as a BDS provider, it is important to set clear expectations at the start of the program. For example, if sharing problems, failures, or sensitive information about the enterprise is important for peer-to-peer learning, then entrepreneurs should be made aware of and accept these terms. Exercises, such as ice-breakers, where each entrepreneur shares a problem, can encourage information sharing.

A WHAT WHY HOW

SPOTLIGHT CEED

CEED builds trust among the entrepreneurs in its network by modeling the types of behaviors it expects to see. For example, when new members attend an event, a speaker shares an experience they would otherwise not discuss openly. This demonstrates that the network is a trusted environment and encourages new members to open up and share.[86]

GOOD PRACTICES

- Focus on the person and not just the challenges the enterprise is facing
- Test different trust-building exercises
- Sensitize staff, advisors, mentors and consultants to the importance of trust
- If the approach remains 100% remote, be intentional about developing relationships
- Ensure the group design is cohesive
- Employ facilitators who are skilled in managing group and power dynamics
- Establish clear agreements regarding confidentiality and how information is shared in sessions
- Communicate a clear short-term value for sharing

Peer connections do more than enhance learning and facilitate knowledge sharing, they help build a community

3 **Facilitate learning among peers who face and have overcome similar challenges**

Form cohorts, considering each entrepreneur and the group as a whole
The right combination matters. Aim to bring together entrepreneurs with common challenges, even if they are in different sectors. Ensure entrepreneurs, advisors, mentors and consultants have similar values and are passionate about entrepreneurship.[87] When matching mentors with entrepreneurs, make sure a mentor's trajectory adds value and is at least one step ahead of the entrepreneur.

Encourage regular interactions among peers
Members of cohorts that engage in regular meetings with the explicit purpose of fostering business connections provide more relevant feedback to their peers.[88] Entrepreneurs extract the most value from engagements with peers whose businesses share similar characteristics but perform better.[89]

Foster connections among peers to build a community
When entrepreneurs come together, they realize they are not alone in the challenges they face. This builds a sense of community. While in-person gatherings are a natural way to connect, lockdowns in 2020 required a shift to digital channels. Moving forward, it will be important to find the right balance between digital and in-person activities.

Promote collective learning
Enterprises that are grouped together tend to improve similar sets of management practices. Group-based consulting can increase employment, sales, and profitability.[90]

SPOTLIGHT — enablis

Enablis Senegal recognizes that networks are formed by people, not enterprises. It focuses on getting to know the entrepreneurs, their motivations, their values, and most importantly their stories.

Once in the network, entrepreneurs develop a plan with their top business priorities and Enablis staff work with them to identify where other members can help.[91]

GOOD PRACTICES

- Build cohorts with entrepreneurs with common challenges
- If entrepreneurs are direct competitors, set clear rules of what can and should be shared
- Promote collective learning through visits to others' offices
- Promote repeated interactions over time to build relationships
- Leverage digital communities to connect entrepreneurs
- Establish mechanisms for entrepreneurs to continue engaging after the program is over
- For digital formats, invest time in developing ice-breakers and activities to encourage everyone to engage

A WHAT WHY HOW

Enterprise support programs should focus on enabling entrepreneurs to learn

4 **Make business education relevant, engaging, and easy to apply**

Engage successful entrepreneurs as program advisors, mentors, and staff
Many entrepreneurs, especially those who started their businesses out of necessity, lack the skills to operate them. Pairing entrepreneurs with mentors who have successfully run their own businesses can increase profits and help them find better suppliers.[92]

Find a balance between theory and practice
Mentors can provide mentees with actionable information, but they do not develop general management skills, which can be more easily learned through targeted training or flipped curriculum-based approaches.[93-95] Combining mentorships with training programs can help entrepreneurs grow their businesses. Flipped curriculum* focuses on solving a problem first and then teaches how to avoid its recurrence.

Help entrepreneurs test their ideas in low-risk settings
Train entrepreneurs to use methodologies to test prototype solutions and get customer feedback before rolling them out. This can help them discard ideas that will not work in the real world without having to invest significant time and resources.[96]

Seek to continuously improve your program
Tailor your approach to the needs and profiles of the enterprise segments you serve. Seek regular feedback to identify what entrepreneurs value most as well as what is not working or is missing in order to iterate your program.

SPOTLIGHT · VillageCapital

To learn more go to VilCap's case study

Village Capital minimized the amount of time dedicated to lectures, capping it at 15% of a program. Entrepreneurs use the remaining time to create implementation plans, give and receive feedback, and make changes to their enterprises.

Village Capital found that this change makes a massive difference, which is reflected in increased engagement, improved net promotor scores (NPS) and higher quality applicant pools.

GOOD PRACTICES

- Use tools and methodologies that can test approaches before building them out:
  - Business model canvas
  - Lean start up
  - Scrum
  - Minimum viable product and prototypes
  - Agile methodologies
- Get feedback from entrepreneurs on the balance between theory and practice and adjust the program based on their input

A — WHAT WHY HOW

* Flipped curriculum is when the focus is on problem solving first, and then learning how to avoid that problem again in the future, by spending time in small groups (6-8) to problem solve challenges relevant to a particular topic, followed by self-study for those for whom its relevant.

The program timeline should allow entrepreneurs to implement their solutions and learn in a real-world setting

5   **Build in time for learning**

Test out the right length for the program

If a program is too long, it risks higher dropout rates, however, if it is too short, it will not allow sufficient time for enterprises to improve their business practices.[97] While there is no exact formula to determine the right program length, feedback from entrepreneurs can help.

Build in breaks for entrepreneurs to make progress

Higher performing BDS programs set aside time for entrepreneurs to implement what they have learned.[98] Although it is not possible for participants to fully implement changes during the program, some BDS providers allocate time for them to start. In this way, entrepreneurs can receive feedback from their mentors, advisors, consultants, and peers at the crucial early stages of implementation.

Promote peer-to-peer evaluations to encourage implementation

Peer evaluations can encourage learning and improvement. Entrepreneurs welcome the accountability to implement changes when evaluations and action points are shared amongst peers.

Encourage entrepreneurs to involve their teams

Implementing changes is not a one-person job. It is important to help entrepreneurs design knowledge-sharing plans and encourage them to involve other team members.

SPOTLIGHT

To learn more go to Bpeace's case study

Several years ago, Bpeace's program underwent a refinement. Among the things changed was the program length, which was shortened from 18 months to 12 months or fewer.

One of the key drivers for this shift was feedback from entrepreneurs, who said it was challenging for them to remain actively focused on their long-term growth plans throughout such a prolonged period. The shortened duration led to better engagement and a higher likelihood that entrepreneurs would implement changes to their enterprises after the program ended.

GOOD PRACTICES

- Use a trial-and-error approach to define the length of the program
- Promote site visits to monitor implementation progress
- Ensure entrepreneurs get as much feedback as possible while they implement changes

BDS providers should foster an environment where all entrepreneurs feel comfortable learning

Gender lens

Consider how to balance women's disproportionate household and care responsibilities with the program's workload
Actively seek women's feedback to ensure the program adapts to their needs and not the other way around. Consider offering childcare services or cover the costs of a caretaker.[99]

Actively encourage women to participate in problem-solving sessions, especially when these are male dominated

Implement channels where women can report harassment from peers, mentors, and BDS staff

Ensure enough of your mentors are successful women entrepreneurs, and, when relevant, match entrepreneurs and mentors based on gender
For programs with mentors, ask women entrepreneurs which gender they would feel most comfortable working with. Access to a high-quality mentor can increase the likelihood of scaling a women-led enterprise.

Create women's networks to encourage peer support
Women entrepreneurs tend to have smaller and less diverse networks.[100] Stronger networks can increase women's access to business financing.[101]

Promote the development of socio-emotional skills
Providing training in socio-emotional skills, such as confidence, leadership, creativity, and resilience, can positively impact women entrepreneurs and the profits of their business.[102]

Offer financial support together with training
Women typically face more financial constraints than men, which can affect their ability to pay for training or related costs such as transportation or childcare.[103]

Consider offering a separate program for women, if needed
If existing social norms represent a constraint for women to access training (e.g., norms that prevent them from traveling alone, or norms that prevent their interacting with men that are not part of their immediate families)[104] consider having a separate program tailored to their needs.

Inclusion lens

Implement channels where minorities and vulnerable groups can report harassment or discrimination from peers, mentors, or BDS staff

Actively encourage minorities and vulnerable groups to participate in networks and problem-solving sessions

Sensitize mentors and BDS staff to unconscious biases to prevent discrimination

Foster personal initiative, self-esteem, and entrepreneurship by including training components that address these topics

Have a diverse cadre of mentors so minorities and vulnerable groups feel represented

Ensure program materials are available in local languages

Funders can support BDS provider efforts to develop better programs and learn from their peers

How can funders support BDS provider efforts to improve their programs and promote the sharing of evidence-based learning?

Use the evidence base to help guide program design and adaptation
Some BDS providers have validated certain components of their programs but are still experimenting with others. Support this journey by offering guidance from evidence-based good practices rather than directives. Additionally, be flexible to changes if the program is not generating the envisioned outcomes.

Encourage peer-to-peer learning among BDS providers
The case has been made for peer-to-peer learning among entrepreneurs, but it can also be useful for BDS providers. Most providers find exposure to their peers valuable.[105]

Promote entrepreneur centricity
Assess whether the program models you support are truly entrepreneur-centric and not prescribed solutions.

**Promote collaboration among BDS providers to help deliver seamless support**
Different BDS providers have different strengths. Thus, working with several providers allows funders to offer enterprises access to a variety of quality support. Encourage BDS providers to get to know each other and build alliances. This may enable the development of pipeline partnerships and help build an effective ecosystem in which entrepreneurs at different stages in their trajectories can access the support that will best address their needs.

Stimulate collective action to improve offerings across the BDS ecosystem
Collaborate with other funders to collect evidence on good practices from their portfolios, and share these with the wider BDS ecosystem to improve existing program offerings based on what works.

A WHAT WHY HOW

DATA INSIGHTS

94%
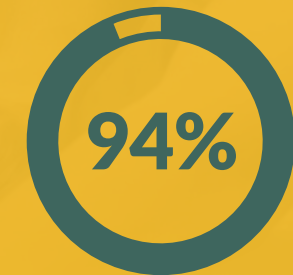
of BDS providers in a Village Capital program found exposure to other BDS providers very or extremely valuable.[106]

47

Questions for reflection

A WHAT WHY **HOW**

1 Assess enterprise problems accurately

- How well do you understand the needs and challenges of the enterprises you work with?
- Do you understand the root causes of their problems?
- Do you have in-depth conversations with the entrepreneurs throughout the program better understand their evolving problems and changing priorities?
- Do you have the skills and expertise to help them?
- Is the problem they want to solve a priority?
- How is the needs assessment used to enable the entrepreneur to improve their own understanding of the needs of themselves and their business?

2 Build relationships based on trust

- Do the entrepreneurs in your program trust you?
- Do the entrepreneurs you work with share their failures with you?

3 Facilitate learning among peers who face and have overcome similar challenges

- Are the entrepreneurs in your program learning from one another?
- Are the entrepreneurs in your program openly sharing advice and experiences to help other improve?
- Is there trust between the entrepreneurs in your program?
- Are you encouraging entrepreneurs connect with each other?

4 Make business education relevant, engaging, and easy to apply

- Are successful entrepreneurs supporting entrepreneurs in the program to learn?
- How much time is dedicated to lectures versus applied learning? Is this useful?
- Which learning methods are most valued by entrepreneurs?
- Are the entrepreneurs engaged throughout the duration of the program?
- Do you know if the content you provide is useful to them?
- Do you know how entrepreneurs in your program prefer to learn?
- Are the tools you supply being used?
- How quickly can you adopt your support when needs change?
- Is there anything from your program you should refine?

5 Build in time for learning to be applied

- What do the entrepreneurs think of the duration of your program?
- Do you have time built in for the entrepreneurs to implement solutions while in the program?
- Are peers providing feedback during implementation?
- Are entrepreneurs being held accountable of the solutions they are implementing?
- Are entrepreneurs actively involving their teams in the program?
- Are entrepreneurs sharing learnings with their teams?

LEARN BY EVALUATING ENTERPRISE PERFORMANCE
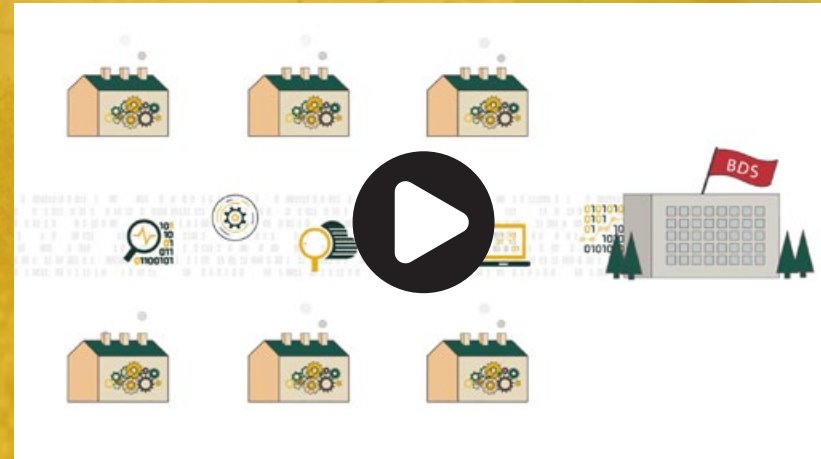
▶ Click here to watch a short video about addressing problems

Effective learning improves impact

L
Learn
by evaluating enterprise performance

Effective learning entails assessing the extent to which SGB growth is being supported, gathering feedback to understand what is and isn't working, and using knowledge generated internally and by others to make improvements.

DIMENSIONS

1. **Collect relevant data points**, ensure entrepreneurs obtain value from reporting, and be relational (three key indicators are revenue, employment, and investment)

2. **Support enterprises' collection and use of data** to manage their performance and improve their businesses

3. **Experiment** with different approaches and improve delivery

WHAT
WHY
HOW

WHY IT IS IMPORTANT TO EVALUATE AND LEARN?

- Performance management allows BDS providers and funders to improve programs and increase impact

- Enterprises that learn to collect and use data can improve their businesses performance

- Evaluation enables organizations to understand whether they are meeting their SGB growth goals and where improvements can be made

SPOTLIGHT   villgro possible.

To learn more go to Villgro's case study

When Villgro began its operation in India, their focus was on executing programs and delivering reports for donors. However, Villgro quickly understood that in order to achieve impact, it would have to prioritize learning.

This realization enabled Villgro India to concentrate on delivering impact and helping enterprises grow while actively learning from its programs.

"We started off focusing on execution, but we soon realized that process alone was not enough to realize impact."

Arun Venkatesan
Co-founder and CEO of Villgro USA, former CTO of Villgro India
Villgro

Learning elevates the performance of BDS programs and enterprises

Performance management allows BDS providers and funders to improve programs and increase impact

BDS providers that effectively monitor and use enterprise performance data generate stronger SGB growth over time.[107-109] A randomized controlled trial (RCT) on a social entrepreneurship program in France found that it had no detectable impact on the creation of new ventures, but the findings were used to iterate the program design, and its subsequent model, also evaluated with an RCT, generated a strong impact.[110]

Effective performance management offers BDS providers information about whether SGBs are growing, the extent of any growth, and what is and what is not working in their programs.[111] Such information helps BDS providers identify what is driving impact. It can also help BDS providers understand whether they need to iterate their programs to achieve better outcomes.[112] The highest preforming programs consider impact in relation to the cost of delivery. [113,114]

By investing in performance management, governments and funders can support increasingly effective enterprise support programs that contribute to sustainable development and job creation.[115,116]

Enterprises that learn to collect and use data can improve their performance

Data is critical to decision-making, but not all entrepreneurs know how to extract its value. For larger enterprises, financial training can integrate the use of data to boost profits and efficiency.[117] However, for smaller enterprises this information may prove too complex to be actionable. [118] For such businesses, training based on rules of thumb is more effective. [119]

Data can also help entrepreneurs change course. High-performing entrepreneurs recognize that pivoting can drive growth.[120] However, knowing when and in what direction to pivot requires access to quality data.

CHALLENGES THAT PERFORMANCE MANAGEMENT CAN ADDRESS

For enterprises:
- Lack of financial information to effectively run enterprises
- Not knowing whether, when, and in what direction to pivot
- Insufficient awareness of needs and improvement areas

For BDS providers:
- Low understanding of program's performance, especially of what is working and what practices need to change or be discontinued
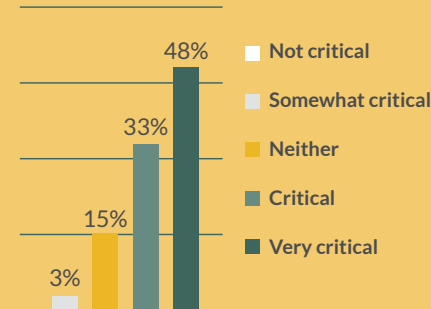- Inability to capitalize on learnings and build on what works
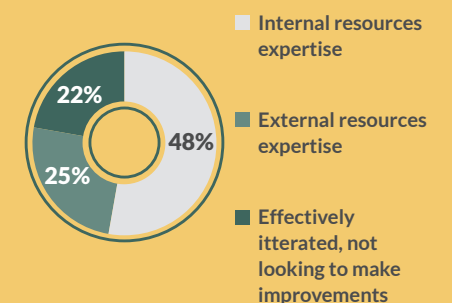
For funders:
- Variable impact

DATA INSIGHTS[121, 122]

Over 80% of surveyed organizations perceived improving BDS programs as critical or very critical, and they mostly preferred to use internal resources and external expertise to make such improvements

Perception of how critical the improvement of BDS is

- 3% Not critical
- 15% Somewhat critical
- 33% Neither
- 48% Critical
- Very critical

Prefered sources of guidance to make program improvements

- 22%
- 25%
- 48%
- Internal resources expertise
- External resources expertise
- Effectively itterated, not looking to make improvements

Relationships, simplicity, and transparency are critical to data collection

1 **Collect relevant data points, ensure entrepreneurs obtain value from reporting, and be relational**

Avoid extensive monitoring processes that may disincentivize entrepreneurs from reporting
Select relevant and consistent indicators that help entrepreneurs track their own growth and allow you to track your program's performance. Three suggested indicators are:[123]
- Revenue levels
- Number of full-time employees with salaried jobs*
- Investment levels

Define what other information you need to know in order to manage your program's impact and identify areas for improvement.

Set clear expectations
Clearly communicate your reporting expectations to entrepreneurs. This should be done during the selection stage. Be transparent about the information they need to share and show them how you will use this information.[124]

Cultivate relationships with the entrepreneurs to improve data collection
An extractive data collection process, such as one relying on surveys alone, can result in low response rates, especially once the program has ended. Be relational by sharing information that may be useful for entrepreneurs such as your analysis of their performance, how they compare to their peers, or ad hoc advice.

Calling entrepreneurs to collect data, especially when the call is from someone they know and trust, can provide a more personal touch. This can improve response rates and allow programs to gather valuable feedback about what is helping or hindering enterprise growth.

* A salaried job is the defining feature of someone not being in poverty

SPOTLIGHT

To learn more go to Bpeace's case study

Bpeace asks enterprises to report on a set of indicators including revenue, profitability, access to finance, and gender. After analyzing the information, Bpeace shares the results with entrepreneurs, not only showing their performance but also showing how they compare to others in their cohort.

Bpeace recognizes that results become evident 2–3 years after the program and actively seeks to encourage longer term reporting. They set up a platform where alumni can consult experts regarding specific business problems. This has helped maintain a closer relationship with alumni and improve response rates over time.

GOOD PRACTICES

- Find meaningful ways to engage with entrepreneurs after the program has concluded
- Reach out to participants and alumni who are not reporting and understand why they are not reporting
- Assess value for money by, for example, using tools such as those developed by GALI

Identify challenges around data collection and develop solutions

Identify the main barriers to data collection and work with your team and the entrepreneurs in your program to overcome them. Pilot and refine solutions and monitor their efficacy.

The following table shows some examples of how TechnoServe and CEED have addressed their data collection challenges, particularly during the program.[125]

Challenge	Solution		How TechnoServe and CEED implemented the solution
Low response rates	Offer non-financial incentives	TechnoServe / CEED	**TechnoServe** integrated reporting into the enterprise development process so that part of the data reported would be used to provide better support to the entrepreneur **CEED** offered entrepreneurs information on how they performed against their peers
	Provide advanced notice and consistency in collection period	TechnoServe	**TechnoServe** sent entrepreneurs advanced notice of surveys and asked them about their availability and time preferences before collecting data. Collection occurred at regular predictable intervals
	Offer staff incentives	CEED	**CEED** offered prizes to staff in offices with the highest response rates
Survey fatigue	Take a lean data collection approach	TechnoServe / CEED	**TechnoServe** switched from the use of lengthy annual or semi-annual surveys to the more frequent collection of fewer data points. **CEED** looks at the data from previous years and maps if and how each data point was used. Based on this analysis, they shortened their survey
Entrepreneurs in survival mode	Embed data collection into services and tools entrepreneurs use to survive	CEED	**CEED Slovenia** created a Covid-19 SOS Inbox where entrepreneurs could consult experts on their business challenges. In order to submit questions, entrepreneurs had to answer questions about the impact of Covid on their business

L WHAT WHY HOW
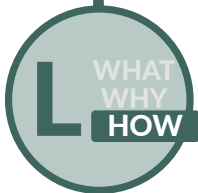
Enabling enterprises to recognize the importance of performance assessment can lead to growth

2

Help enterprises collect and use data to manage their performance and improve their businesses

Examine changes in performance to understand emerging needs
Encourage enterprises to periodically reassess their needs. Review these assessments with them to identify emerging challenges or problems that they may not have felt comfortable discussing during earlier stages of the program.

Inform enterprises about which data can be useful and relevant to collect
As you develop a closer relationship with the entrepreneurs and gain a better understanding of their business, work with them to select indicators that could help them track their performance.
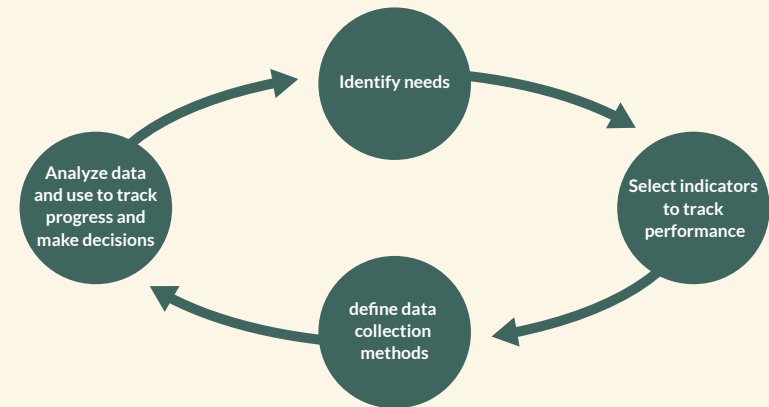
Help enterprises define how to collect data
The collection and use of data requires specific expertise or a vast amount of time, which entrepreneurs, particularly those leading smaller enterprises, may not always have. Help the entrepreneurs define whether they should hire, outsource, or invest in software to optimize their data collection and analysis.

Enable enterprises to understand and use their own data
Help enterprises learn to periodically collect, analyze, and use data to track progress so that if they are not improving, they can determine whether it is because they are not solving the problem or because they have misidentified the constraint. Ideally enterprises would perceive data collection as a value additive activity critical to business growth.

WHAT WHY HOW

How to help enterprises manage their performance?

Identify needs

Select indicators to track performance

define data collection methods

Analyze data and use to track progress and make decisions

SPOTLIGHT

villgro
possible.

To learn more go to Villgro's case study

Villgro India collects data to support entrepreneur learning. Data collection begins with a baseline evaluation when the entrepreneurs join their program. Villgro then holds periodic review meetings with the entrepreneurs, where data is used to measure progress against milestones and assess the effectiveness of the support provided. This allows entrepreneurs to view regular performance assessments as value-additive tasks.

GOOD PRACTICES

- Assess the constraints that enterprises face in relation to data collection and management, and work to resolve these as part of your support
- Ask enterprises for reports on their performance during the program and guide them on how to use the results
- Promote peer learning around data management, and encourage entrepreneurs to share what did or didn't work

High-performing BDS programs collect and evaluate enterprise performance data and use it to continuously improve their services

3 Experiment with different approaches and improve delivery

Build performance management into your program delivery

Seek to work with funders that are willing to allocate funds toward performance management or support it long term. Dedicate human and financial resources to systematically evaluate programs and integrate changes.

Complement quantitative data with qualitative data

In addition to collecting quantitative data to monitor and evaluate programs, collect qualitative data and feedback to learn why components of your program are working or not and to obtain insights about ways to move forward. Identify what entrepreneurs perceive as most valuable.

Create a feedback loop to improve your program

Have mechanisms in place to integrate findings from your monitoring and evaluation process. For example, have a working group that reviews results from evaluations and recommends changes to program design. Such feedback loops can be integrated across the full program experience.

Consider how long it may take for a program's impact to manifest

The impact of some interventions, such as microenterprise mentoring, can manifest and be measured within months but disappear soon after,[126] while other interventions, such as SGB consulting, can continue to impact employment over the long term.[127] Take this into account when planning data collection.

WHY COLLECT DATA?

- To better support SGB growth and job creation
- To improve effective targeting and outreach
- To ensure that ventures are well-matched to your program design and impact goals
- To improve program design
- To help determine what elements/services should be included in your program and how these elements/services maximize impact
- For communication and fundraising purposes

Define how to evaluate your programs

RCTs contribute to the sector's collective knowledge by providing robust evidence on program impacts. However, they are costly, time consuming, and limit the ability to makes changes while the trial is underway. To ensure investments in RCTs are well used, iterate a program until you have found a strong model, then prove its impact.[128]

For programs operating at scale and supporting a large number of enterprises, an RCT makes sense. However, for smaller operations, alternatives, such as A/B testing, may be more appropriate. The results may not be as conclusive, but they can provide valuable insights at a lower cost. A/B testing can also be useful when iterating programs prior to an RCT.
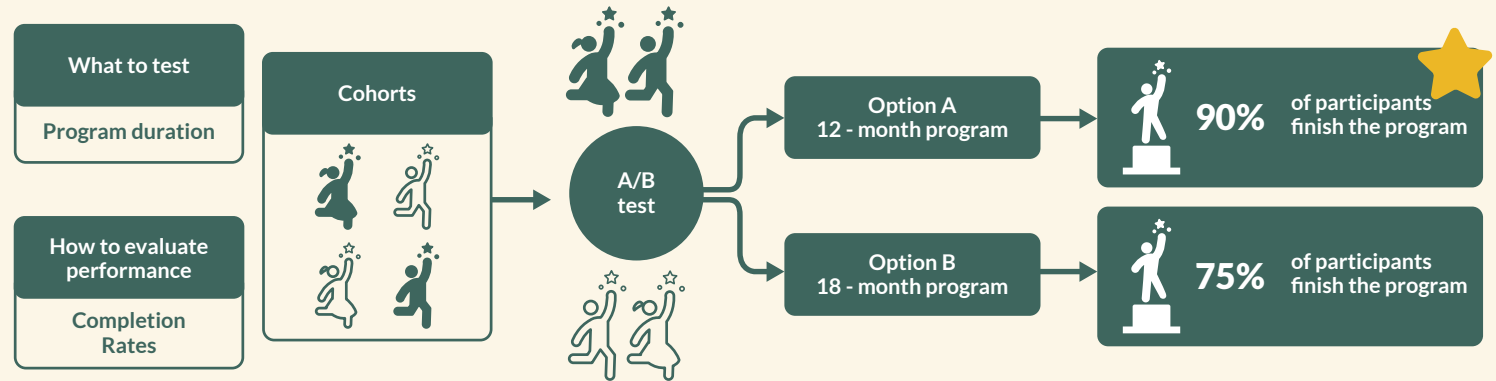
External evaluators can provide a more objective perspective and serve as neutral actors to obtain more candid feedback from entrepreneurs. They can also bring in new skills and evaluation techniques and moderate discussions among entrepreneurs and BDS providers.[129]

Learn from others and share what you have learned

Look outside of your program and your organization to learn what works for others and share what has worked for you.

A/B testing is a way to compare two factors and identify which one performs better

First, define what to test and how to evaluate performance. Then run the test with two sets of users randomly assigned to the different versions. Finally, determine which approach was more succesfull.[130]

What to test

Program duration

How to evaluate performance

Completion Rates

Cohorts

A/B test

Option A
12 - month program

Option B
18 - month program

90% of participants finish the program

75% of participants finish the program

SPOTLIGHT

TechnoServe
Business Solutions to Poverty

To learn more go to TechnoServe's case study

TechnoServe is a data-driven organization that constantly seeks to identify which program components and practices add value, and to share these learnings across the organization.

Upon developing a new program, TechnoServe occasionally tests different methodologies on cohorts and validates what works using approaches like A/B testing. It iterates the program design multiple times until it feels it is solid enough to be validated in an RCT.

GOOD PRACTICES

- Use evaluations to iterate program design
- Be quick to discard what is not working
- Differentiate between participant satisfaction and program impact
- Continue engaging with entrepreneurs even after program has concluded because impact takes time to manifest
- Use the CART Principles Toolkit to monitor and evaluate programs
- Consider light tough approaches such as Lean Data

WHAT
WHY
HOW

BDS providers should identify when some groups are performing differently and find ways to provide more targeted support

Gender lens

When analyzing results, disaggregate data to determine whether women are performing differently than men
On average, female-led enterprises have fewer employees, weaker sales, and lower profits, with a gap as high as 82% compared with male-led enterprises.[131] Identifying and addressing the factors that drive this gap is critical to leveling the playing field for women.

Ensure women entrepreneurs are represented in evaluation samples, both for qualitative and quantitative research

Consider gender education gaps when asking entrepreneurs to analyze data. If women had limited access to school, they may need additional support to learn how to analyze information

Ensure women are part of the data collection team so women entrepreneurs feel more comfortable providing information

Inclusion lens

When analyzing results, disaggregate data to determine whether minorities or vulnerable populations are performing differently from other program participants
Analyze whether entrepreneurs from minorities or vulnerable groups are underperforming compared to the rest of their cohort. Identify what is driving the gap in performance and address these factors.

Ensure entrepreneurs from minorities and vulnerable populations are represented in evaluation samples, both for qualitative and quantitative research

Utilize reporting mechanisms that consider the entrepreneurs' context
Offer alternatives to any method of reporting that require access to internet, a computer, or smart phone.

Make sure reporting tools are translated into local languages

Funders play a critical role in enabling BDS providers to embed learning into their way of operating

How can funders help BDS providers promote a culture of learning?

Help BDS providers embed monitoring, evaluation, and learning (MEL) into their program structure
An extended period of commitment and support is required to embed learning into an organization's way of operating . Provide multi-year grants that allow BDS providers to build or strengthen MEL structures. The better BDS providers are at collecting relevant data and obtaining actionable insights, the faster they will iterate their programs and reach shared impact goals.

Prioritize outcomes over outputs on your reporting requirements
To the extent possible, seek to align your reporting requirements to outcomes instead of outputs in order to promote learning. Encourage and support data collection not just for reporting, but because it will help the BDS provider and entrepreneurs improve their performance. Ask BDS providers for feedback to understand whether these reports are contributing to learning.

Allow time for BDS providers to develop a program model that works
BDS providers, especially emerging ones, continue to test and refine their program designs. Learning what does not work and how to improve is part of the process. It is important to recognize that outcomes are not guaranteed. Consider multi-year grants to enable learning and iteration.

Offer BDS providers feedback on their performance
Establish indicators to measure each program's performance in order to provide feedback and promote learning. It is important to recognize that data collection can be complex and results many not always be comparable. Consider facilitating roundtable discussions where BDS providers can share insights about what worked, what failed, and why.

WHAT WHY HOW

Instead of imposing an MEL framework, the Lemelson Foundation incentivizes BDS providers to measure things that demonstrate the impact they want to achieve.

The Lemelson Foundation's focus goes beyond supporting programs or BDS providers. It seeks to develop and share knowledge. For example, it has worked with Villgro for over 18 years. Initially it primarily provided funding to BDS programs, but the focus now is on learning and sharing findings with the broader ecosystem.

"We want to learn with learning organizations. We stay with Villgro, not just to build its programs, but to share what was learned from them."

Rob Schneider
Senior Director of Strategy
The Lemelson Foundation

58

Questions for reflection

1 **Collect relevant data points, ensure entrepreneurs obtain value from reporting, and be relational (three key indicators are revenue, employment, and investment)**

- How do you know if your programs are successful?
- What information must you track to know if your programs are succeeding?
- Are you tracking revenue, job creating, or investment indicators?
- Do the entrepreneurs in your program feel that it is a burden to report results to you?
- Are you using all of the information you are collecting from them?
- Are you sharing results with them?
- Is this information valuable for them?
- Why do entrepreneurs stop sharing information with you once the program has ended?

2 **Support enterprises' collection and use of data to manage their performance and improve their businesses**

- Do you help enterprises define which data they need to collect ?
- Do the entrepreneurs in your program perceive data collection as valuable?
- Do you guide entrepreneurs on how to use the data they collect?
- Do you encourage entrepreneurs to use data to continuously assess their needs?

3 **Experiment with different approaches and improve delivery**

- Do you systematically monitor and evaluate your programs?
- What are you learning from these evaluations?
- Do you have feedback loops in place to integrate findings and improve your programs?
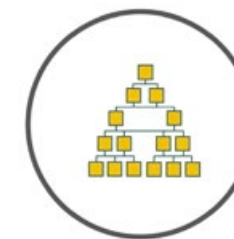- Do you work with external evaluators? What have you learned from these experiences?

WHAT
WHY
HOW

LEAD BY EXAMPLE
IMPROVE YOUR OWN ORGANIZATION TO BETTER SERVE ENTERPRISES

Governance   Strategy   Structure

▶ Click here to watch a short video about addressing problems

BDS providers must continue developing their own organizations in order to better support enterprises

E
Lead by Example: Improve your own organization to better serve enterprises

Implementing good practices internally can help BDS providers deliver enterprise growth outcomes with increased reliability and at greater scale.

DIMENSIONS

1. **Have a clear and focused strategy**
2. **Integrate a governance structure in your organization** that includes successful entrepreneurs
3. **Build a well-organized, empowered, and capable team** to enable your organization to deliver and grow
4. **Diversify your income streams to strengthen your financial sustainability**

E WHAT WHY HOW

WHY IT IS IMPORTANT TO EVALUATE AND LEARN?

- Addressing internal challenges can increase impact
- For funders, supporting the organization and not just the project can leverage further resources and broaden impact
- Organizational development is key to the long-term growth and financial sustainability of BDS providers

SPOTLIGHT ✿ VillageCapital

To learn more go to VilCap's case study

Some years ago, Village Capital used unrestricted funding to establish its back-office operation. This allowed it to integrate technology, implement new processes, and provide better support to programs.

Village Capital believes that having a strong back-office team should be the norm for BDS providers but recognizes that it is often hard to prioritize without unrestricted funding.

"We're thankful for the funders who stepped up to the plate and provided unrestricted funding that helped us become the organization we are today."

Allie Burns
CEO
Village Capital

By integrating good practices, BDS providers can deliver greater impact

Addressing internal challenges can multiply impact
Many BDS providers are themselves growing businesses that face internal challenges. Good organizational development is a precondition to impact.[132]

For funders, supporting the whole organization, rather than just one of its projects, can leverage further resources and impact
BDS providers that receive funding support to implement good practices and address internal challenges consistently grow.[133] Such support can engender a trusting relationship in which BDS providers feel comfortable asking for help and funders offer more targeted and effective funding.[134,135]

Organizational development is key to the long-term growth and financial sustainability of BDS providers
Investing in organizational development and helping BDS providers achieve financial autonomy[136] ensures the continuity of BDS programs and the impacts they generate.[137]

E WHAT WHY HOW

CHALLENGES THAT LEADING BY EXAMPLE CAN ADDRESS

- High turnover among BDS provider staff
- High dependance on a single donor for funds
- Lack of a clear direction and strategy
- Short-term relationships between funders and BDS providers
- Lack of the right systems and capacities to deliver quality at scale
- Over-reliance on founders and/or on the CEO
- Difficulty accessing bilateral and multilateral development funding that requires a minimum organization size and development level

DATA INSIGHTS[138]

40-65 %
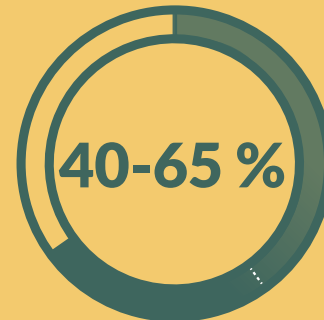
of accelerators take equity in participating enterprises. Exits are insufficient to cover operational costs for 90% of this group, so alternative sources of income are necessary

Only 1/20

accelerators in North America and Europe are sustained primarily through "cash-for-equity" models, the rest rely primarily on public, corporate, or private funders for financial sustainability

Organizational strategies should provide clear direction for the entire team

1 **Have a strategy to guide your organization's work**

Find a balance between execution and growth
An effective strategy lays out a vision for the future and provides a clear sense of purpose for the team. It should enable an organization to clearly distinguish what it does and does not do. The strategy should set a stable course but be accompanied by an executable and adaptable plan. Avoid developing a strategy that is too detailed or prescriptive as the inevitable revisions will absorb significant time and energy compared to pivoting a plan.

Make your strategy replicable and adaptable
Ensure your strategy sets the direction your whole organization wants to go. This way, the programs you develop will align with your strategy and not the other way around.

Ensure that your full team is aware of and understands your strategy
Communicating the strategy to the entire organization is as important as developing it, since the team will need to understand it in order to execute it. It is especially critical for the team to recognize the overall scope, so that they do not get distracted by one element. Boiling the strategy down to a one-page summary can ensure that all members of the organization understand it. A strong sense of ownership is key to success.

E WHAT WHY HOW

SPOTLIGHT — TechnoServe — Business Solutions to Poverty

To learn more go to TechnoServe's case study

In their 2013–2017 strategy, TechnoServe made ensuring excellence in programs one of their strategic pillars, and, within it, improving monitoring and evaluation was a key area of focus.[139]

During the first five years implementing its Impulsa tu Empresa program, TechnoServe tested different methodologies with different cohorts to determine which had the most impact on revenue and employment. Lessons from these evaluations helped TechnoServe improve other ongoing programs.

GOOD PRACTICES

- Proactively develop your own strategy and own it. Avoid developing one just to meet a funder's request
- Ensure your strategy addresses core business needs
- Involve people from multiple levels of the organization in the development of the strategy in order to increase ownership
- Have a clear action plan to guide implementation
- Have a communication plan to share the strategy with the full organization (e.g., emails, townhalls, webinars, etc.)

A board of directors is a means to governance, not an end

2 **Integrate a governance structure in your organization that includes successful entrepreneurs**

Form a board with people that share your principles
Invite board members who share your values and can provide guidance, approve decisions, develop collaborative relationships with staff, and help the organization maintain a steady course.[140]

Consider experienced entrepreneurs as potential board members
Organizations with former entrepreneurs on their boards are more effective than those run by people without entrepreneurial experience.[141] Successful entrepreneurs can bring the perspective of the enterprises to the decision-making table.

Define clear roles and responsibilities for your board as well as a processes by which it will operate
Board members can play more active roles in the day-to-day operation of smaller organizations, while in larger ones, they generally focus on guiding decision-making. Engage the staff in conversations with board members to align expectations and determine responsibilities. Establish structures and processes that enable smooth operation.

Substitute members when necessary
As your organization evolves, so should your board. Validate what skills, connections, and expertise are needed to help you reach your current and future goals.

SPOTLIGHT villgro possible.

To learn more go to Villgro's case study

For Villgro, it is important to have a board that reflects multiple perspectives from the entrepreneurial ecosystem. Board members include serial entrepreneurs, investors, academics, and HR professionals, among others.

In addition to guiding the organization in its evolution and pushing for more sustainable ways of working, the board has been critical to developing strategic relationships. "They are very supportive and go beyond just oversight," says Arun Venkatesan, CEO of Villgro USA.

GOOD PRACTICES

- Make sure you have a board that contributes to your organization's development
- Co-establish clear roles and responsibilities for board members
- Promote interactions between your staff and your board, and make sure they are not perceived as inaccessible or distant by the team
- Begin small and gradually grow the board. While there is no ideal size 5–12 members, can provide sufficiently diverse perspectives [142]

E WHAT WHY HOW

A structure that enhances the team's capabilities is critical for the organization's growth

3 **Create a team structure that enables your organization to deliver and grow**

Organize your team by defining clear roles and responsibilities
For smaller teams, it is common for many members to simultaneously share responsibilities across many roles. This reduces efficiency and increases burnout. Define clear roles and responsibilities to enable team members to focus and develop a sense of ownership.

Delegate responsibilities
Make sure the leaders and managers in the organization delegate responsibilities to the wider team to enable you to effectively scale your delivery while maintaining or improving quality.

Understand what drives attrition and work to remedy it
One of the main drivers of attrition is a horizontal structure with limited opportunity for growth. To address attrition, ask members why they are leaving and what, if anything, would encourage them to stay. Act upon this information.

Grow your team structure along with your organization
As your organization grows, make sure its structure adapts to help you evolve into the organization you want to become. Growth is not just about hiring more staff. It is about integrating new tools and capabilities that improve your operation.

Actively plan for succession. Build a management team capable of running the organization in the case of leadership transition.

E WHAT WHY HOW

SPOTLIGHT — alterna

To learn more go to Alterna's case study

During its initial years, <u>Alterna</u> experienced a high turnover, especially among younger staff members, who left after a few years with the organization. In response, Alterna created a new talent area with a fully dedicated HR staff to work on organizational change, recruitment, and talent development. A talent manager held conversations with each team member to understand their aspirations and worked closely with the leadership team to create new positions.
Alterna now has agile and efficient processes in place and its organizational culture, performance, and career development paths are better aligned.

GOOD PRACTICES

- Conduct organizational pulse surveys to track the staff's level of motivation and wellbeing
- Seek to understand team members' aspirations
- Promote learning opportunities to keep team members motivated
- Host professional training, networking, and other types of activities that can increase staff retention
- Plan career paths for team members to grow
- Establish a process for exit interviews to understand the root causes of attrition
- Empower your team by delegating decision making

Mitigating financial risks can ensure the long-term sustainability of an organization

4 **Diversify income streams to strengthen financial sustainability**

Capture diversified funding

Relying on a single funder for the operation of your program poses a risk to its sustainability. When the context allows, diversify not only by adding more funders but by working with different types of funders. Be strategic about the opportunities you go after. Seek to understand funder objectives and consider how your program might contribute to their achievement. One way to do this is to work closely with your board to expand your network.

Identify new revenue streams

While income from funders may represent an important portion of your budget, it often comes with restrictions, or may not cover the full cost of a program. Alternative sources of income, such as charging fees* for enterprise support, is an additional revenue stream and a source of unrestricted funding.

Consider blended models with multiple funding streams

If your programs are 100% subsidized, evaluate the pros and cons of this scheme. Consider developing a blended model where entrepreneurs contribute towards the cost of the program. While it may never cover the full costs, or represent a path towards financial sustainability, it can help. Moreover, it has been associated with improved enterprise engagement and participation in the program.

For more information on enterprise contributions as a source of new revenue streams, see the "Charging enterprises improves performance" sub-section

---

SPOTLIGHT **alterna**

To learn more go to Alterna's case study

Alterna has diversified its funder portfolio to avoid relying too heavily on a single source of funding. Approximately 30–40% of its funding comes from governments and international cooperation organizations, 30–40% comes from corporations and the remaining 20–30% from international funders.

In cases where there are no restrictions from funders, Alterna is piloting new charging mechanisms to promote enterprise contribution. They recognize that these fees are an additional source of revenue but would never cover the full cost of the program.

GOOD PRACTICES

- Work closely with your board to develop a financial sustainability strategy
- Work closely with funders to explore the possibility of integrating enterprise contribution
- Work with your team to identify additional revenue streams beyond enterprise contribution
- Evaluate pros and cons of a 100% subsidized model and identify alternatives to shift towards a blended model

E WHAT WHY HOW

Inclusion and diversity should be present at all levels of an organization

Gender lens

Ensure women are represented across all levels of your team, from entry positions to leadership roles
Businesses prioritizing gender diversity on their leadership team were more likely to have above-average profitability compared with those not prioritizing gender diversity.[143]

Help women remain in the organization and grow through paid family leave, work flexibility (work from home or part-time work), and support for childcare

Ensure women are represented on the board of directors

Review your strategy with gender experts to ensure your programs have no unintended consequences for women and that women are not being excluded

Inclusion lens

Build a diverse team with representatives from different vulnerable groups and minorities across all levels, from entry positions to leadership roles
On average, businesses with diverse teams outperform those with less diverse teams in terms of profitability.[144]

Ensure your board members are diverse and represent the team and enterprises you serve

Review your strategy with experts on social inclusion to ensure your programs have no unintended consequences for vulnerable groups or minorities and that these groups are not being excluded

E WHAT WHY HOW

Funders play a key role in helping BDS providers build strong organizations by incorporating good organizational development practices

How can funders encourage BDS providers to lead by example?

Pay attention to the organization delivering the project
Ask yourself how a partnership will enable the BDS provider to better do what they do and consider ways to boost the long-term sustainability of BDS business models rather than focusing on individual programs. Think about how you can support BDS providers in these efforts, whether through external consultants or with an internal support team.

Additionally, seek to align with other funders on how to promote overall sustainability for BDS business models over time.

Tailor organizational development efforts to BDS provider needs
Actively ask BDS providers about their development challenges. Better understanding your partners will allow you to tailor capacity-building efforts to support their needs. Make sure organizational development support is ongoing, as there is always room to improve.

Provide unrestricted funding to enable BDS providers to grow their organization
In order to effectively operate and learn from programs, BDS providers need to invest in areas of their organization such as back-office teams and performance management. Providing BDS providers with unrestricted funding will allow them to build a solid organization that can deliver better results.

Promote peer learning among funders
Share insights about which approaches help BDS providers grow, and which could use improvement. Although reports can function in this way, it is also possible to engage in smaller initiatives, such as learning lunches or roundtable discussions.

E WHAT WHY **HOW**

SPOTLIGHT The Lemelson Foundation

The Lemelson Foundation actively supports the BDS providers they work with to strengthen their organizational practices.

When working with new BDS providers, The Lemelson Foundation intentionally screens for teams they believe can build a successful organization. It begins by funding organizations at a small scale and identifying their capacity needs, then it acts on this information to strengthen them.

Through this approach, the Lemelson Foundation has developed long lasting partnerships with BDS providers.

GOOD PRACTICES

"Funders should be concerned about building the field as well as individual organizations, and not simply focus on funding programs"

Rob Schneider
Senior Director of Strategy
The Lemelson Foundation

Questions for reflection

1 **Have a clear and focused strategy**
- Do you have a strategy?
- Does your strategy enable your organization to be clear about what it does and does not do?
- Does your strategy promote a balance between focus and growth?
- Is the scope of your strategy too broad?
- Is there awareness and ownership of the strategy by the team?
- Is there a plan to enable the execution of your strategy?
- Does your strategy allow your organization to practice what you are teaching entrepreneurs?

2 **Integrate a governance structure that includes successful entrepreneurs**
- Do you have a board?
- What is the value of having a board?
- Are successful entrepreneurs part of your board?
- Are the roles and responsibilities of your board clearly defined?
- Does your team engage with your board?
- How does your board help you make decisions?
- Does your board hold the leadership accountable?
- Does your organization have good governance?

3 **Build a well-organized, empowered, and capable team to enable your organization to deliver and grow**
- Do you have a team and a structure to deliver your programs?
- Does every member of your team have clear roles and responsibilities?
- Is attrition a problem?
- Are there opportunities to grow within your organization?
- Do you have the correct team and structure in place to grow?
- How do you attract capable employees?
- Do the members of your team have an entrepreneurial mindset?
- Is the team empowered and enabled to think and act like entrepreneurs (e.g., take risks, innovate, run design sprints, etc.)?
- Are you using methods and tools you share with entrepreneurs within your own organization?

4 **Diversify your income streams to strengthen your financial sustainability**
- Do you mostly rely on a few funders?
- What would happen if one of the funder's priorities changed and it ceased providing funding?
- In addition to funding, do you have other revenue streams?
- Are your programs 100% subsidized by funders?
- Have you considered a blended model (subsidy + enterprise contributions)?
- Is your organization profitable?
- How could you achieve financial sustainability?
- How could you integrate what you teach entrepreneurs about profitability into your own organization?

E WHAT WHY HOW

3

How to: case studies of SCALE in action

Case Studies demonstrate how BDS providers have incorporated SCALE considerations into their work

The following slides provide case studies for six BDS providers that cost-effectively deliver high-impact programs. SCALE considerations have played a key role. Each case study demonstrates how and why these organizations integrated specific components of SCALE and shares applicable findings from the process. As the case studies will show, each of the components reinforces the others to ultimately create more impactful BDS programs.

Many of the spotlighted organizations are also actively implementing additional SCALE considerations that may not be highlighted in the case study.

Index

CONTENT

- *Why each case study organization is being spotlighted*
- *SCALE considerations that will be spotlighted in each case study*

Organization overview

CONTENT

- *Introduction to the organization*
- *Organizational profile (regions, number and types of entrepreneurs served, annual budget, primary funders)*
- *Key learnings that will be spotlighted*

Integrating SCALE considerations

CONTENT

- *Per SCALE consideration: 2–3 key learnings demonstrating how and why components can be integrated*
- *SCALE synergies to identify how SCALE considerations reinforce each other*
- *Entrepreneur spotlights*

Each case study will highlight different SCALE components, demonstrating the synergies between components and common approaches among organizations

alterna   **Page 75 - 80**

Page 81 - 85

SPOTLIGHT RATIONALE

Between 2010 (its founding year) and 2018, Alterna successfully supported over 800 social/environmental or inclusion-focused SGBs. An independent evaluation conducted in 2018 found that **Alterna's cultivation program is targeted, relevant, and impactful — growing revenues, creating jobs, and raising investment.**

Through many years of testing and iteration, Bpeace has created a strong and replicable model that allows it to work deeply with ~75 Dynamic enterprises each year. **Through a few minor program adjustments, Bpeace saw significant improvement in outcomes** for SGBs, including a doubling of job creation and a 10x increase in revenue growth from one cohort to the next.

KEY IMPACT METRICS*

Average cost per enterprise: USD 6,700
Average cost per job created: USD 3,700
Average total finance mobilized (per program): USD 9.9 million
Median CAGR: 40%

Average cost per enterprise: USD 16,500
Average cost per job created: USD 5,200
Median CAGR: 6%

SCALE CONSIDERATIONS HIGHLIGHTED

SELECT   **Page 76 - 77**

- Strengthen selection criteria by segmenting enterprises
- Streamline selection through networks, multi-stage selection, and investment in the team

LEARN   **Page 77 - 78**

- Promote continuous learning by applying common key performance indicators (KPIs) and investing in feedback loops
- Improve response rates through a multi-pronged, coordinated effort

LEAD BY EXAMPLE   **Page 79 - 80**

- Consider expertise, connections, and entrepreneurial background when sourcing board members
- Broaden impact by partnering with other ecosystem actors while maintaining strategic focus

SELECT   **Page 82 - 83**

- Effectively introduce a charge by consulting with stakeholders to define a fee
- Improve applicant quality and entrepreneur engagement through charging

ADDRESS PROBLEMS   **Page 83 - 84**

- Interact with the client's full team to improve program impact and depth of learning
- Find the right program duration to maintain consistent engagement
- Balance customized support with scalability using low-touch, remote services

LEARN   **Page 85**

- Build trust through consistent engagement to enhance data collection
- Tailor data collection to entrepreneur interests

* Key Impact Metrics were obtained from Argidius. Information on how these figures were calculated is available in the annual reports.

Each case study will highlight different SCALE components, demonstrating the synergies between components and common approaches among organizations

PUM Netherlands senior experts **Page 86 - 90**

TechnoServe Business Solutions to Poverty **Page 91 - 97**

SPOTLIGHT RATIONALE

A 2019 evaluation of one of PUM's programs, found that, together, **70 participating enterprises generated USD 84 million in incremental revenues and created nearly** 700 jobs. Moreover, it has been demonstrated that PUM contributes to positive changes in knowledge and business practice for 90% of the businesses they support, demonstrating that their model is effective for most enterprises.

A number of TechnoServe's programs have been **very effective while maintaining reasonable costs (USD 500–5000 per enterprise served).** In particular, its *Impulsa Tu Empresa* accelerator program, which has worked with over 2,000 businesses, has increased overall enterprise sales by >USD 45 million, created over 1,600 new jobs , and mobilized >USD 5 million since 2012.

KEY IMPACT METRICS*

Average cost per enterprise: USD 10,000
Average cost per job created: USD 900
Average total finance mobilized (per program): USD 87.5 million
Median CAGR: 15%

Average cost per enterprise: USD 6,100
Average cost per job created: USD 2,120
Average total finance mobilized: (per program): USD 3.5 million
Median CAGR: 9%

CHARGE **Page 92 - 93**

- Use communication and charging to encourage self-selection
- Iterate to find the right amount to charge
- Consider alternatives to upfront fees

SCALE CONSIDERATIONS HIGHLIGHTED

SELECT **Page 87**

- Deepen selection criteria to make sure clients fit well with the program
- Leverage local connections in the recruitment process

ADDRESS PROBLEMS **Page 88 - 90**

- Understand the entrepreneurs' needs and match them with the right support
- Offer follow-on support to encourage enterprise change

ADDRESS PROBLEMS **Page 93 - 95**

- Design programs around segments with similar needs
- Emphasize skill building and implementation over classroom training
- Utilize a multi-step approach to balance program scalability with customized support

LEARN **Page 96 - 97**

- Track hard data on revenue, employees, and investments alongside feedback on satisfaction
- Test methodologies to inform continuous learning
- Consider working with external researchers to validate methodologies

* Key Impact Metrics were obtained from Argidius. Information on how these figures were calculated is available in the annual reports.

Each case study will highlight different SCALE components, demonstrating the synergies between components and common approaches among organizations

VillageCapital   **Page 98 - 104**

Villgro possible.   **Page 105 - 110**

SPOTLIGHT RATIONALE

VilCap aims not only to improve its own programs but to share its best-practices to support the growth of other BDS providers. VilCap has worked extensively with GALI and other research institutions to test and demonstrate the effectiveness of accelerator programs. **Impact data shows that VilCap alumni raise 3x more capital, earn 2.3x more revenue, and create 40% more jobs compared to non-participating startups.**

As a learning-focused organization, Villgro has worked with other BDS providers to improve their capacity by adapting learnings from the Villgro model. From 2001 to 2020, Villgro **effectively incubated >300 startups and mobilized nearly USD 55 million in follow-on funding.**

KEY IMPACT METRICS*

Average cost per enterprise: USD 25,500
Average cost per job created: USD 3,100
Average total finance mobilized (per program): USD 49.2 million
Median CAGR: 139%

Average cost per enterprise: N/A
Average cost per job created: N/A
Average total finance mobilized: (per program): N/A
Median CAGR: N/A

SCALE CONSIDERATIONS HIGHLIGHTED

SELECT   **Page 99 - 100**

- Focus on a clear target segment and program strategy to define strong selection criteria
- Consider incorporating peer selection into a multi-stage selection approach

ADDRESS PROBLEMS   **Page 101 - 102**

- Identify underlying challenges through open-ended needs assessments
- Leverage cohorts to encourage peer learning and motivate entrepreneurs
- Limit time spent lecturing to increase impact

LEAD BY EXAMPLE   **Page 102 - 104**

- Develop a clear vision, communicable mission, and aligned strategy
- Collaborate with funders
- Amplify impact by embedding a learning focus into the program strategy

SELECT   **Page 106 - 107**

- Identify target segments using gap analysis
- Evaluate entrepreneurs based not only on their business ideas but also their attitudes
- Incorporate multiple perspectives to select the right enterprises

LEARN   **Page 107 - 109**

- Leverage existing MEL frameworks to develop your own
- Use data to inform continuous learning for both the entrepreneur and the team
- Collect data at a level and with the frequency that best fits your context

LEAD BY EXAMPLE   **Page 109 - 110**

- Clearly define team roles
- Recruit passionate, entrepreneurial staff to increase retention
- Select board members with a range of perspectives to ensure growth

* Key Impact Metrics were obtained from Argidius. Information on how these figures were calculated is available in the annual reports.

alterna

Founded in 2010, Alterna is an organization that supports sustainable, market-driven, and context-relevant solutions to development challenges in Central America through the support of locally-driven entrepreneurship. Alterna works with two distinct enterprise segments: (i) inclusion SGBs and (ii) dynamic/impact SGBs. Inclusion SGBs tend to operate in traditional or subsistence sectors. Dynamic/impact SGBs, on the other hand, work to achieve social and/or environmental impact. Alterna considers itself to be a "social business cultivator" rather than a traditional accelerator or incubator. It builds the social capital of entrepreneurs by supporting their development of creative innovations and strengthening their connections within the ecosystem.

ORGANIZATION PROFILE*
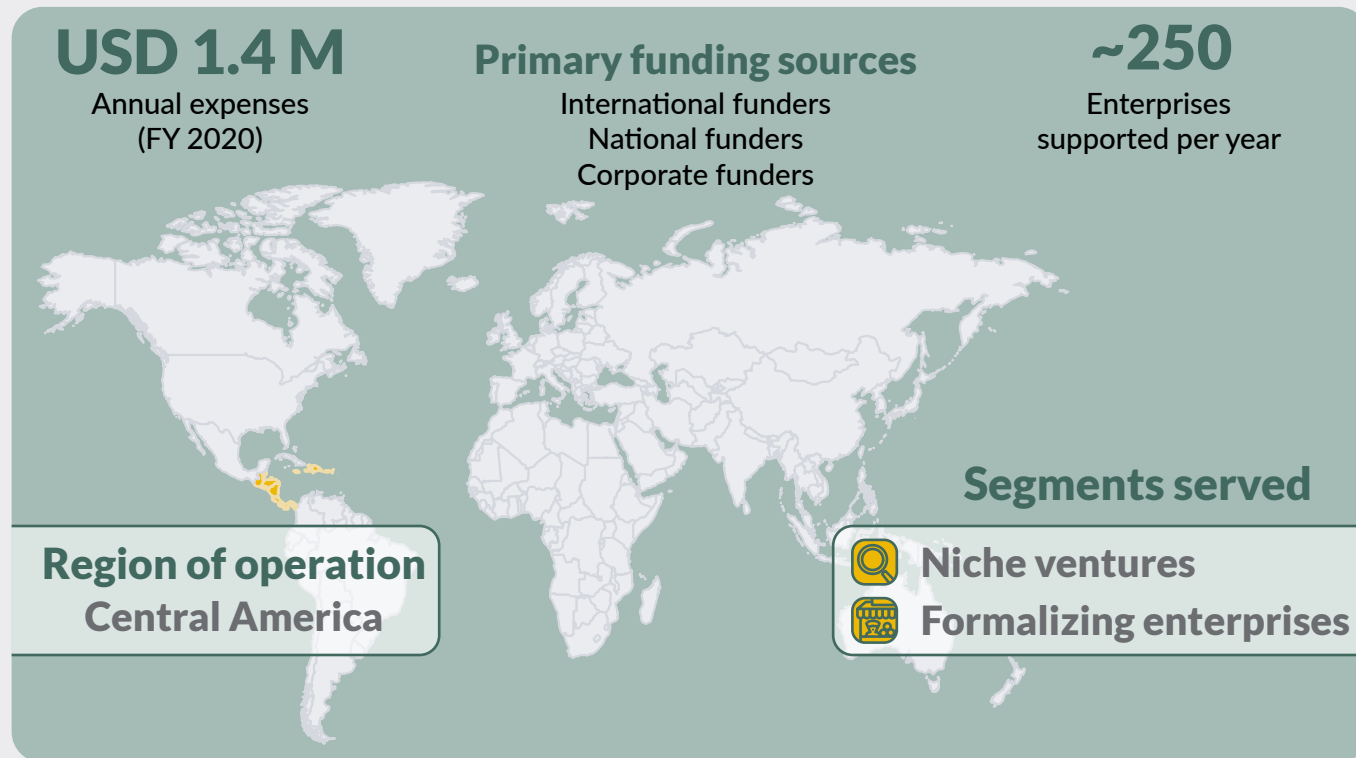
USD 1.4 M
Annual expenses
(FY 2020)

Primary funding sources
International funders
National funders
Corporate funders

~250
Enterprises
supported per year

Region of operation
Central America

Segments served

🔍 **Niche ventures**
🏛️ **Formalizing enterprises**

S | SELECT THE RIGHT ENTERPISE

- Alterna **adapted its selection criteria to each of the two segments it works with** to ensure that the right entrepreneurs are selected and matched with the most relevant services

- Alterna has effectively curated its selection process by leveraging **ecosystem connections,** using **multi-stage selection,** and investing in a **dedicated selection team**

L | LEARN BY EVALUATING ENTERPRISE PERFORMANCE

- Alterna **connects its MEL team with its selection team** and aligns its **KPIs with those of other ecosystem actors** to more easily benchmark results and promote continued learning

- Alterna has successfully improved response rates by **understanding entrepreneurs' priorities, making internal adjustments, maintaining engagement, providing incentives, and communicating value and expectations, among other approaches**

E | LEAD BY EXAMPLE

- To develop an effective board of directors, Alterna looked for members who had **strong individual expertise, ecosystem connections, and an entrepreneurial background**

- Alterna achieved financial sustainability by **diversifying its funding stream and developing a clear strategy**

Strengthen selection criteria by segmenting enterprises

Alterna designed separate service lines for its two segments, recognizing that entrepreneurs in each segment had very different needs that could not be adequately addressed by one program. Having tailored selection criteria for each segment was key to identifying enterprises and matching them to the right services.

Inclusion enterprises tend to be in more traditional sectors and in semi-rural areas. Applicants from this segment are not required to have in-depth information on their enterprises, such as historical financial data or financial projections. Instead, selection is based around the perceived need of the enterprise, the entrepreneur's education level, and the type of business model and/or how the entrepreneur runs the business. The goal is to serve these entrepreneurs where they need it most and to help them develop enterprises that can create change within their communities.

The selection criteria for impact enterprises, which tend to be organizations led by entrepreneurs from higher academic and socioeconomic backgrounds, are slightly different. These entrepreneurs must demonstrate clear impact and innovation within their business models. In addition, Alterna evaluates their business stage, sales range, market fit, investment readiness, and more. By tailoring separate criteria, Alterna has been able to successfully select enterprises that are the right fit for each of its programs.

> 💡 **If your programs target more than one enterprise segment, consider designing separate services and adapting your selection criteria based on entrepreneur and enterprise profiles.**

Streamline selection through networks, multi-stage selection, and investment in the team

Alterna strongly emphasizes leveraging regional networks by building partnerships with NGOs, microfinance institutions, and donors working in Central America. Because these partners are deeply familiar with the region, they can identify qualified applicants more quickly than Alterna could on its own. This is especially important when identifying applicants for the inclusion program, who have fewer channels by which to learn about Alterna. Some of the partners that have supported Alterna in developing this pipeline include UN Women, UNICAES (El Salvador), ACDI/VOCA, USAID, and IDB.

SCALE SYNERGIES

Address problems

By segmenting enterprises based on distinct profiles, **Alterna was able to tailor its selection criteria as well as its service offerings.** For its inclusion enterprises, Alterna offers a "basic cultivation" program that focuses on developing fundamental business skills. For its impact enterprises, it offers an "advanced cultivation" program which is often more similar to a traditional accelerator program. For additional information on segmentation, see CFF's Missing Middles report and ANDE SGB Investing Vocabulary.

Another way that Alterna streamlines its selection process is by using multi-stage selection. Its programs are typically split into two or three stages. At the end of each stage, entrepreneurs are evaluated to discern whether they are ready to graduate to the next level. Entrepreneurs who are not selected to continue are given feedback and can reapply for a future program. "As they show their capacity to receive advice, absorb our services' value, and stay committed to their agreed-upon milestones, they can pass to the more advanced, intimate, and intense phases of cultivation," says Daniel Buchbinder, Founder and CEO of Alterna.

Alterna's programs are typically split into three stages:

1. In the first stage of the program, groups of 50–70 entrepreneurs attend mini-workshops to receive basic training. This also helps Alterna see the entrepreneurs in action and determine whether they are a good fit for the next stage

2. About 20 entrepreneurs are selected to attend several days of intensive training over a few weeks

3. A group of 4–6 entrepreneurs is selected to receive intensive and individualized support on more complex problems or provide access to markets or investment

Alterna has made its selection process more efficient by investing significant resources into a "pipeline team" that designs applications and runs the selection process. This investment has enabled Alterna program to grow from 3–4 programs per year in 2017 to 8 programs per year now.

> 💡 **Consider leveraging regional connections, using multi-stage selection, and investing in your selection team to curate your selection process.**

[ALTERNA | LEARN BY EVALUATING ENTERPRISE PERFORMANCE]

Promote continuous learning by applying common key performance indicators (KPIs) and investing in feedback loops

For each enterprise it works with, Alterna tracks multiple KPIs at the beginning and end of the program and for several years afterwards. The most critical ones include evolution of sales, change in the number of employees, change in the amount of finance received (for investment-ready enterprises), amount of impact

77

generated, and integration of new technology. **These KPIs were developed to align with the KPIs of other ecosystem actors,** such as Argidius Foundation, donors, funders, and local governments. As a result, Alterna can use these inputs, to continuously benchmark the return on investment of each of its programs against those of other BDS providers. This allows the organization to assess the relative effectiveness of its own programs and make improvements.

Alterna promotes continuous learning among its staff. Most importantly, **it now includes a member of its selection team on the MEL team.** This ensures that the selection team is deeply familiar with the collected data and can integrate emerging learnings into the selection process.

> Integrating common metrics and building connections between MEL staff and other staff can improve your ability to learn from collected data.

Improve response rates through a multi-pronged, coordinated effort

Alterna uses multiple approaches to encourage entrepreneurs to respond to data requests:

- *Consistent engagement* – **Alterna maintains communication with alumni through regular newsletters, event promotions, and opportunities to connect with mentors and external experts.** This demonstrates the value of staying engaged with Alterna and the support system it offers. For purposes of data collection, **Alterna personally calls entrepreneurs** (sometimes multiple times) to encourage them to complete surveys. Entrepreneurs are more likely to respond to data requests when they feel connected to the program.

- *Incentives* – Alterna offers an Impact Enterprise of the Year Award that comes with in-kind and financial rewards. **To be eligible, entrepreneurs must reply to surveys.** Prior to implementing this award, Alterna tried offering in-kind incentives (e.g., a printer) to motivate replies, but this was not as successful. Alterna later realized that entrepreneurs were more motivated by recognition than by monetary or in-kind incentives.

- *Communicating value and expectations* – **Alterna tries to make sure that entrepreneurs understand how data collection can strengthen their own enterprises and the ecosystem as a whole.** "To know whether you're making an impact, you need to be connected to your impact data," says Buchbinder. Alterna also clearly **communicates with entrepreneurs at the beginning of the program about**

"It was important for us to develop KPIs that matter for the majority of our stakeholders. That makes comparing results over time and benchmarking against the ecosystem more straightforward"

Daniel Buchbinder
Founder and CEO
Alterna

expectations for providing data. Entrepreneurs who know what is expected and see that it is in their own interest are more likely to participate in surveys.

- *Internal adjustments* – **To make surveys easier for entrepreneurs to complete, Alterna shortened them and adjusted the wording,** which has also improved response rates.

- *Understanding entrepreneurs' priorities* – **Alterna is very mindful about ensuring that data collection does not feel like a transactional process,** especially since much of the data collected towards the end of the program is gathered through interviews. Each interview is conducted by a guide who worked directly with the entrepreneur during the program. Guides receive training and engage in mock interviews to learn how to properly communicate the rationale for the survey and collect data in an empathetic manner. To make data collection even easier for entrepreneurs, Alterna tries to be as flexible as possible regarding scheduling. The team also regularly sends reminder emails but is mindful about not overwhelming entrepreneurs who have not replied.

As a result of these approaches, Alterna has consistently enjoyed high response rates from entrepreneurs – from 2017 to 2020, on average, 72% of its inclusion enterprises and 75% of its impact enterprises responded to data requests.

> 💡 **Achieving high response rates for data collection is a multi-pronged effort that may involve understanding entrepreneurs' priorities, making internal adjustments, maintaining engagement, providing incentives, and communicating value and expectations.**

[ALTERNA | LEAD BY EXAMPLE]

Consider expertise, connections, and entrepreneurial background when sourcing board members

Alterna's board was not always as effective as it is today. **Four years ago, Alterna decided to rebuild its board looking for potential members with several core attributes, including :**

- Enough experience in the ecosystem to serve as proper sounding boards to the leadership team
- Ability to provide objective opinions on issues that may be complex or sensitive

SPOTLIGHT

How data collection strengthens enterprises

One of Alterna's program participants, 1.Bot, a company that provides an interactive way of learning about STEM via basic robotics, initially did not recognize the value of using and analyzing their data. After working with Alterna, the 1.Bot team began to understand how data could help them visualize trends, make future plans, and speak about their business numbers with potential investors. As a result of their growth potential, which was reinforced by data, 1.Bot won an impact investment from Alterna's catalyzer fund.

- Strong individual expertise in at least one specific area relevant to Alterna's programs
- Beneficial contacts within the ecosystem, including with potential funders
- At least half should have entrepreneurial experience to bring in a practical perspective to conversations

After sourcing a board that met these criteria, Alterna found that it was more engaged and could serve as an effective accountability mechanism to ensure Alterna's strategy stayed focused and impactful.

> **When forming a board, consider the merits of the group as well as the individuals, including their expertise, connections, and entrepreneurial backgrounds.**

Broaden impact by partnering with other ecosystem actors while maintaining strategic focus

Alterna works with a wide range of funders to support programs and organizational development, including governments (e.g., the government of Guatemala), corporations and corporate foundations (e.g., Unilever), private foundations (e.g., Argidius), international NGOs (e.g., Plan International), and multilateral organizations (e.g., IDB). **This diversified funding base has enabled Alterna to maintain financial stability.** Approximately 80% of its programs are directly funded by these actors.

Funders were drawn to Alterna's clear strategic mission. They saw value in the cultivation of enterprises that could create impact and appreciated Alterna's two-prong focus on high-growth startups, and smaller, more traditional enterprises. It is also helpful that Alterna **takes a relationship-based approach to fundraising.** They build strong, long-lasting connections with funders by finding ways in which Alterna can work with funders to address their strategic priorities. These strong funding relationships have enabled Alterna to grow from a relatively small, local BDS provider to a well-known regional organization.

> **Developing a clearly communicable strategy can help you diversify your funder network and increase the sustainability of your organization.**
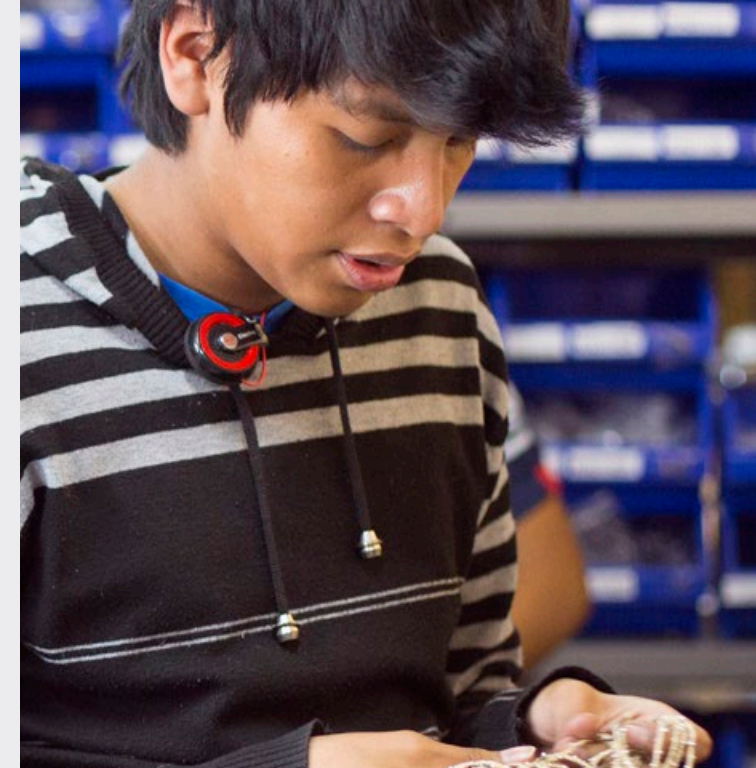
"We have had a Board of Directors since Alterna was in its early stages, but it wasn't very functional until about four years ago"

Daniel Buchbinder
Founder and CEO
Alterna

Founded in 2002, Bpeace mobilizes its network of volunteer "skillanthropists" to help entrepreneurs in crisis-affected countries succeed. The goal is to not only increase enterprise revenues, but to create jobs, secure a future for the workers, and ultimately contribute to reduced violence in their countries. Bpeace works with "fast runners" – SMEs with high potential to build capacity and create jobs in their communities. Many of these enterprises are established family businesses that have been operating for more than 5 years and generate around USD 200,000–3 million in annual revenue. Bpeace has advised 500+ businesses and is known for its long-lasting relationships with enterprises and its engagement of the whole enterprise rather than just the business owner.

ORGANIZATION PROFILE*

USD 1.4 M
Annual expenses
(FY 2020)

Primary funding sources
International funders
Corporate funders
Volunteer base
Enterprise clients

~125
Enterprises
supported per year

Countries of operation
Afghanistan, Lebanon, El Salvador, Guatemala, Rwanda, U.S.

Segments served
🚀 **High-growth ventures**
🔬 **Dynamic enterprises**
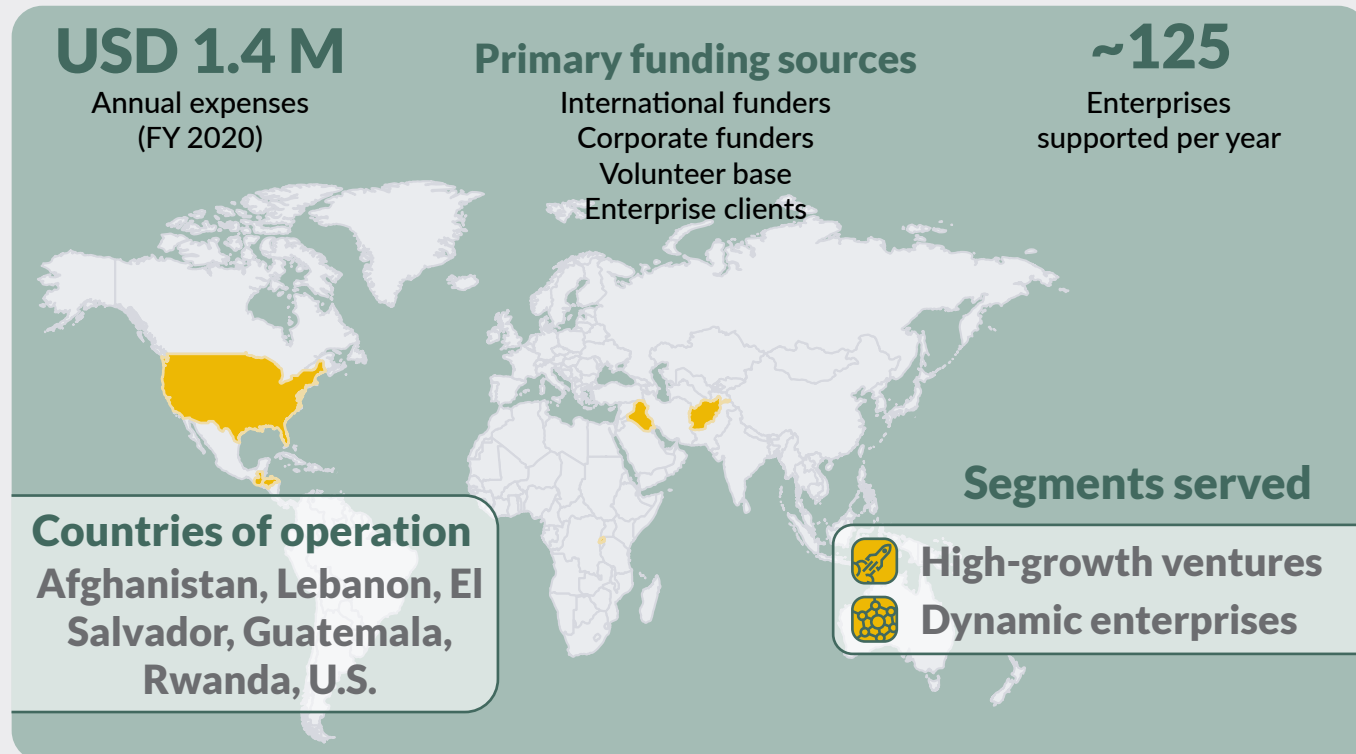
INTEGRATING SCALE CONSIDERATIONS

C | CHARGE ENTERPRISES TO IMPROVE PERFORMANCE
- Bpeace successfully introduced a program fee by **holding extensive conversations with previous and current clients and using data to demonstrate the value of its services**
- Bpeace has seen a noticeable positive impact from charging – although it reduced the applicant pool, **applicant quality improved and clients invested more time in the program**

A | ADDRESS PROBLEMS
- Bpeace has found that **working with the broader client management team,** rather than just the leadership team, significantly improves learning
- **Shortening its program duration from 18 months to 12 months or fewer** led to major improvements in engagement and performance
- Bpeace's model is primarily high-touch, but it has introduced lower-touch offerings, such as **peer networks and an online support platform**

L | LEARN BY EVALUATING ENTERPRISE PERFORMANCE
- To maintain high response rates from entrepreneurs, Bpeace invests significantly in **building trusting relationships and engaging alumni**
- Bpeace ensures data collection is additive to entrepreneurs **by using data to benchmark entrepreneurs against their peers and identifying trends and potential future challenges**

Effectively introduce a charge by consulting with stakeholders to define the fee

In 2017, Bpeace introduced a fee for entrepreneurs to participate in its programs after an evaluation conducted by Argidius recommended that charging may improve entrepreneur commitment. **To ensure that the fee it charged would be the right amount, Bpeace held extensive discussions with its enterprise clients and its team.** "We went to our clients and asked them, as business owners, if paying a fee is something they would do," says Alexandra Salas, Chief Program Officer at Bpeace. "It was a collaborative conversation to understand what a reasonable fee would be." Bpeace also held conversations with previous participants, explaining the value of its services and its rationale for wanting to introduce a charge. Additionally, Bpeace looked at the ecosystem and connected with partners to ensure that its charge would be comparable to those of similar BDS providers. After these discussions, Bpeace settled on a tier-based model, by which the fees would be based on enterprise revenues. **Bpeace began with nominal charges and gradually increased them over time.**

Bpeace also needed to convince staff that it would be worthwhile to introduce a charge, since they would be the ones to sell the idea to potential clients. Its staff pushed back more than its clients. They were primarily worried they would lose potential participants to free programs. To address this concern, **Bpeace used data to illustrate the value of the program to each enterprise compared to the relatively small fee** (as of 2021, most enterprises are charged a fee equal to <0.005% of their annual revenue). It then successfully communicated this value proposition to clients. By implementing charges, Bpeace diversified its revenue streams, with client fees now accounting for about 10% of its annual revenue.

> **When introducing a charge, consider consulting your entrepreneurs and partners to make sure it is reasonable and refine your value proposition so that they can easily see the value of your program relative to the fee.**

SCALE SYNERGIES

Select the right enterprise

Charging has been a very effective form of **incorporating self-selection into Bpeace's process.** The quality of Bpeace's applicant pool has improved noticeably, since applicants are truly interested in and committed to the support that Bpeace can offer. This simplifies the selection process for Bpeace staff.

Improve applicant quality and entrepreneur engagement through charging

Bpeace found that **charging did lead to a significant decrease in the number of applications it received, but the quality of applicants increased.** For previous cohorts, Bpeace received around 75 completed applications for 15 spots. After a fee was introduced, Bpeace received around 45 completed applications for 15 spots. This self-selection streamlined the process for the Bpeace team since they did not need to filter out as many unqualified applicants. Indeed, most of the new applicants were qualified, which made the selection process more competitive.

Bpeace noticed that the entrepreneurs who were charged felt more like "real client[s]" and **were more likely to speak up when they wanted a shift in the kind of support they were receiving.** This change in attitude enabled Bpeace to better tailor its program to client needs.

Moreover, **charging helped Bpeace establish a reputation** for high-quality, valuable support that entrepreneurs are willing to pay for. This has attracted enterprises that may not have otherwise applied for its program.

> 💡 The benefits of charging are manifold – while the applicant pool may decrease, applicant quality will improve, and entrepreneurs may be more likely to provide valuable input.

[BPEACE | ADDRESS PROBLEMS]

Interact with the client's full team to improve program impact and depth of learning

When it started, Bpeace worked primarily with 3–4 members of each enterprise's leadership team and since its skillanthropists spoke English, their participants had to as well. This model was limiting, so **Bpeace brought in interpreters** and began inviting other client **team members to participate in learning modules applicable to their roles.** This soon exerted a significant multiplier effect on the impact of its support. Employees that were brought into the process said that it made them feel more like a part of the business, that they better understood the business's mission, and that they learned from their fellow team members. Meanwhile, enterprise owners learned ways to better delegate decision-making and focus on long-term planning.

> 💡 Support the whole enterprise team to strengthen impact and increase employee satisfaction.

SPOTLIGHT

How interactions with the full team improve impact

Miniempaques is a sugar, spice, and condiment manufacturer in Guatemala. The business owners consulted Bpeace because they had difficulty creating a long-term strategy and were overwhelmed by the daily necessities of running the business.

Jane, the skillanthropist assigned to work with the business, interviewed the owners and all 24 members of their staff. This helped her recognize where employee roles were misaligned with their abilities and how the business owners could better delegate tasks to and trust their staff. As a result of working with the full team, Jane was able to help the business become more efficient, and the business owners became more confident.

Find the right program duration to maintain consistent engagement

Bpeace's programs were initially 18 months long. **After noticing that engagement rates were dropping, it shortened its programs to 12 months or fewer.** This adjustment, in addition to the introduction of a program fee, led to a considerable increase in impact: whereas a cohort that followed the original 18-month program generated USD 180,000 in incremental revenue and 32 jobs, a similar cohort following the condensed program generated USD 3.4 million in incremental revenue and 62 jobs.

💡 **Consider shortening your program's duration if it begins to experience a drop in engagement.**

Balance customized support with scalability using low-touch, remote services

Bpeace's high-touch model relies on a network of over 400 volunteer "skillanthropists" to meet entrepreneurs' needs. This customized support has been effective, but in recent years, Bpeace began complementing it with several lower-touch approaches, including:

- **A peer network/cohort-based program** that entrepreneurs can join once they have received in-depth support from a skillanthropist. The peer network comes together on a monthly basis covering a specific topic during each session. During COVID-19, Bpeace invited outside entrepreneurs with similar backgrounds to participate in a network and receive leadership training. This was a useful way to develop trust with potential clients and bring them into the formal program.

- **Bpeace Connect:** This online platform **allows entrepreneurs to connect directly with Bpeace skillanthropists** who can address questions, opportunities, and challenges in real time without the need for Bpeace staff involvement.

These lower-touch processes have not only strengthened Bpeace's value proposition, it has also reduced the costs of follow-on support.

💡 **If your organization primarily uses a high-touch model, consider supplementing it with peer networks, online platforms, and other remote, low-touch approaches.**

84

Build trust through consistent engagement to enhance data collection

As a fundamental part of Bpeace's programs, it establishes a strong sense of trust between the entrepreneur, the volunteer skillanthropist, and the Bpeace staff. As a result, it has no trouble collecting data from entrepreneurs both during and after its programs.

Skillanthropists establish trust with the entrepreneurs through deep, long-term involvement. Because they are international consultants and not local businesspeople, entrepreneurs feel more comfortable sharing sensitive information, such as financial data, with them. Staff also invest a significant amount of time establishing personal connections with the entrepreneurs. "We emphasize getting to know the client at a business and personal level," says Salas. "It is important to show that we really care about them and want to do something for them."

Bpeace has a lower-touch support model for alumni, who can access short-term support through the Bpeace Connect platform and are also invited to participate in regular round tables with the Bpeace team. The time and resources it takes to establish trust with the entrepreneur and maintain engagement after the program ends are not small investments, but Bpeace has found the benefits worthwhile.

> 💡 **To improve response rates for data collection, consider investing time in getting to know the entrepreneur upfront and creating opportunities for alumni to stay involved.**

Tailor data collection to entrepreneur interests

Bpeace intentionally built a collaborative data collection process that ensures entrepreneurs gain from participation. Some of the ways it did this include:

- **Analyzing and anonymously benchmarking entrepreneurs' data against their peers** to demonstrate how they are performing compared to others. Entrepreneurs are placed in cohorts of around 15 participants and are often eager to see how they match up against their peers.
- **Collecting data over several years to identify trends and noticeable challenges,** then holding in-depth conversations with entrepreneurs about the results. These conversations help entrepreneurs see the big picture and more effectively create paths forward.

> 💡 **Consider what entrepreneurs would like to learn from the data and build that into your process.**

> *"Data collection has not been difficult for us because of the excellent relationships we have [with entrepreneurs]."*
>
> **Alexandra Salas**
> Chief Program Officer,
> **Bpeace**

SCALE SYNERGIES

Address problems/Learn by evaluating enterprise performance

The willingness of Bpeace's enterprises to provide quality data and feedback has positively impacted how Bpeace adjusts its programs. For instance, it successfully introduced a fee because of strong input from program alumni. Similarly, feedback from entrepreneurs helped Bpeace realize that its program was too long – entrepreneurs expressed that they felt there wasn't enough urgency, so implementation plans often fell by the wayside as other immediate problems emerged.

![PUM Netherlands senior experts logo]

Founded in 1978, PUM Netherlands Senior Experts (PUM) is primarily supported by the Dutch Ministry of Foreign Affairs. It consists of 1,600 volunteer experts in entrepreneurship and 180 local representatives who recruit and assess the needs of entrepreneurs. PUM works with entrepreneurs in 40 sectors, primarily through one-on-one knowledge sharing and mentoring. Typically, PUM's volunteer experts work with entrepreneurs on-site for 1–2 weeks. The entrepreneurs are then given time to implement changes, and support sometimes concludes with follow-on missions. The average cost per mission is ~USD 6,300. Clients are not charged for the initial mission but are asked to cover travel and accommodation for the volunteer expert. They are usually charged USD 800–1,200 for follow-on missions. PUM has increasingly worked in a programmatic way by supporting entrepreneurs over longer periods and taking the whole economic chain into consideration.

ORGANIZATION PROFILE*

USD 13 M
Annual expenses
(FY 2019)

Primary funding sources
International funders
National funders
Corporate funders

~1.5K
Enterprises
supported per year

Areas of operation

Segments served

🔶 **Dynamic enterprises**
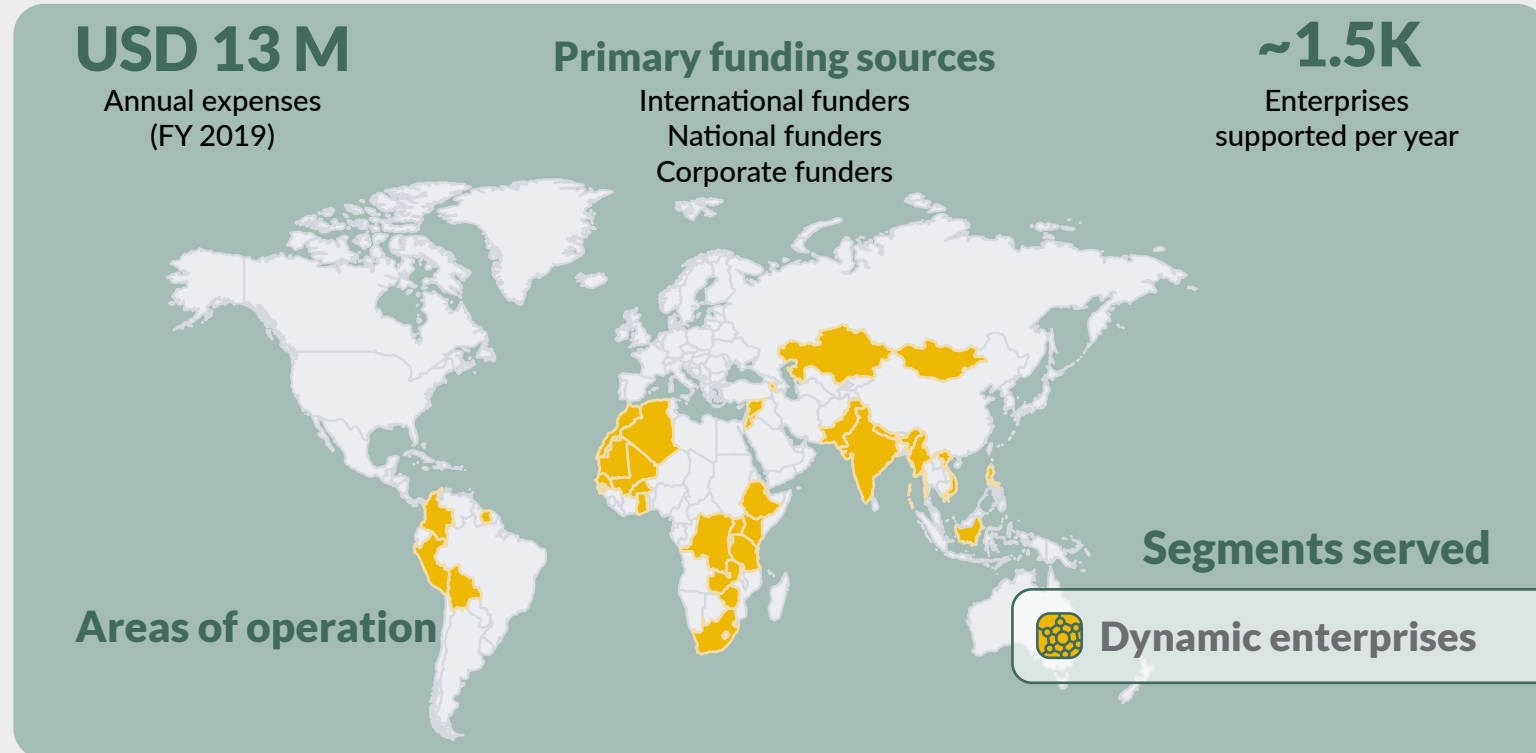
S | SELECT THE RIGHT ENTERPRISE

- PUM has gradually **refined its selection criteria to ensure it reaches its target segment.** It has found that larger enterprises respond best to the specific type of intervention it provides
- PUM relies heavily on regional connections in its recruitment process. Local representatives recruit 90% of its clients, demonstrating the **importance of leveraging these networks and building regional partnerships**

A | ADDRESS PROBLEMS

- To adequately assess entrepreneur needs and identify the right match between volunteer experts and entrepreneurs, PUM conducts **multiple rounds of discussion with entrepreneurs and develops detailed profiles of volunteer qualifications**
- PUM has found that **follow-on support is critical to maximizing impact for entrepreneurs** because it allows the expert to address challenges that arise after the entrepreneurs have had time to reflect on learnings and begin implementing changes to their enterprises

Deepen selection criteria to make sure clients fit well with the program

PUM has found that the support it provides is more impactful for some enterprises than others and has been on a journey to iterate on its selection process and refine its target segment.

External evaluations found that the majority of firms supported by PUM have fewer than 50 employees, but **PUM's model may be more beneficial for larger and more established firms because they are better positioned to integrate technical insights into their business practices** and can more easily invest the time and money required. As a result of these findings, PUM has begun deepening its selection criteria to ensure that clients are a good fit for the type of support it offers.

PUM has also recently included additionality within its selection criteria to ensure that the team is selecting the enterprises for whom PUM's support is most valuable. "We want to make sure that we are addressing a need that cannot be addressed in another way," says Eke Kronieger, Project Manager at PUM. "We have added a question into our selection process that asks if there are other local actors who could better meet the client's needs." This adjustment has allowed PUM to select enterprises that value the perspective of an international expert even when local BDS providers are available. PUM makes sure to communicate its value proposition to potential clients. Specifically, since it is an international BDS provider, clients may be more likely to trust its experts with sensitive business information, and experts may be more able to provide clients with advice on scaling beyond regional markets.

> 💡 **Refining selection criteria to identify the right target segment may be an iterative process. Consider whether your target clients fit with your program design and see the benefit in your value proposition.**

Leverage local connections in the recruitment process

PUM's model leverages regional connections to recruit clients. While clients have the option to apply on PUM's website, 90% hear about PUM from local representatives who then act as their main contact with the organization. When recruiting local representatives, PUM generally looks for businesspeople who identify with PUM's mission and values, have strong local networks, and exhibit some knowledge of the main sector(s) in the region. In addition to recruitment, these representatives conduct the initial needs
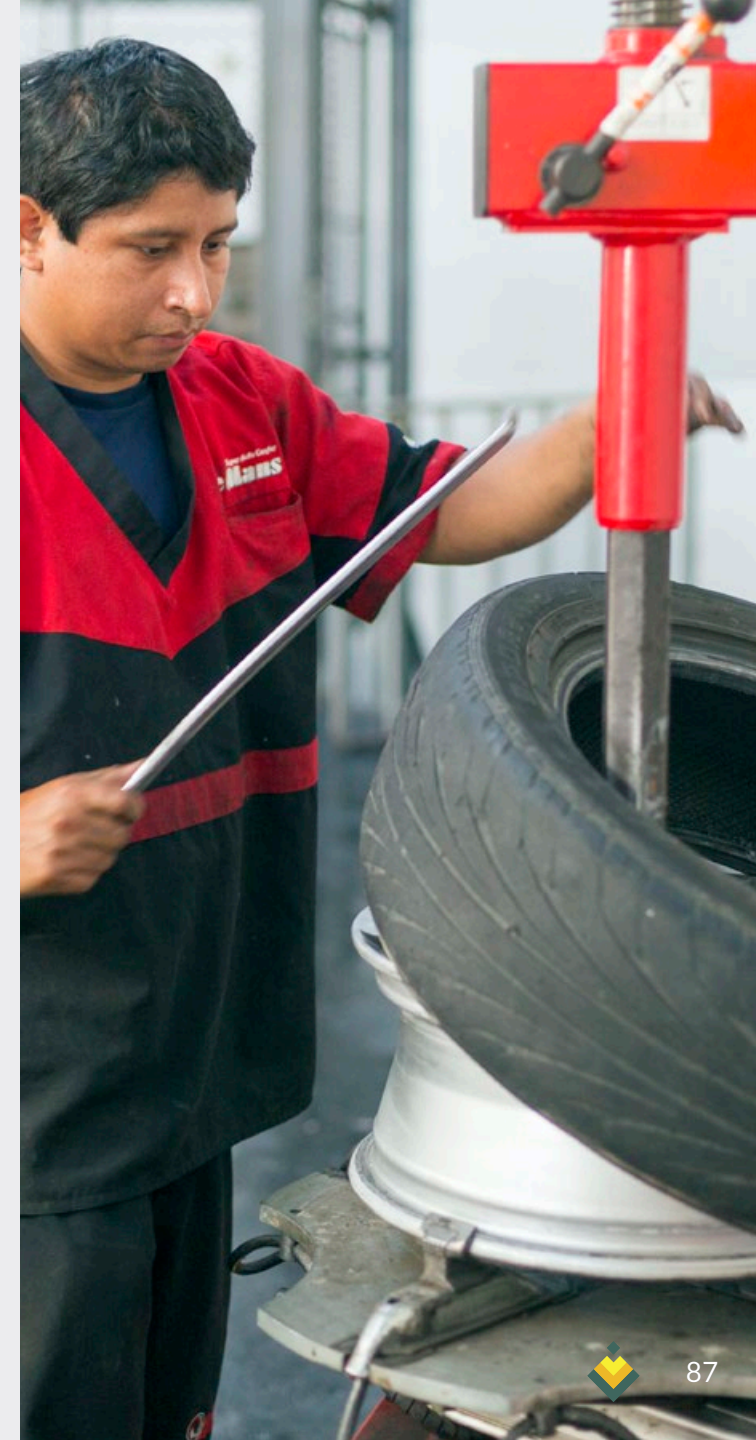
assessments with clients before transferring them to the sector specialist. PUM is currently working to improve the recruitment process by including additionality in its selection criteria and by testing a new tool to assess the impact potential of clients.

PUM also seeks to develop pipeline partnerships with early-stage funds and accelerators (e.g., Business Professionals Network Rwanda), hotel and tourism associations, chambers of commerce, industry associations, and business support organizations, which work to improve the business environment and develop public sector policy and investment programs. These partnerships not only provide additional platforms through which to build demand for its program but they also add to PUM's value proposition as a BDS provider with significant regional connections that, in some cases, can provide access to finance.

> 💡 **By leveraging regional connections, you can create more demand and more efficiently recruit enterprises for your program.**

[PUM | ADDRESS PROBLEMS]

Understand the entrepreneurs' needs and match them with the right support

Because PUM's model is based on one-on-one interactions between volunteer experts and entrepreneurs, identifying entrepreneurs' real needs and matching them with the right expert is critical. Prior to Covid-19, most of the needs assessment process was conducted in-person, but PUM is now actively exploring ways by which it can be done remotely. **To ensure that PUM understands and can address an entrepreneur's needs, the team conducts several discussions with entrepreneurs prior to the start of support:**

- First, a local representative holds a conversation with the entrepreneur to identify high-level needs, the client's impact potential, their commitment to the program, and their fit with PUM's criteria.

- This is followed by a conversation with a sector specialist who asks more targeted questions about a client's technical needs and evaluates whether PUM has the capacity to address them.

Address problems/Lead by example

In addition to their important role in selection, **local representatives carry out a significant part of the needs assessment process.** As a result, **proper recruitment, engagement, and training of local representatives is key** to the success of PUM's support.

Once assessments have been made, the volunteer match process begins:

- PUM manages a system that catalogs the qualifications and capabilities of all registered volunteers, including their technical background, education, entrepreneurial experience, and language skills. Sector specialists look into the catalog to identify the best match for the entrepreneur's needs

- Potential volunteers are then asked to make a tailored profile that explains why they may be best suited for the role. When there are multiple potential volunteers that could fill a role, entrepreneurs are sometimes given a choice

- If a volunteer match cannot be readily identified in the catalog, PUM posts a vacancy on its intranet and leverages its volunteer network to find someone who has the necessary expertise

- Once a match has been made, the volunteer and client collaborate to produce a workplan, which will set the scope for the engagement

- To inform future matches, PUM holds a debrief with the volunteer after an assignment and uses the feedback, alongside data collected from the entrepreneur, to assess whether the volunteer adequately met the entrepreneur's needs and whether additional training is needed before the volunteer takes on another role

> **Finding the right match between an entrepreneur and an expert or mentor may require multiple conversations with the entrepreneur and an in-depth understanding of the mentor's capabilities.**

The value of follow-on support

A large agriculture firm in Uganda worked with PUM to improve their vegetable production process. PUM supported them through several missions, which they found to be clearly beneficial. The first visit helped the volunteer understand how the firm worked and identify opportunities. By the second visit, he knew why some practices worked and others didn't. From the third visit onwards, he was able to prioritize actionable suggestions that immediately benefited the business.

Offer follow-on support to encourage enterprise change

PUM's support begins with an on-site visit from the volunteer and often ends with follow-on support several weeks or months later. Initially, PUM provided only on-site support without follow-up, but then **PUM tested a model that included follow-on support and found that participating entrepreneurs benefited greatly and performed much better.** This was in part because **follow-on support gave entrepreneurs the opportunity to actively reflect on learnings, implement changes, and receive more targeted advice.** At the same time, multiple visits gave volunteers the time to understand the enterprise on a deeper level, which allowed them to make more tailored and implementable recommendations. When support included only upfront advice, entrepreneurs often struggled to implement changes effectively. "We now recognize that follow-on support is essential for maximizing impact on an entrepreneur," says Andy Wehkamp, Director of PUM.

> When developing your program, consider building in time for entrepreneurs to implement changes and follow up with additional support to ensure their needs are fully addressed.
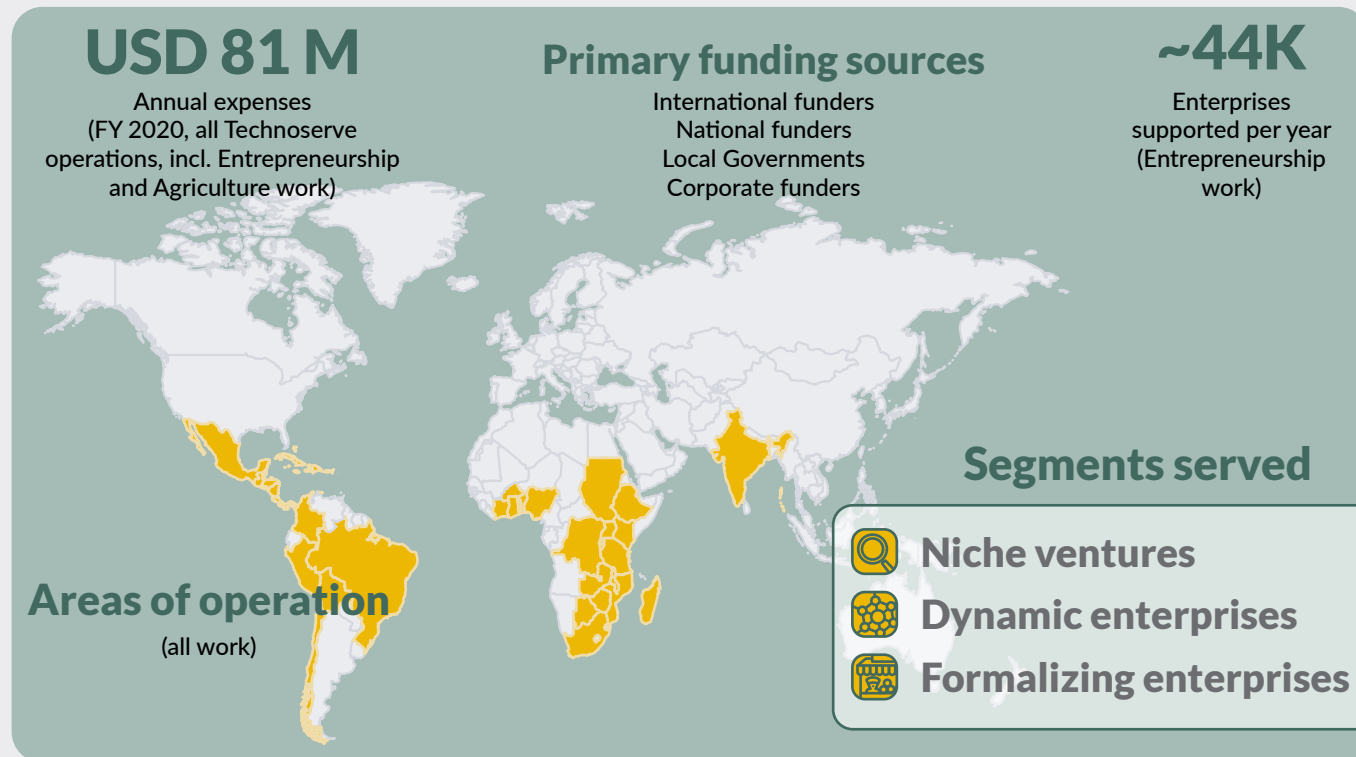
Learn by evaluating enterprise performance

Through its detailed **MEL process,** PUM found that enterprises performed best when they received follow-on support. PUM measures enterprise performance immediately after support and then after 2–3 years. This is supplemented by a satisfaction survey and documentation, such as financials, from the entrepreneur.

TechnoServe
Business Solutions to Poverty

TechnoServe is a US-based nonprofit BDS organization founded in 1968. Its entrepreneurship work primarily targets micro-retail, small and medium-sized providers of various goods and services, and food processing enterprises with annual revenues between USD 10,000 and 1 million. TechnoServe's programs aim to deliver support at scale by identifying specific enterprise segments with common needs and working with each segmented cohort through training, theory, implementation, and monitoring. This model has allowed businesses in the entrepreneurship practice to grow by generating USD 98 million of additional income.

ORGANIZATION PROFILE*

USD 81 M
Annual expenses
(FY 2020, all Technoserve operations, incl. Entrepreneurship and Agriculture work)

Primary funding sources
International funders
National funders
Local Governments
Corporate funders

~44K
Enterprises
supported per year
(Entrepreneurship work)

Areas of operation
(all work)

Segments served

🔍 **Niche ventures**

⬡ **Dynamic enterprises**

🏪 **Formalizing enterprises**

INTEGRATING SCALE CONSIDERATIONS

C | CHARGING ENTERPRISES TO IMPROVE PERFORMANCE

- TechnoServe **implemented a charge to improve the quality of its applicant pool** and encourage self-selection. Clearly communicating its value proposition was key to this process
- TechnoServe **introduced charging incrementally,** beginning with a very nominal fee and gradually raising it
- TechnoServe has considered **implementing alternative charging models,** such as a "freemium" model

A | ADDRESS PROBLEMS

- TechnoServe primarily performs its **needs assessments during the segmentation and selection process**
- TechnoServe **programs focus on delivering skills rather than solutions,** building time for implementation to encourage behavior change
- TechnoServe **balances scale with customization by addressing common needs through group support before addressing individual needs through more tailored support**

L | LEARN BY EVALUATING ENTERPRISE PERFORMANCE

- TechnoServe aims to collect both **business performance and entrepreneur satisfaction data** over time
- TechnoServe leverages a **continuous learning process to make incremental changes** to its programs
- TechnoServe often supplements its findings by **working with outside organizations to validate program impacts**

Use communication and charging to encourage self-selection

TechnoServe primarily implemented a charge as a means of self-selection. "If you charge the right amount, the enterprises that decide to pay would be more likely to do well in the program," says Juan Carlos Thomas Soto, Director of Entrepreneurship at TechnoServe. **"The right enterprises see the value in our services, and as a result of the fee, they are more demanding and more willing to provide feedback on the program."** For TechnoServe, it is important to select the right enterprises because they are more likely to create the employment and economic opportunities that contribute to its mission of reducing poverty.

A strong value proposition has been one way that TechnoServe has been able to implement a charge in many of its programs. TechnoServe is very intentional about demonstrating that the revenue growth, profit, and efficiency an enterprise could gain would be several times greater than the charge for the program. Some of its successful clients, with annual revenues of USD 2 million, have grown by up to 35% but are charged only a few thousand dollars for the program – a small investment for the return they receive.

> 💡 **To make sure charging is an effective means of self-selection, it is important to clearly communicate your value proposition to potential applicants so they can assess the value of the program.**

Iterate to find the right amount to charge

When TechnoServe introduced the idea of charging several years ago, it faced pushback from its team and donors. In particular, the team was concerned it wouldn't be able to recruit enough entrepreneurs and some donors were concerned that the charge might negatively impact the reputation and brand of the program. **Convincing the team and donors to charge was an iterative process.** For instance, *Impulsa Tu Empresa*, TechnoServe's largest SGB accelerator program in Central America, began charging by implementing a nominal fee (e.g., USD 10–20). This was gradually increased and refined over time, based on trial and error. To define the right fee, TechnoServe used surveys and focus groups to elicit feedback from clients on an ongoing basis. So far, TechnoServe has not charged enterprises more than 20% of the cost of the program. This is in part because it has not yet had time to raise fees beyond 20% and because it wants to ensure that the program remains affordable for participants. The incremental introduction of charges helped

SCALE SYNERGIES

Select the right enterprise

TechnoServe places a high emphasis on self-selection. It does this not only by charging but also by clearly communicating its program offerings and expectations for the entrepreneur, including time commitment, upfront. This makes the **selection process more efficient by filtering out less committed entrepreneurs.**

TechnoServe teams and donors see how charging increased the quality of the applicant pool. The team also learned that, when the program targeted a sufficiently large segment of enterprises, the charge posed little obstacle to recruiting.

> 💡 **Introducing a charge is often an iterative process. If there is significant pushback, consider beginning with a nominal fee and increasing it over time.**

Consider alternatives to upfront fees

In addition to charging an upfront fee, TechnoServe has implemented and is considering alternative forms of charging. For instance, some programs offer a **free or low-cost introductory program with the option of higher-cost follow-on services.** So far, this model has worked well for the programs that have implemented it. Other programs offer a **satisfaction guarantee** in which an entrepreneur is able to do a trial run of 1–2 workshops. If they are not satisfied with the program's quality, they receive a refund. A third approach that TechnoServe is currently considering is a **freemium model,** where digitally delivered program content would be free, but personalized advisory support would incur a fee.

> 💡 **Collecting an upfront fee is not the only way to charge entrepreneurs. Consider other options that may work for your program, such as a satisfaction guarantee or a freemium model.**

[TECHNOSERVE | ADDRESS PROBLEMS]

Design programs around segments with similar needs

TechnoServe focuses on creating program models that are readily replicable. To do so, **it designs its programs around a specific segment of entrepreneurs that have roughly the same needs and require similar types of support.** These segments are often defined by growth potential and stage of business lifecycle, but other characteristics are also considered, like gender, sector, age, and region (e.g., small retailers in Nairobi that are close to or above breakeven), which results in a target group that is specific enough to have common needs (e.g., basic financial management and product costing training). Through years of experience working in specific regions and sectors, TechnoServe has learned how to use such characteristics to target specific groups with common needs.

When defining the segments for its *Impulsa Tu Empresa* program, TechnoServe also tested an array of management practices to determine which were most strongly correlated with enterprises that showed a sales increase of more than 30%. It also identified that practices related to planning, strategy, and selling, showed a higher adoption rate among entrepreneurs. Additionally, in regularly-conducted surveys, participants pointed out that the topics they felt were not being emphasized enough during trainings were finance, accounting, and marketing. These inputs fed into *Impulsa Tu Empresa's* program design to ensure that enterprises received the support they value and need most to grow.

One way to make the needs assessment process more efficient is to develop program cohorts that have similar needs. It could take time to identify commonalities, depending on the type of entrepreneurs you support.

Emphasize skill-building and implementation over classroom training

In designing its programs, TechnoServe emphasizes a multi-step approach to behavior change. "Training by itself doesn't work. For an entrepreneur to be successful, they don't just need to gain knowledge. They also must be willing to take the learnings and change their business," says Thomas.

- During the selection process, TechnoServe looks for entrepreneurs who are eager to learn how to improve their enterprises

- When the program starts, the team works with the entrepreneurs to identify key challenges and opportunities for their enterprises, and then finds ways to connect the training content to these challenges and opportunities

- They then deliver content through cohort trainings, making sure that the entrepreneurs understand how the content relates to their enterprises

- After that, they provide time and support for entrepreneurs to implement what they have learned in their enterprises

- Finally, they track and demonstrate the results of these business changes to the entrepreneurs. Seeing the data on early successes helps reinforce and encourage positive behavior. When outcomes are not as expected, the data also serve as an indicator to course-correct

TechnoServe's programs were not always designed this way. Previously, "we were trying to teach an entire MBA. It was a very thick training package," says Thomas. But this model resulted in high dropout rates and low comprehension. TechnoServe shifted their focus toward developing the skills most relevant to the program's segment and sought to engender in them the ability to proactively recognize issues and make changes. **Now TechnoServe spends less time on direct training and sees better comprehension, implementation, and growth rates among its entrepreneurs.**

> 💡 **When designing your program, consider spending less time on direct training and more time on skills building, implementation, and problem-solving.**

Utilize a multi-step approach to balance program scalability with customized support

TechnoServe's programs are primarily designed around a scalable model, but they also rely on some level of customization to fully meet entrepreneurs' needs. **The initial selection process ensures that entrepreneurs chosen to participate will find the training portion of the program to be relevant. Aftercare is reserved for individual implementation, peer groups, and mentoring.** Although TechnoServe initially provided mostly individualized support, it soon realized that certain enterprise segments had similar skills gaps (e.g., pricing strategy, inventory management, etc.) that could be addressed in cohorts during training and that individualized support was more useful after entrepreneurs had an opportunity to learn basic skills and begin implementing changes.

> 💡 **Designing a program that combines scale and customization is possible through multi-step support. Consider the strategic priorities of your organization when determining this balance.**

Track hard data on revenue, employees, and investments alongside feedback on satisfaction

TechnoServe uses a centralized MEL system to collect data on both enterprise performance and entrepreneur satisfaction. **It tracks revenue growth (e.g., absolute revenue growth and percentage revenue growth), employee growth (e.g., the number of new jobs created and filled), investment growth (e.g., access to capital), and linkages to potential customers.** Programs aim to collect data on a monthly basis, but the frequency and amount of data collected is a balance that varies for each program. Along with these hard metrics, the team administers pre- and post-training surveys on core skills to assess the impact of the program on enterprise performance. Data collected are often used to strengthen individualized support and reinforce behavioral changes in managerial techniques.

Additionally, **TechnoServe regularly conducts participant satisfaction interviews and surveys.** While this information is useful, TechnoServe has **found no strong correlation between satisfaction and improved business performance.** Its programs are now designed to strike a balance between maintaining participant satisfaction and ensuring the program addresses content critical for growth.

> 💡 **Consider regularly collecting hard data on revenue growth, employee growth, and investment growth alongside feedback on program satisfaction to ensure that your program is delivering its intended impact.**

Test methodologies to inform continuous learning

TechnoServe uses data to demonstrate what works and identify practices that should be replicated across programs. TechnoServe has a learning agenda for its programs in which hypotheses are defined and tested among different program cohorts. The resultant data are then evaluated to assess the comparative effectiveness of different approaches so that TechnoServe can improve future methodologies. For instance, for the first five years of TechnoServe's *Impulsa Tu Empresa* program, different program methodologies were tested with different cohorts. Some cohorts were taught using a business-model methodology (helping businesses analyze their business models and value propositions while testing markets), while others were taught using a business-plan methodology (helping businesses analyze their economic feasibility before testing markets). Data demonstrated that the former model (and associated

SCALE SYNERGIES

Address problems

TechnoServe's learning agenda has helped streamline its needs-assessment process. By adopting the business-model methodology, enterprises enter markets sooner, which enables TechnoServe to identify and help entrepreneurs navigate challenges more quickly.

96

tools, such as Business Model Canvas and Lean Startup) led to greater increases in revenue and employee growth since market feedback forced entrepreneurs to implement and adapt their enterprises more quickly. TechnoServe shared these findings with its other programs to inform future program design. Although established programs were less able to shift course, newer programs began thinking about how they might integrate a business-model approach. Nowadays, most of TechnoServe's programs use the business-model approach.

> 💡 **If your program is cohort-based, it may be useful to test various methodologies in different cohorts to determine what is most effective and should be replicated across other cohorts.**

Consider working with external researchers to validate methodologies

TechnoServe has worked with multiple outside research institutions, such as Emory University and Universidad de los Andes, to analyze its programs through randomized controlled trials (RCTs). Sometimes, working with an outside institution is donor-mandated, but **TechnoServe generally sees these partnerships as a powerful way to validate the impact of its programs.** Working with these institutions often requires a significant investment of time, money, and team resources. TechnoServe has found that RCTs are most useful when testing a proven methodology against a newer methodology, rather than testing two newer methodologies against one another. This ensures more conclusive findings.

> 💡 **Working with outside partners can validate program impact but should be done at the right stage of maturity and with the right resources.**
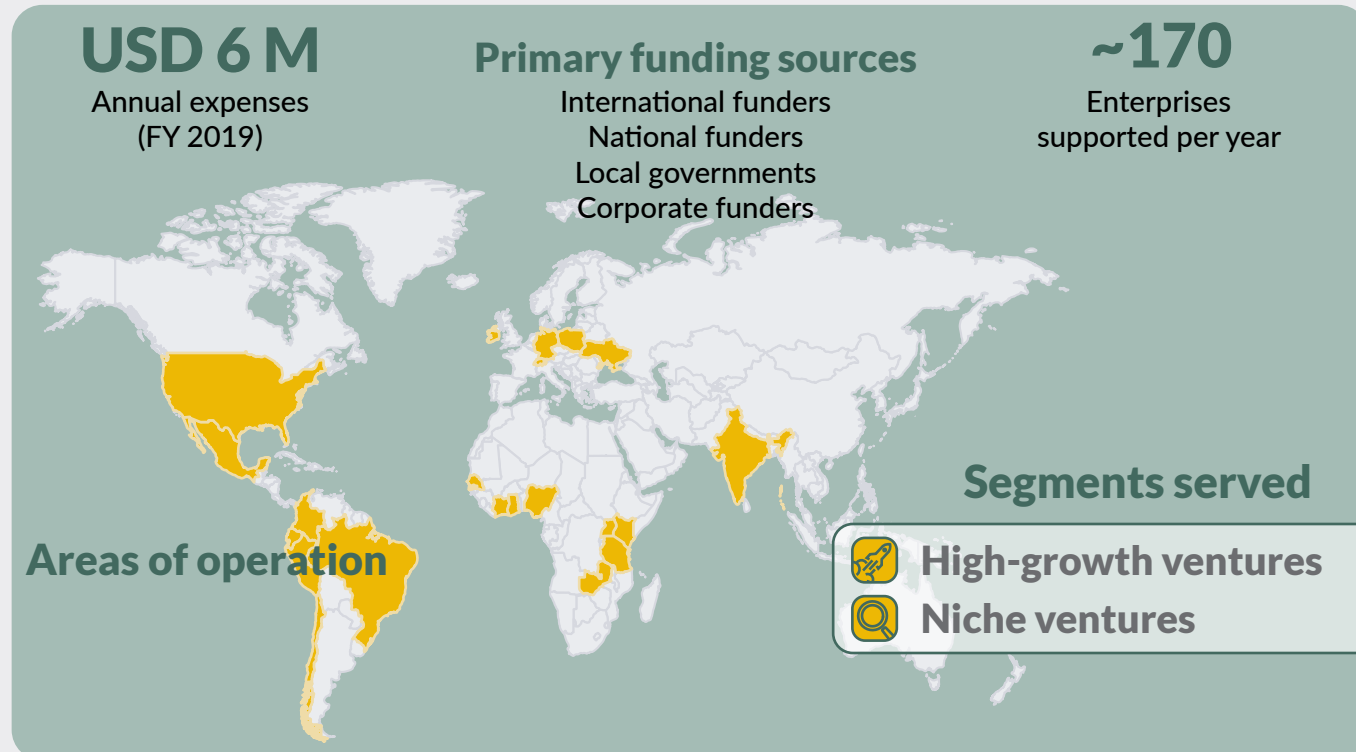
> *"[Working with outside institutions] is fairly demanding in terms of time and money, but the external validation is helpful for designing our programs and attracting new opportunities."*
>
> **Juan Carlos Thomas Soto**
> Director of Entrepreneurship
> **TechnoServe**

VillageCapital

Founded in 2009, Village Capital (VilCap) supports impact-driven, seed-stage, startup enterprises. It has worked with over 1,000 entrepreneurs through 100 accelerator programs, workshops, and forums. Its programs are problem-based. The team defines a specific problem (e.g., sustainably feeding the world's growing population), then designs a program to address it (e.g., supporting a circular agribusiness ecosystem in East Africa). A hallmark of the VilCap model is its peer selection process, in which entrepreneurs in program cohorts assess each other's enterprises to collectively determine which will receive USD 50,000 or more in grant funding or seed capital at the conclusion of the program.

ORGANIZATION PROFILE*

USD 6 M
Annual expenses
(FY 2019)

Primary funding sources
International funders
National funders
Local governments
Corporate funders

~170
Enterprises
supported per year

Areas of operation

Segments served

🚀 High-growth ventures
🔍 Niche ventures

INTEGRATING SCALE CONSIDERATIONS

S | SELECT THE RIGHT ENTERPRISE

- **Committees comprised of VilCap staff and external experts select entrepreneurs based on fit with the program's target segment, investment readiness, and potential to scale**
- VilCap uses a **multi-stage selection process that incorporates peer review** – an approach that has been demonstrated to effectively select high-potential enterprises

A | ADDRESS PROBLEMS

- In its needs assessments, VilCap uses a **human centered design process that asks open-ended questions** to identify underlying needs
- VilCap's cohort-based programs provide **multiple opportunities for entrepreneurs to share feedback with one another.** This, alongside support from experts and mentors, serves as a valuable peer learning opportunity.
- VilCap's programs dedicate **no more than 15% of their time to lectures.** Instead, they place emphasis on discussion, feedback, and implementation. This has led to greater engagement and better performance.

E | LEAD BY EXAMPLE

- As VilCap grew, maintaining **close alignment between its mission, vision, and strategy** was key to focused development
- VilCap's **highly collaborative approach to fundraising** has allowed it to develop funding relationships with a range of donors
- VilCap effectively amplified its impact by **embedding a learning mindset into its strategy**

Focus on a clear target segment and program strategy to define strong selection criteria

VilCap utilizes a multi-stage selection process that integrates perspectives from both internal and external stakeholders. **During the initial selection process, the committee typically includes program staff and investments staff from VilCap, venture capital investors, and industry experts.** Programs are designed with a target segment in mind – these segments are typically categorized by geography, sector, and growth stage (often high-growth, early-stage enterprises). Initial selection typically has two steps:

- First, VilCap staff select a set of semi-finalists who meet basic eligibility criteria based on the target segment. This often filters out 50–65% of applicants. The set is then sent to an external selection committee, which is tailored to ensure that evaluators have the right expertise for each given program.

- Next, using assessment criteria from VilCap's VIRAL Pathway, the external selection committee refines the list to 10–12 finalists, based on two primary factors: investment readiness and potential to scale. The committee also considers how each entrepreneur would fit within the broader cohort and makes sure to select a diverse (e.g., by gender) group of entrepreneurs.

> 💡 **When developing selection criteria, it is important to have a very clear target segment in mind and understand how the criteria contribute to the program's goals.**

Village Capital viral pathway

VilCap uses the VIRAL Pathway framework extensively to help entrepreneurs and investors align on investment readiness and awareness. The framework is split into 9 levels. Level 1 is an enterprise that is still establishing its founding team, while Level 9 is an exit-ready enterprise.

Consider incorporating peer selection into a multi-stage selection approach

VilCap empowers entrepreneurs to select which of their peers are best-placed to receive an investment from VilCap at the end of the program. **While VilCap primarily uses this peer selection process to determine capital allocation, the concept is readily applicable to other programs and at other stages** (e.g., a BDS provider could select the initial cohort of entrepreneurs, who then decide amongst themselves which entrepreneurs should advance to the next stage of support).

VilCap has conducted over 70 programs using this process, and data have demonstrated that peer-selected programs generate better performance after graduation (on average, alumni who participated in VilCap's peer selection programs raised 2.7 times more capital and generated 1.3 times more revenue one year after the program, relative to a comparison group). Peer selection has also been found to mitigate gender bias, which is a significant challenge faced by female entrepreneurs seeking capital. Its affiliated fund, VilCap Investments LLC, has invested in over 100 companies that have been peer-selected. VilCap Investments credits their portfolio diversity to the VilCap process and peer-selection method with 46% of their portfolio being female-led, in comparison to the industry standard of 15%. Additionally, the data have shown that entrepreneurs can accurately and quickly evaluate the commercial potential of their peers.[1]

During the program, the cohort runs three "trial rankings" according to an extensive evaluation matrix (VIRAL Pathway). As part of this process, the entrepreneurs are required to justify the scores they give their peers. On the last day, they perform a final ranking, and the top two enterprises receive investment offers of between USD 50,000 and 100,000 from a venture fund.

> 💡 **Peer selection is a proven way to evaluate entrepreneur potential and could be incorporated as an additional input into a multi-stage selection process.**

📢 SPOTLIGHT

How peer review works as a selection method

Piggyvest, a female-cofounded savings app venture in Nigeria, participated in VilCap's 2017 Fintech Africa program. Over three months, the team attended several workshops and got to know their cohort. At the end of each workshop, the cohort conducted a dry run of the peer selection process, which included providing honest feedback and justifying their evaluations. At the end of the last workshop, the cohort gathered for a final round of questions before making evaluations and rankings. As the top-ranked venture, Piggybank.ng received an investment offer. Then, a few months after the program, the team successfully raised USD 1.1M in seed funding.

Identify underlying challenges through open-ended needs assessments

VilCap has learned that entrepreneurs aren't always able to immediately identify the primary constraints on their businesses. For instance, many entrepreneurs consider access to finance as their biggest barrier, but a skills gap may be the real problem. To address this disconnect, VilCap developed a multi-step process that more effectively unearths the entrepreneurs' underlying needs. After VilCap identifies entrepreneurs for a cohort, the team holds interviews with each entrepreneur. **In these interviews, they ask open-ended questions, such as, "Can you tell me about a time when you struggled with your business?" rather than asking directly what the entrepreneur needs.** VilCap supplements these interviews by having conversations with other ecosystem actors, such as investors. VilCap also asks entrepreneurs to self-assess using the VIRAL Pathway as a guide. Together, these techniques provide a well-rounded perspective on likely bottlenecks and needs.

> 💡 Consider developing a needs assessment process that takes a systems approach and asks more open-ended questions.

Leverage cohorts to encourage peer learning and motivate entrepreneurs

VilCap's programs are cohort-based and place a high emphasis on peer collaboration and learning. Evidence from these programs and those of other cohort-based accelerators have demonstrated that **entrepreneurs consider the opportunity to connect with and learn from their peers one of the biggest value-adds of participating.**[1] Additional research demonstrates that cohort-based programs can lead to nearly twice the growth rate for entrepreneurs relative to tailored programs.[2] In most of VilCap's programs, cohorts meet over the course of several months through various workshops, each of which has a specific goal, from technical training to developing milestones. During these workshops, entrepreneurs evaluate and provide feedback on each other's companies, based on VilCap's VIRAL Pathway framework. Because these entrepreneurs work together closely during the program and are in similar growth stages, **they are able to provide honest and digestible feedback that can motivate an entrepreneur to make changes within their enterprise.**

> 💡 Peer learning is one of the key value-adds of BDS programs and can motivate entrepreneurs to make changes within their businesses.

"You need to structure [needs assessment] interviews in a way that allows you to understand what the real problems are. An HCD approach is often good for that."

Rachel Crawford
Director of Special Projects
Village Capital

101

Limit time spent lecturing to increase impact

VilCap generally avoids spending more than 10–15% of program time on lectures. Entrepreneurs spend most of their time creating implementation plans, giving and receiving feedback, and making changes within their enterprises. Because the workshops are spread out over several months, entrepreneurs have time to reflect on lessons, implement changes in their businesses, and report back on any progress they have made. Du**ring workshops, VilCap also emphasizes developing implementation plans over lecturing. With clearer direction, entrepreneurs are better able to make progress between workshops.** Previously, some of VilCap's programs spent more time on lecturing, but they found that enterprises were not performing as well as expected. After adjusting the program to minimize time spent on content delivery, "applicant quality and entrepreneur engagement increased significantly," says Rachel Crawford, VilCap's Director of Special Projects in Europe, the Middle East, Africa, and Asia.

> **When developing your program, consider minimizing time spent on direct content delivery, as entrepreneurs are more likely to learn through discussion and implementation.**

[VILLAGE CAPITAL | LEAD BY EXAMPLE]

Develop a clear vision, communicable mission, and aligned strategy

Since its founding more than a decade ago, **VilCap has organized itself around a clear vision (a future where business builds equity and long-term prosperity) and a communicable mission (to reinvent the system to back entrepreneurs of the future).** To stay true to its values, VilCap assesses its strategy every 3–5 years. These strategy assessments are always informed by VilCap's underlying commitment to listening to the team on the ground and to the many stakeholders who are part of the VilCap ecosystem.

VilCap involves a wide swath of stakeholders when setting its ongoing strategic direction, including team members at all levels, funders, its board, and an external third party dedicated to helping it stay disciplined. Burns notes that **the board has been especially helpful** since they are not involved in the day-to-day work and are better able to focus on broader strategic priorities. VilCap has committed to evolving its board to be fully representative of the places it operates and the communities it supports by including representation from alumni entrepreneurs.

SCALE SYNERGIES

Lead by example

VilCap conducts strategic reviews of its team and board once or twice a year to determine whether they are representative of the cohorts, both demographically and in terms of the kind of expertise required. This ensures that VilCap remains adaptive to the needs of entrepreneurs in the sectors and regions in which it works.

"Having a strong vision from the outset to democratize entrepreneurship and understanding the related long-term outcomes were key to maintaining our focus and developing as an organization."

Allie Burns
CEO
Village Capital

VilCap recently developed an Innovations Team that is dedicated to incubating new ideas and deciding whether these ideas are a good fit with their core offerings. Many ideas do not make it past this incubation stage, particularly if VilCap determines that there is insufficient capacity to support them, while other ideas that are closely aligned with their mission, such as gender-lens investing, are eventually integrated into the core program. **"There have been many ideas that have come up over the years that we say no to if it doesn't match with VilCap's core mission,"** says Burns.

> A focused strategy is key to maintaining targeted organizational development. This may sometimes mean not pursuing every idea that comes down the pipeline.

Collaborate with funders

VilCap's approach to and investment in the fundraising process has evolved significantly since the organization's founding. Initially, the co-founder, Ross Baird, acted as the chief fundraiser. However, he soon realized that sourcing enough funding to allow VilCap to scale would require a greater investment of time and capacity than he was able to dedicate. As a result, VilCap invested in a fundraising team, which has grown over the years.

Fundraising is a collaborative process that requires input from both team members and the funder. VilCap's fundraising team works closely with its programmatic team to ensure that the fundraising process remains tied to VilCap's day-to-day goals and support needs. **The team also initiates conversations with potential funders, making sure they have a solid understanding and passion for VilCap's mission, while also allowing for flexibility to ensure that the funder-grantee relationship is truly collaborative.** "We walk into every conversation with a potential donor with a strong understanding of our mission and an idea of where we want to go, but it can be massaged," says Burns. "We recognize that we're not the only knowledgeable people in this space. So how can we use the assets of VilCap most effectively to achieve our collective outcomes?"

Like most BDS providers, VilCap still faces challenges obtaining unrestricted funding and keeping up with operating expenses and overhead. However, by developing a fundraising team and a willingness to engage in collaborative funding conversations, VilCap has formed successful relationships with a range of funders, including corporations/corporate foundations, family foundations, and institutional foundations.

Learn by evaluating enterprise performance

A dedicated learning approach has not only been key to VilCap's organizational development, but also to its program improvement. Approximately 80% of its programs are designed around validated, time-tested approaches, but it leverages the remaining 20% to test new innovations and understand gaps that can inform other programs. VilCap also works with outside institutions, such as GALI and Emory University, to validate its approaches and run RCTs.

VilCap has chosen to scale its impact through partnerships with locally-led and BIPOC-led BDS providers to improve access to more funding for these organizations as part of its mission to shift power dynamics and ensure equitable access.

> 💡 **Balancing a clear sense of your mission and goals with the flexibility to address donor interests can improve the effectiveness of your fundraising approach.**

Amplify impact by embedding a learning focus into the program strategy

From the beginning, VilCap's strategy has focused on learning. "VilCap was built around a learning mindset," says Burns. "It is part of our DNA to learn from everything that we do." This dedication to learning has helped VilCap expand its impact in the BDS space while it improves as an organization. Many of the initiatives that VilCap tests are new ideas, such as peer-selected investment. **By focusing on learning, VilCap was able to achieve the results set out in its strategy while also sharing what does and does not work with others in the sector.** VilCap approaches sharing in several ways. It was one of the first organizations to work with the Global Accelerator Learning Initiative (GALI), which allowed it to set an example for others and receive external validation on the effectiveness of its programs. It also reports results and broader trends for every program that it runs, conducts dedicated research on specific topics (e.g., the effectiveness of peer selection), and regularly hosts and speaks on panels. In this way, VilCap has established itself as a leader in the BDS sector and has amplified its impact beyond its programs.

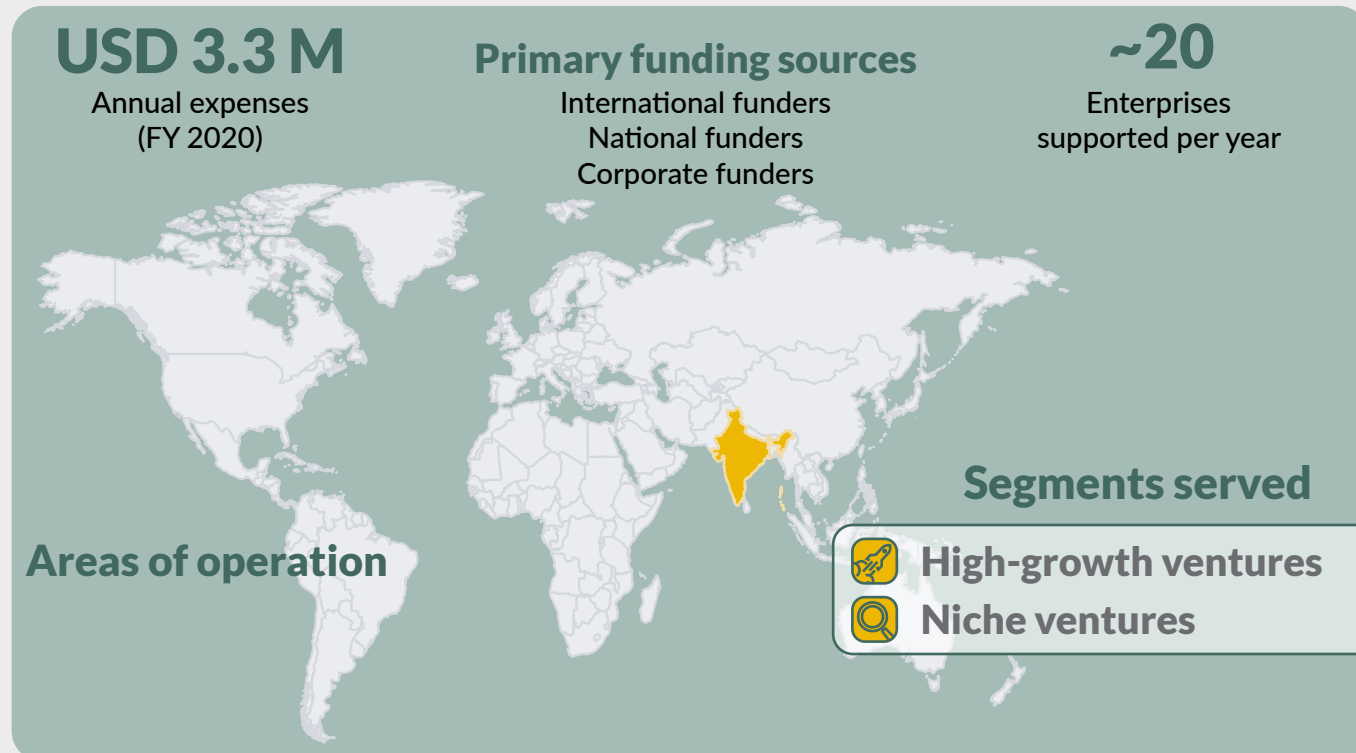> 💡 **To amplify impact, consider embedding a learning focus into your strategy.**
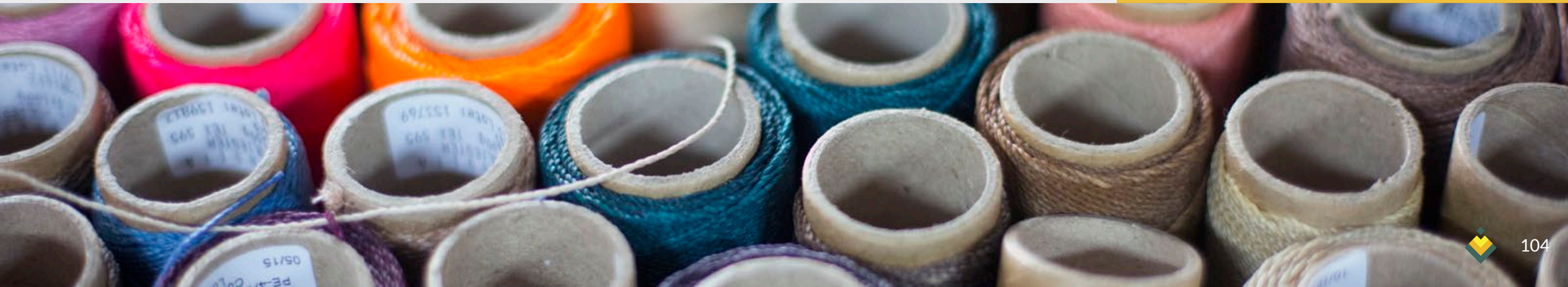
Founded in 2001, Villgro India is a social enterprise incubator that works with idea-stage, primarily pre-revenue enterprises to create base-of-the-pyramid impact at scale. Villgro offers multiple forms of high-touch support to help entrepreneurs develop specialized skills and build networks, including seed funding, engagement with sector experts, long-term mentoring, and technical assistance. Villgro has expanded to Kenya, the Philippines, and the United States and has started working with other early-stage incubators to develop their capacity to scale and build impact.

ORGANIZATION PROFILE*

USD 3.3 M
Annual expenses
(FY 2020)

Primary funding sources
International funders
National funders
Corporate funders

~20
Enterprises
supported per year

Areas of operation

Segments served

🚀 **High-growth ventures**
🔍 **Niche ventures**

INTEGRATING SCALE CONSIDERATIONS

S | SELECT THE RIGHT ENTERPRISE

- Villgro defined its target segment by identifying gaps in the regional market as well as enterprises that aligned with its strategy
- Villgro's selection process prioritizes entrepreneur fit
- Villgro considers a range of perspectives to ensure the most high-potential entrepreneurs are selected

L | LEARN BY EVALUATING ENTERPRISE PERFORMANCE

- Villgro modeled its MEL process on existing frameworks and has evolved it over time
- To ensure that MEL contributes to continuous learning, Villgro regularly gathers data from entrepreneurs
- Villgro is working to define the right balance between the amount of data sought and the frequency of its collection

E | LEAD BY EXAMPLE

- Villgro developed a strong team structure by clearly mapping necessary roles to positions
- Villgro recruits staff with passion and willingness to learn to minimize attrition
- Villgro developed its board by seeking members who could serve as ecosystem contacts and strategic thought partners

Identify target segments using gap analysis

As a technology-based, social enterprise incubator, Villgro primarily targets very early-stage (e.g., idea- or prototype-stage) enterprises that exhibit strong impact focus and innovative ideas. **Villgro identifies target segments that are aligned with its mission, that are not already being served by BDS providers in the region, and that could benefit from its support.** It diagnoses support gaps by holding conversations with enterprises, listening closely to sector experts, and conducting an ecosystem analysis to evaluate how social enterprises effectively scale in mature ecosystems.

Villgro's programs target specific sectors, such as healthcare, agriculture, and climate action, where Villgro has deep knowledge and a developed network. Arun Venkatesan, CEO of Villgro USA and former CTO of Villgro India, believes this is key to Villgro's value proposition, since it allows the program to more thoroughly address sector-specific challenges.

> 💡 When determining a target segment, consider conducting an ecosystem analysis to identify the gaps where entrepreneurs' needs are not being met

Evaluate entrepreneurs based not only on their business ideas but also their attitudes

During the selection process, Villgro focuses on the entrepreneurs' potential more than their business idea. It prioritizes characteristics such as commitment to impact, and willingness to learn, grow, and be mentored. In addition, Villgro looks at how well the team knows their customer and their market to ensure that they have a strong sense for how the enterprise will achieve impact. **Evaluating entrepreneur fit is especially important for BDS providers working with early-stage enterprises.** This is because business ideas can rapidly change, but it is much more difficult to change the dedication and willingness of entrepreneurs to learn.

> 💡 While both the entrepreneur and the enterprise should be evaluated during selection, the weighting of each component may depend on the growth stage of the enterprise.
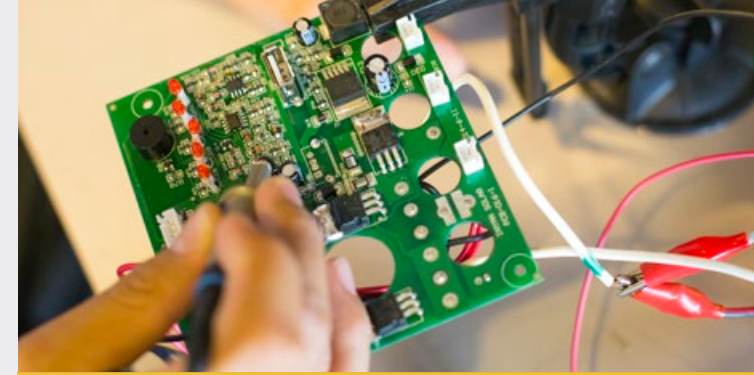
SCALE SYNERGIES

Address problems

As a high-touch incubator, **understanding entrepreneurs' needs is a key part of the program design.** This process begins during selection with due diligence and is followed by a diagnostic and solutioning panel to ensure that the engagement is targeted and focused on problem solving.

> *"90% of [what we look for in an applicant] is the team...everything else is secondary."*

Arun Venkatesan
CEO Villgro USA

106

Incorporate multiple perspectives to select the right enterprises

Because soft factors, such as entrepreneur fit, are a substantial part of Villgro's selection process, **they gather a range of opinions to ensure that the most high-potential entrepreneurs are chosen.** Through city-wide competitions, Villgro receives up to 1,500 applications per year.

The team screens and conducts due diligence on applicants before presenting a set of candidates to the investment committee. The Villgro CEO and sector leads, who make up this committee, gather additional information on the highest-potential candidates over several weeks before they present their top choices to Villgro's external committee. The external committee is generally composed of the CEO, the chair of the board, investment committee representatives from a funding partner (if funding will be jointly deployed), and outside experts when necessary.

This process not only ensures that the right individual enterprises are selected, it also ensures that the final portfolio of enterprises is balanced and achieves the level of impact and sustainability that Villgro is looking for.

> 💡 When evaluating soft factors, such as entrepreneur fit, it may be beneficial to incorporate as many relevant perspectives as possible.

[VILLGRO INDIA | LEARN BY EVALUATING ENTERPRISE PERFORMANCE]

Leverage existing MEL frameworks to develop your own

When Villgro India began in 2001, the team focused on program execution, rather than MEL. However, with input from funders and other stakeholders, they soon realized that process alone was not enough to achieve impact. What began as a report-driven evaluation process has since evolved into continuous learning. **Data are now collected throughout the engagement.** Villgro developed its own data tracking system, the Villgro Information Tracking and Learning System (VITALS), utilizing metrics informed by the GIIN IRIS+ system to allow for deep analysis of its work. Villgro leverages VITALS to assess its portfolio companies, track progress based on data, manage and predict future growth, and identify potential challenges. VITALS is a revised version of Villgro's former management information system. Initially, the system tracked only metrics that were relevant to the incubation program. Benchmarks and external impact metrics were gradually brought in. Then, as the monitoring requirements for each sector evolved

S

L

SPOTLIGHT

Villgro VITALS

Villgro's VITALS platform, which began as an internal MEL tool and has since expanded into a tool used by other incubators and early-stage impact investors, is a technology-based system that captures and tracks the incubation process. Data is integrated in a single place and the system provides the tools needed to analyze and share it with partners and entrepreneurs in a straightforward and meaningful way.

107

and as enterprises grew, additional relevant performance metrics were added. Villgro continues to improves VITALS. For example, it is currently creating a high-level dashboard and strengthening its analytics.

MEL enables Villgro to demonstrate the impact and long-term viability of the enterprises it supports and increases their potential for future funding. As of 2020, Villgro's incubatees have raised nearly USD 55 million in follow-on funding, in part because of their ability to show the strength of their business models through long-term data.

> **Existing MEL frameworks, such as the GIIN IRIS+ system, can inform the development or iteration of your MEL process**

Use data to inform continuous learning for both the entrepreneur and the team

The data that Villgro collects are used very intentionally in the learning process, which begins with a baseline evaluation and a "100-Day Plan" as soon as an entrepreneur joins the program. Villgro holds weekly and quarterly review meetings with the entrepreneur to measure their progress against milestones and assess the effectiveness of the support services. This enables course-correction at all stages of the program. Throughout the engagement, entrepreneurs have regular access to a dashboard on VITALS which allows them to track their progress. Data are also used to conduct overall portfolio and sector analyses and to inform Villgro's future strategy and targets.

Ensuring that the data collected is useful for leadership has been an ongoing priority at Villgro. As its internal investment committee has evolved, so have the reporting requirements to leadership, which led to the inclusion of diagnostic panel outcomes, mentor inputs, and sector depth into data reporting. Villgro also asks its various team members (including fundraising staff, impact reporting staff, etc.) what types of data are most important to them. Moving forward, Villgro will continue to look for ways to ensure that continuous learning is relevant to both the execution of its support and to its leadership and team.

> **Data collection is most useful when feedback loops allow performance to be assessed relative to support throughout the course of the engagement with an entrepreneur.**
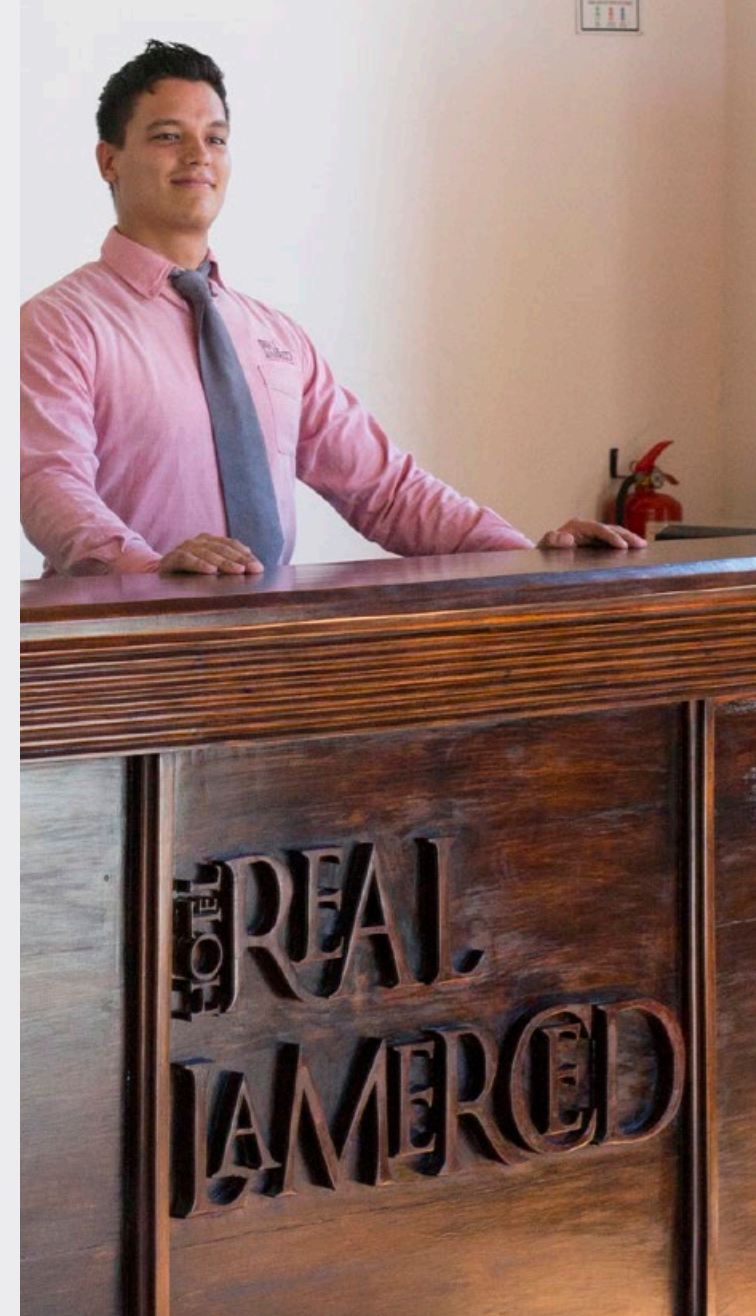
Collect data at a level and with the frequency that best fits your context

Because Villgro has a fairly small team, the frequency of data collection must be balanced with the amount of data collected. **While more frequent collection of less data is easier for entrepreneurs, it is often more time-intensive for the team.** There is no perfect balance, and this is something Villgro continues to test in its programs. It has found that investing in staff that focus on MEL and obtaining funding specifically earmarked for MEL infrastructure have greatly enhanced its collection and analysis of data.

> It is important to balanced the capacity of the team to regularly analyze data with the willingness of entrepreneurs to respond to data requests.

[VILLGRO INDIA | LEAD BY EXAMPLE]

Clearly define team roles

The evolution of Villgro's team and governance structure has greatly increased Villgro's ability to meet entrepreneurs' shifting needs. Initially, portfolio managers led the program. The team then expanded to include sector leads and mentors. Now each group has a defined role: the portfolio managers drive program strategy, the sector leads develop connections within the broader ecosystem, and the mentors provide direct technical support to entrepreneurs. Villgro recruits staff, mentors, and consultants locally to ensure they understand the context-specific barriers and can facilitate networks in the community. Villgro mentors often work with the same company for multiple years to address changing needs as the enterprise grows.

As a result of this revised team structure, "we are more agile and flexible in serving and catering to entrepreneurs' needs," Venkatesan says. **"Our team structure strengthens the effectiveness of our support by allowing us to better serve the entrepreneur."**

> When developing a team structure, consider defining the various roles necessary to meet entrepreneurs' needs and ensure that team positions clearly align with specific roles.

SPOTLIGHT

How team structure contributes to support effectiveness

Biosense, a tech startup with a product that leverages connected devices to increase the accessibility of tests that address malnutrition and diabetes, worked with the Villgro team for four years before exiting to Villgro's partner investment fund, Menterra. Villgro's diverse team structure, with an array of mentors and sector experts, ensured that Biosense's varied needs would be met as the enterprise grew over the years. Due to Villgro's support, Biosense's revenues and financing grew from USD 500,000 to 1.4 million.

Recruit passionate, entrepreneurial staff to increase retention

Like many BDS providers, Villgro has faced challenges retaining talent. It plans for attrition but has made efforts to reduce it. Villgro looks for early-to-mid-career professionals who not only possess the right technical expertise (e.g., a background in investment or program development) but who also **exhibit an entrepreneurial spirit, a strong passion to learn, and a dedication to impact.** Because growth rarely follows a straight path, Villgro seeks candidates who are willing to step into less conventional positions and leverage their time at Villgro to build strong networks. By emphasizing these opportunities, Villgro attracts staff who understand the benefits and challenges of working in an incubator setting.

> **While staff attrition is inevitable, it may be minimized by hiring staff who are more entrepreneurial and adaptable to the often fast-paced and shifting nature of BDS work.**

Select board members with a range of perspectives to ensure growth

Villgro's diverse board buttresses its strong programs. **The board includes investors, entrepreneurs, academics, and HR professionals with a range of perspectives.** The members do more than provide oversight and maintain accountability. They serve as ecosystem contacts and strategic thought partners, ensuring that Villgro's day-to-day processes remain aligned with its long-term strategy and sustainability. "[Villgro's board members] are very supportive and listen to our progression," says Venkatesan. "Many incubators often get lost in execution – we rely on our board to pull us up and see the bigger picture."

> **Consider selecting board members who have strong networks and can provide a range of perspectives, especially entrepreneurial perspectives.**

4
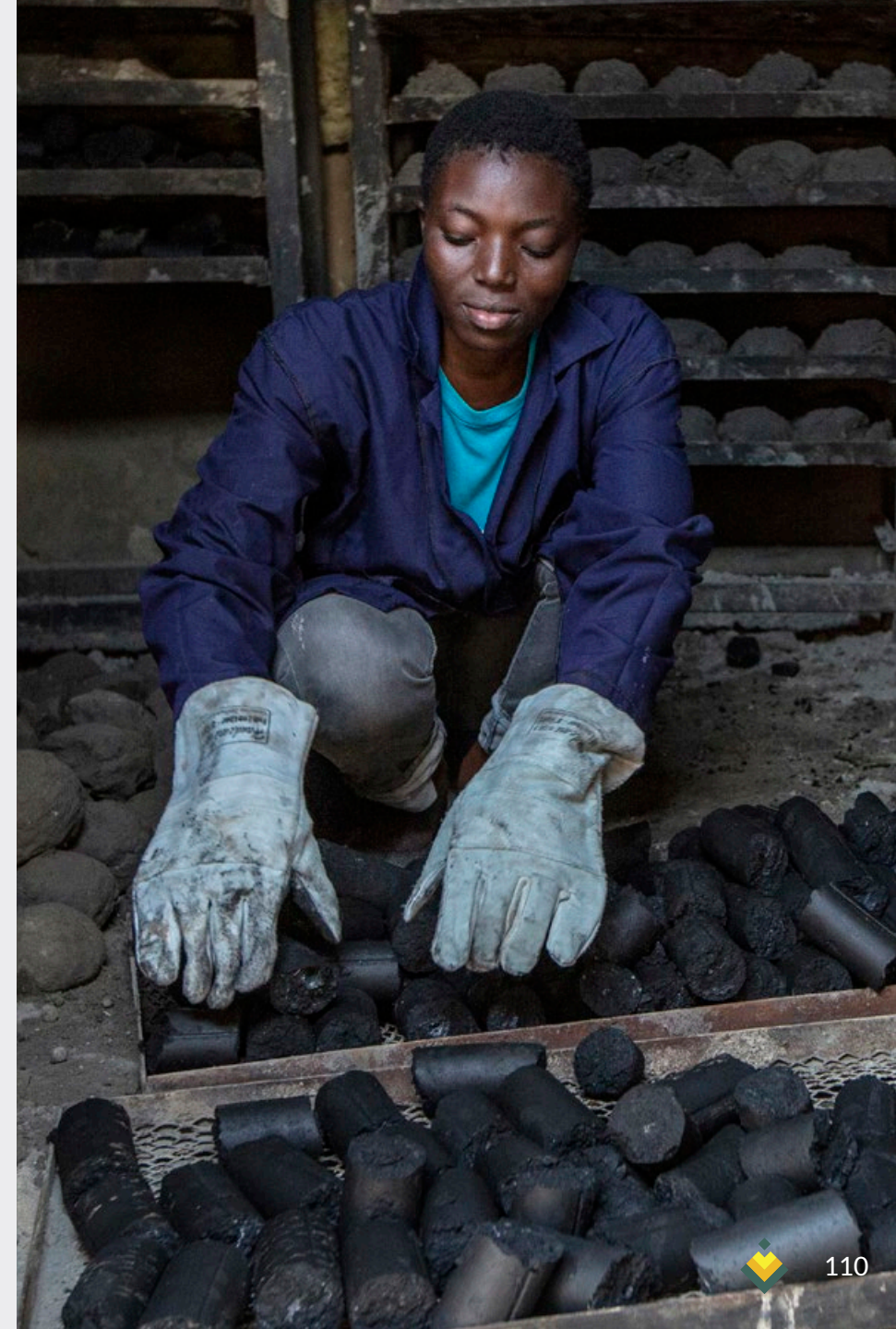
Tools and resources

Tools and additional resources to help funders and BDS providers integrate SCALE considerations

SCALE One-pager

Target audience:
- Funders, BDS providers, and other actors in the entrepreneurial ecosystem

Objective:
- Provide an overview of the SCALE considerations

Target audience:
- Funders and BDS providers

Click here to go to the tool

SCALE Diagnostic Tool

Objective:
- Help funders better assess BDS providers in terms of what has been known to be impactful
- Help BDS providers assess how their programs and organizational practices are aligned with what works and identify opportunities to improve

Target audience:
- Funders and BDS providers

Click here to go to the tool

SCALE Questions for Reflection

Objective:
- Promote reflection and discussion around good practices and areas for improvement

Target audience:
- Funders and BDS providers

Click here to go to the tool

Additional Resources

Objective:
- Provider funders and BDS providers additional evidence and information on good BDS practices

Click here to go to the tool

Additional resources

Consideration	Resource	Organization	Description
Select the right enterprise	Scout for participants	Impact Hub	A toolkit of guiding documents to help Impact Hub incubators form the recruitment and selection process, including developing an application, engaging partners, formulating selection criteria, building an outreach and promotion strategy, and holding events.
	Value Proposition Canvas	Strategyzer	Used to define customer profiles, define the value an enterprise creates, and achieve a product-market fit.
Charging enterprises improves performance	A quick guide to value-based pricing	Harvard Business Review	Four-step approach to value-based pricing
	DQ Sales	Whitten and Roy Partnership	A sales framework BDS providers can use to help entrepreneurs make the best possible decisions
	Social Enterprises Closing the Deal	Stanford Social Innovation Review	Three myths about selling to customers with few resources
Address problems	Accelerating Trust Action Plan	Bpeace	An interactive tool that provides guiding questions to begin developing trust and aligning on values with key stakeholders, including clients and employees.
	Networking Works	Argidius	Evaluates the impact of peer-to-peer networks on SGB growth through programs run by CEED Moldova and Enablis Senegal and provides insights to help BDS providers strengthen or complement programs with a network component.
	The Lean Startup	Eric Ries	Provides a scientific approach to creating and managing startups and getting a desired product to customers' hands faster.
	Business Model Canvas	Strategyzer	Offers a simple way to communicate and visualize an existing business model or to explore new business models.
	Village Capital VIRAL Pathway	Village Capital	A diagnostic tool that can be used at the beginning of and throughout a program to assess an entrepreneur's growth stage and investment readiness, based on a matrix of criteria that look at the team, problem and vision, value proposition, business model, and more.
	Program Capacity Building Support: Diagnostics	Impact Hub	A brief guide provided to Impact Hub incubators to develop a diagnostic process when working with entrepreneurs.

Consideration	Resource	Organization	Description
Learn by evaluating enterprise performance	Promoting data-based learning and decision making	Bpeace	An overview of the importance of data collection, best practices, and Bpeace's approach to MEL.
	Villgro VITALS	Villgro	An information tracking and learning system designed for incubators working with early-stage startups to manage their pipeline, programs, and portfolios with greater efficiency and accountability.
	GALI Benchmark Tools	GALI	Provides guidance on how to plan a data collection strategy, suggests survey questions, and provides an interactive benchmarking tool that allows organizations to compare their ventures' performance against GALI's global dataset.
	Argidius Enterprise Level Data Collection Template	Argidius	A data collection template that serves as a primary measurement tool to understand how BDS providers Impact SGB growth
	Basis for Reporting	Argidius	A summary of the criteria and definitions used to record the data. It includes: 1) portfolio-level key performance indicators and underlying indicators, 2) limitations, and 3) a summary of data cleaning and validation checks
	Calculation Examples KPI Indicators	Argidius	Sample templates to calculate CARG, ROTI, incremental revenue, and net full-time jobs created
	Goldilocks Toolkit and CART Principles	Innovations for Poverty Action (IPA) and the Center for effective Global Action	Shares lessons from more than a dozen non-profits and social businesses on how to successfully monitor and evaluate social programs. The toolkit serves as a resource for learning and accountability for organizations of all sizes.
Lead by example	Talent Playbook	Village Capital	A guidebook for startup leaders who want practical information and exercises to acquire top talent and design an organization ready for scale.
	Funding Organisational Development	Laudes Foundation and others	Profiles five foundations (Laudes, MAVA, Mercator, Oak, and PeaceNexus) that have invested in the organizational development of their grantees, and provides pointers for other funders interested in supporting their grantees' development.
Cross-cutting resources	Unlocking Pipeline: A Playbook for Entrepreneur Support in Africa	Village Capital	Key learnings from VilCap Communities, a program designed to convene leading African ESOs and share best practices.
	SGB Contribution Case Study	Argidius	Template to develop case studies from successful SGBs
	Social Entrepreneur Support Toolkit	Impact Hub (Devi Clark, Nayla Attas, Zulfiqar Ahmed)	Developed as part of the MedUP! initiative and co-funded by the European Union, this toolkit is designed to primarily assist BDS providers that are beginning to work with social entrepreneurs. Authored by: Devi Clark, Nayla Attas, Zulfiqar Ahmed
	Decoding the ABCs of Effective Enterprise Acceleration	Duke SEAD	This paper draws on learnings from the Social Entrepreneurship Accelerator at Duke (SEAD) to provide actionable insights and good practices for accelerators.
Funder tools	Partner Assessment Template	Good Business Foundation	As a funder, GBF uses this template to guide conversations with potential BDS providers. Many questions in the assessment align closely with SCALE considerations.

ANNEX

Acknowledgements

We would like to thank all participating organizations for the invaluable input that made this report possible. We are also especially thankful to Dalberg Advisors for their partnership in developing this report.

Photos were generously provided by Stuart Freedman, Sven Torfinn (Panos), James Rodriques (Panos), Thriive Nicaragua, CRS, and Village Capital.

Bibliography

1. The World Bank, "Small and Medium Enterprises (SMEs) Finance: Improving SMEs' Access to Finance and Finding Innovative Solutions to Unlock Sources of Capital", The World Bank Group

2. Ayyagari et al., "Who creates jobs in developing countries?," Small Business Economics, 2014

3. ANDE, "ANDE at 10 Years: Impact and Influence on the SGB Sector" Aspen Network of Development Entrepreneurs, 2019

4. ANDE, "Growth and Opportunity: The Landscape of Organizations that Support Small and Growing Businesses in the Developing World", Aspen Network of Development Entrepreneurs, 2013

5. USAID, "Accelerating Entrepreneurs: Insights from USAID's Support of Intermediaries", USAID, 2018

6. David McKenzie, "Identifying and Spurring High-Growth Entrepreneurship: Experimental Evidence from a Business Plan Competition?," The World Bank Group, 2015

7. TechnoServe, "TechnoServe Named the #1 Charity for Fighting Poverty", TechnoServe, 2019

8. Bruhn et al., "The Impact of Consulting Services on Small and Medium Enterprises: Evidence from a Randomized Trial in Mexico", The World Bank Group, 2018

9. McKenzie et al., "Training Entrepreneurs," VoxDevLit, 2020

10. USAID, "More than Money: Mapping The Landscape of Advisory Support for Inclusive Businesses", USAID, 2017

11. Various evaluations from the Argidius portfolio. See Argidius Knowledge Base for more details

12. Roberts et al., "What's Working in Startup Accelerations: Insights from Fifteen Village Capital Programs", Aspen Network of Development Entrepreneurs, 2016

13. USAID, "Accelerating Entrepreneurs: Insights from USAID's Support of Intermediaries," USAID, 2018

14. David McKenzie, "Small Business Training to Improve Management Practices in Developing Countries: Reassessing the Evidence for Training Doesn't Work", The World Bank Group, 2020

15. Roberts et al., "What's Working in Startup Accelerations: Insights from Fifteen Village Capital Programs", Aspen Network of Development Entrepreneurs, 2016

16. Guttentag et al., "A Rocket or a Runway? Examining Venture Growth during and after Acceleration," Global Accelerator Learning Initiative, 2021

17. Roberts et al., "Accelerating Impact for Entrepreneurs: Lessons Learned from TechnoServe's Work with SGBs in Central America", Technopserve, 2017

18. Christopher Woodruff, "Addressing Constraints to Small and Growing Businesses", International Growth Center, 2018

19. Argidius, "Evaluation: Video Case Studies from Bpeace's Support to Dynamic Businesses"

20. Roberts et al., "What's Working in Startup Accelerations: Insights from Fifteen Village Capital Programs", Aspen Network of Development Entrepreneurs, 2016

21. Various evaluations from the Argidius portfolio. See Argidius Knowledge Base for more details

22. Davidson et al., "Does Acceleration Work? Five years of evidence from the Global Accelerator Learning Initiative," Global Accelerator Learning Initiative, 2021

23. Guttentag et al., "A Rocket or a Runway? Examining Venture Growth during and after Acceleration," Global Accelerator Learning Initiative, 2021

24. USAID, "Accelerating Entrepreneurs: Insights from USAID's Support of Intermediaries" USAID, 2018

25. McKenzie et al., "Training Entrepreneurs," VoxDevLit, 2020

26. Astebro et al., "Impact Measurement Based on Repeated Randomized Control Trails: The Case of a Training Program to Encourage Social Entrepreneurship", Policy of Innovative Entrepreneurship, 2021

27. Various evaluations from the Argidius portfolio. See Argidius Knowledge Base for more details

28. Anderson et al., "Improving Business Practices and the Boundary of the Entrepreneur: A Randomized Experiment Comparing Training, Consulting, Insourcing and Outsourcing", The World Bank Group, 2020.

29. Open Capital Advisors: Arcadia Model https://opencapital.com/services/arcadia/

30. Bardasi et al. "The Profits of Wisdom: The Impact of a Business Support Program in Tanzania", World Bank Economic Review, 2021

31. Banerjee et al.,"Can Microfinance Unlock a Poverty Trap for Some Entrepreneurs?", National Bureau of Economic Research, 2019

32. Roberts et al.," What's Working in Startup Acceleration: Insights from15 Village Capital Programs", Aspen Network of Development entrepreneurs, 2016

33. Ferhman, R., "Decoding the ABCs of Effective Enterprise Acceleration: 10 Lessons from the Social Entrepreneurship Accelerator at Duke (SEAD)", Social Entrepreneur Accelerator at Duke, 2020

34. Ibid.

35. Morris et al., "Fostering Productive Entrepreneurship Communities: Key Lessons on Generating Jobs, Economic Growth and Innovation", Endeavor Insight, 2018

36. Kutzhanova et al., "Skill-Based Development of Entrepreneurs and the Role of Personal and Peer Group Coaching in Enterprise Development", Economic Development Quarterly, 2009

37. Cooney, T.M., "Entrepreneurship Skills for Growth-Orientated Businesses" OECD, 2012

38. IPA, "Thinking like an entrepreneur: Boosting small business growth with mindset training in Togo", (2016)

39. Dalberg survey of 36 organizations, Survey question "On a scale from 1-5, to what extent is selecting the right enterprise critical and central to the approach of your BDS program?", May 2021

40. Dalberg survey of 36 organizations, Survey question "Is your program having difficulties selecting the right enterprises?", May 2021

41. Ferhman, R., "Decoding the ABCs of Effective Enterprise Acceleration: 10 Lessons from the Social Entrepreneurship Accelerator at Duke (SEAD)", Social Entrepreneur Accelerator at Duke, 2020

42. Villgro Case Study

43. Azoulay et al., "Age and High-Growth Entrepreneurship", American Economic Review: Insights, 2020

44. Morris et al., "Fostering Productive Entrepreneurship Communities: Key Lessons on Generating Jobs, Economic Growth and Innovation", Endeavor Insight, 2018

45. Azoulay et al., "Age and High-Growth Entrepreneurship", American Economic Review: Insights, 2020

46. Morris et al., "Fostering Productive Entrepreneurship Communities: Key Lessons on Generating Jobs, Economic Growth and Innovation", Endeavor Insight, 2018

47. Ibid

48. Ibid

49. TechnoServe, "Micro and Small Growing Business Acceleration Methodology Toolkit", TechnoServe 2020

50. Roberts et al., "Accelerating Impact For

Bibliography

Entrepreneurs: Lessons Learned from TechnoServe's Work with SGBs in Central America", Aspen Network of Development Entrepreneurs, 2017

51. Technoserve, "Micro and Small Growing Business Acceleration Methodology Toolkit" TechnoServe, 2020

52. Hussam et al., "Targeting High Ability Entrepreneurs Using Community Information: Mechanism Design in the Field" PEDL Research Papers, 2020

53. McKenzie et al., "Man vs. Machine in Predicting Successful Entrepreneurs: Evidence from a Business Plan Competition in Nigeria", The World Bank, 2017

54. Fafchamps et al, "Identifying Gazelles: Expert Panels vs. Surveys as a Means to Identify Firms with Rapid Growth Potential", The World Bank, 2017

55. Ferhman, R., "Decoding the ABCs of Effective Enterprise Acceleration: 10 Lessons from the Social Entrepreneurship Accelerator at Duke (SEAD)", Social Entrepreneur Accelerator at Duke, 2020

56. Ibid.

57. Various evaluations from the Argidius portfolio. See Argidius Knowledge Base for more details

58. Dalberg survey of 36 organizations, Survey question "What are your reasons for not charging?", May 2021

59. Maffioli et al., "How Should Business Training be Priced? A Demand Experiment in Jamaica", The World Bank, 2020

60. McKenzie et al., "What are we Learning from Business Training Evaluations Around the Developing World?", The World Bank, 2014

61. Maffioli et al., "How Should Business Training be Priced? A Demand Experiment in Jamaica", The World Bank, 2020

62. Ibid.

63. Ibid.

64. Ibid.

65. Dalberg survey of 36 organizations, Survey question "Does your BDS program currently charge client enterprises?", May 2021

66. Dalberg survey of 36 organizations, Survey question "If your BDS program charges, on average, how much is charged as a percentage of the total cost of the program?", May 2021

67. The World Bank Group, "Profiting from Parity. Unlocking the Potential of Women Businesses in Africa", The World Bank Group, 2019

68. Maffioli et al., "How Should Business Training be Priced? A Demand Experiment in Jamaica", The World Bank, 2020

69. The World Bank Group, "Profiting from Parity. Unlocking the Potential of Women Businesses in Africa", The World Bank Group, 2019

70. Bando et al., "Effect of Inquiry and Problem Based Pedagogy on Learning: Evidence from 10 Field Experiments in Four Countries", Interamerican Development Bank, 2019

71. Bruhn et al., "The Impact of Consulting Services on Small and Medium Enterprises: Evidence from a Randomized Trial in Mexico", The World Bank Group, 2018

72. Anderson et al., "Improving Business Practices and the Boundary of the Entrepreneur: A Randomized Experiment Comparing Training, Consulting, Insourcing and Outsourcing", The World Bank Group, 2020

73. Anderson et al., "Pathways to profits: Can entrepreneurship training really work for small businesses?" VoxDev, 2019

74. Roberts et al., "What's working in startup accelerations: Insights from fifteen Village Capital Programs", Aspen Network of Development Entrepreneurs, 2016

75. Iacovone et al., "Improving Management with

Individual and Group-Based Consulting: Results from a Randomized Experiment in Colombia", The World Bank Group, 2019

76. Ibid.

77. Cai et al., "Interfirm Relationships and Business Performance", The Quarterly Journal of Economics, 2018

78. Ibid.

79. Woodruff, C, "Addressing Constraints to Small and Growing Businesses", Aspen Network of Development Entrepreneurs, 2018

80. Argidius, "Networking Works: Peer-to-Peer Business Networks Help Small and Growing Businesses Grow Revenues and Create Jobs", Argidius, 2019

81. Morris et al., "Fostering Productive Entrepreneurship Communities: Key Lessons on Generating Jobs, Economic Growth and Innovation", Endeavor Insight, 2018

82. Cai et al., "Interfirm Relationships and Business Performance", The Quarterly Journal of Economics, 2018

83. Iacovone et al., "Improving Management with Individual and Group-Based Consulting: Results from a Randomized Experiment in Colombia", The World Bank Group, 2019

84. Village Capital Viral Pathway see here https://www.mainetechnology.org/wp-content/uploads/2018/08/VIRAL-Assessment-for-Entrepreneurs.pdf

85. Cai et al., "Interfirm Relationships and Business Performance", The Quarterly Journal of Economics, 2018

86. Argidius, "Networking Works: Peer-to-Peer Business Networks Help Small and Growing Businesses Grow Revenues and Create Jobs", Argidius, 2019

87. Argidius, "Networking Works: Peer-to-Peer Business Networks Help Small and Growing Businesses Grow Revenues and Create Jobs", Argidius, 2019

88. Cai et al., "Interfirm Relationships and Business Performance", The Quarterly Journal of Economics, 2018

89. Ibid.

90. Iacovone et al., "Improving Management with Individual and Group-Based Consulting: Results from a Randomized Experiment in Colombia", The World Bank Group, 2019

91. Argidius, "Networking Works: Peer-to-Peer Business Networks Help Small and Growing Businesses Grow Revenues and Create Jobs", Argidius, 2019

92. Brooks et al., "Mentorship Helps Kenyan Microenterprises Profit", VoxDev, 2017

93. Ibid

94. Roberts et al., "What's Working in Startup Accelerations: Insights from Fifteen Village Capital Programs", Aspen Network of Development Entrepreneurs, 2016

95. Woodruff et al., "Training Entrepreneurs", VoxDevLit, 2020

96. Katila et al., "To Make Lean Startups Work, You Need a Balanced Team", Harvard Business Review, 2021

97. McKenzie et al., "Business Practices in Small Firms in Developing Countries", Warwick Economics Research Paper Series, 2016

98. Roberts et al., "What's Working in Startup Accelerations: Insights from Fifteen Village Capital Programs" Aspen Network of Development Entrepreneurs, 2016

99. Beegle et al.," Adapting Skills Training to Address Constraints to Women's Participation", The World Bank Group, 2020

100. Endeavor Insight, "Network Building Sets Women Entrepreneurs Up for Success", Endeavor Insight, 2020

101. Endeavor Insight, "Women in entrepreneurship: How

Bibliography

women led companies drive economic growth in the United States", Endeavor Insight, 2020

102. The World Bank, "Profiting from Parity. Unlocking the Potential of Women Businesses in Africa", The World Bank Group, 2019

103. Beegle et al.," Adapting Skills Training to Address Constraints to Women's Participation", The World Bank Group, 2020

104. Ibid.

105. Wangari et al., "Unlocking Pipeline: A Playbook for Entrepreneur Support in Africa", Aspen Network of Development Entrepreneurs, 2019

106. Ibid.

107. Various evaluations from the Argidius portfolio. See Argidius, "How We Work" for more details.

108. Bpeace Case Study

109. Astebro el al., "Impact Measurement Based on Repeated Randomized Control Trails: The Case of a Training Program to Encourage Social Entrepreneurship", 2021

110. Ibid.

111. TechnoServe, "Accelerating Impact for Entrepreneurs", TechnoServe, 2017

112. Astebro el al., "Impact Measurement Based on Repeated Randomized Control Trails: The Case of a Training Program to Encourage Social Entrepreneurship", 2021

113. Ibid.

114. Various evaluations from the Argidius portfolio. See Argidius, "How We Work" for more details.

115. Ibid.

116. Anderson et al., "Improving Business Practices and the Boundary of the Entrepreneur: A Randomized Experiment Comparing Training, Consulting, Insourcing and Outsourcing", The World Bank Group, 2020.

117. Anderson et al., "Pathways to profits: Can entrepreneurship training really work for small businesses?", VoxDev, 2019

118. Drexler et al., "Keeping It Simple: Financial Literacy and Rules of Thumb." American Economic Journal: Applied Economics, 2014

119. Arraiz et al., "Less is More: Experimental Evidence on Heuristic-Based Business Training in Ecuador", Interamerican Development Bank, 2019

120. GALI, "A Rocket or a Runway? Examining venture growth during and after Acceleration", Global Accelerator Learning Initiative, 2021

121. Dalberg survey of 36 organizations. Survey question "On a scale from 1-5, to what extent is evaluation and learning, and making improvements critical and central to the approach of your BDS program?"

122. Dalberg survey of 36 organizations. Survey question "Which of the following statements best describes your organization?"

123. Research conducted by Argidius Foundation suggests these metrics help BDS providers assess the impact of their programs without distracting enterprises from focusing on their business operation. Moreover, enterprises can also benefit from knowing this information.

124. CEED, "Lessons from the Field: Collecting Data from Entrepreneurs", CEED, 2020

125. Ibid.

126. Brooks et al., "Mentorship helps Kenyan microenterprises profit", VoxDev, 2017

127. Bruhn et al., "The Impact of Consulting Services on Small and Medium Enterprises: Evidence from a Randomized Trial in Mexico", The World Bank Group, 2016

128. Ferhman, R., "Decoding the ABCs of Effective Enterprise Acceleration: 10 Lessons from the Social Entrepreneurship Accelerator at Duke (SEAD)", Social

Entrepreneur Accelerator at Duke, 2020

129. Argidius, "Networking Works: Peer-to-Peer Business Networks Help Small and Growing Businesses Grow Revenues and Create Jobs", Argidius, 2019

130. Amy Gallo, "A refresher on A/B Testing", Harvard Business Review, 2017

131. The World Bank, "Profiting from Parity. Unlocking the Potential of Women Businesses in Africa", The World Bank Group, 2019

132. Almeida et al., "Funding organizational development: a smart investment to multiply impact. Views from five foundations.", Laudes Foundation, 2020

133. MAVA Foundation, "Pathways to grow impact: Philanthropy's Role in the Journey", Grantmaking for effective organizations, 2013

134. Almeida et al., "Funding organizational development: a smart investment to multiply impact. Views from five foundations.", Laudes Foundation, 2020

135. Claudia Genier, "MAVA OD Partner Perception Survey2020", MAVA Foundation, 2020

136. MAVA Foundation, "Innovation Conservation Finance in West Africa and the Mediterranean", MAVA Foundation, 2017

137. Almeida et al., "Funding organizational development: a smart investment to multiply impact. Views from five foundations.", Laudes Foundation, 2020

138. Research conducted by Argidius Foundation

139. TechnoServe, "Strategic plan 2013-2017", TechnoServe, 2013

140. Famelo, M, "Boards of Directors and Governance Systems: A practical guide for non-governmental organizations", Produced with the support of The William and Flora Hewlett Foundation, 2015

141. Morris et al., "Fostering Productive Entrepreneurship Communities: Key Lessons on Generating Jobs, Economic Growth, and Innovation," Endeavor Insight,

2018

142. "Number of Directors – Board Size" Australian Institute of Company Directors, 2016

143. Dixon-Fyle et al., "Diversity Wins: How Inclusion Matters", McKinsey and Company, 2020

144. Ibid.

Sources for Case Studies

alterna

1. Interviews with Daniel Buchbinder, CEO at Alterna, and Julia Daley, MELI Lead at Alterna.
2. Itad, "Executive Summary: Evaluation of Alterna's Direct Support To Ventures," 2019. In 2017, an independent evaluation was commissioned to assess the results of Alterna's cultivation services delivered to SGBs in Guatemala between January 2017 and December 2018. The evaluation shares additional learnings on the effectiveness and impacts of Alterna's programs, and the extent to which its approach aligns with SCALE.

Bpeace / BUSINESS COUNCIL FOR PEACE / MORE JOBS MEAN LESS VIOLENCE

1. Interview with Alexandra Salas, Chief Program Officer at Bpeace.
2. Video case studies of Bpeace entrepreneurs that demonstrate the impact of Bpeace's programs.

PUM Netherlands senior experts

1. Interviews with Andy Wehkamp, Director at PUM, and Eke Kronieger, Project Manager at PUM.
2. Pamuk et al., "Verification of PUM's intervention logic: evidence from the 2020 PRIME survey," 2021. The report utilizes PUM's PRIME methodology to track impact data to demonstrate the effect of PUM's support on entrepreneur growth.
3. Van Rijin et al., "Verification of PUM's intervention logic: Insights from the PRIME toolbox," 2018. The report is the result of an independent evaluation that shares key learnings about PUM's support model, many of which are relevant to SCALE.

TechnoServe — Business Solutions to Poverty

1. Interview with Juan Carlos Thomas Soto, Director of Entrepreneurship at TechnoServe.
2. TechnoServe, "Accelerating Impact for Entrepreneurs: Lessons Learned from TechnoServe's Work with SGBs in Central America," 2017. The evaluation provides an overview of TechnoServe's Impulsa Tu Empresa program in Central America, including the program's impact on revenue growth.
3. Charity Navigator, TechnoServe. The profile provides impact and results scores for the Impulsa Tu Empresa program, which has been demonstrated to be highly effective.

VillageCapital

1. Interviews with Allie Burns, CEO at Village Capital, and Rachel Crawford, Director of Special Projects in Europe, the Middle East, Africa, and Asia at Village Capital.
2. Village Capital, "Flipping the Power Dynamics: Can entrepreneurs make successful investment decisions?," 2019. This report takes a data-driven approach to evaluating the effectiveness of Village Capital's peer investment methodology, which has been successfully applied to multiple programs. The evaluation ends with recommendations for stakeholders interested in implementing a peer selection process.
3. GALI, "What's working in startup accelerations: Insights from fifteen Village Capital Programs", 2016. In 2016, GALI conducted an evaluation of fifteen Village Capital program to determine what distinguished its higher-performing programs from lower-performing programs. Many of the findings align closely with SCALE.
4. USAID, "More than Money: Mapping the Landscape of Advisory Support for Inclusive Businesses." This USAID-commissioned landscape analysis provides an overview of the SGB advisory support ecosystem, including benefits, challenges, and key success factors for a variety of intervention types and approaches.

villgro possible.

1. Interview with Arun Venkatesan, CEO at Villgro USA and former CTO at Villgro India.
2. Villgro, "Impact Report 2018."

Argidius Foundation aims to help entrepreneurs build profitable businesses and contribute to the sustainable development of their communities. We do so by improving the effectiveness and reach of small and medium enterprise capacity development services

Questions and comments about this report can be directed to mail@argidius.com