MORE THAN MONEY:
MAPPING THE LANDSCAPE OF ADVISORY SUPPORT FOR INCLUSIVE BUSINESSES

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List of Acronyms

AAF	African Agricultural Fund
AECF	Africa Enterprise Challenge Fund
AMI	African Management Initiative
ANDE	Aspen Network of Development Entrepreneurs
BDS	Business Development Services
BIF	Business Innovation Facility
BOP	Base of the Pyramid
CEO	Chief Executive Officer
CIIE	Centre for Innovation Incubation and Entrepreneurship
CSR	Corporate Social Responsibility
DFI	Development Finance Institution
DFID	Department for International Development (UK)
DIV	Development Innovation Ventures
ENGINE	Enhancing Growth in New Enterprises
ESG	Environmental, Social and Governance
GALI	The Global Accelerator Learning Initiative
GAIN	Global Alliance for Improved Nutrition
GBF	Grassroots Business Fund
GDI	Global Development Incubator
GSBI	Global Social Benefit Institute
GSEN	Global Social Entrepreneurship Network
HR	Human Resources
I3N	Intellecap Impact Investment Network
IBA	Inclusive Business Accelerator
M&E	Monitoring and Evaluation
MIS	Management Information System
MNC	Multinational Corporation
MOOCs	Massive Open Online Courses
NGO	Non-Governmental Organization
OCA	Open Capital Advisors
PACE	Partnering to Accelerate Entrepreneurship Initiative
PAEGC	Powering Agriculture: An Energy Grand Challenge for Development (USAID)
PE	Private Equity
PUM	Netherlands Senior Experts
SEAD	Social Entrepreneurship Accelerator at Duke
Shujog	ACTS Shujog Assistance for Capacity-Building and Technical Services
SL@B	Saving Lives at Birth: A Grand Challenge for Development (USAID)
SME	Small and Medium Enterprise
SWFF	Securing Water for Food: A Grand Challenge for Development (USAID)
TA	Technical Assistance
TAF	Technical Assistance Facility
TOR	Terms of Reference
USAID	United States Agency for International Development
USP	Unique Selling Point
VC	Venture Capital
YSB	Yunus Social Business

EXECUTIVE SUMMARY

Mapping the Landscape

Entrepreneurial approaches to deliver development impact are gaining attention in both the business and development communities. While many organizations that provide support to inclusive businesses deploy funds - grants, awards, debt, equity - not far behind is a growing range of non-financial support mechanisms for entrepreneurs and innovators that seek to scale their solutions. Acceleration support, technical assistance, business development services (BDS) and other non-financial support offerings are available to startups testing their ideas and to maturing businesses seeking scale. While this type of support is increasingly available, it is not very clear why it has emerged, who is providing it to whom, what types of support are offered and what types of support are most effective.

This report seeks to answer these questions by taking stock of the landscape of advisory support for inclusive businesses, teasing out trends and highlighting lessons that have been learnt to date. It is based on a review of relevant literature and 65 initiatives, plus interviews with 21 advisory support providers. Our analysis focuses particularly on how advisory support is being implemented - the models, mechanisms and processes used - and on providers' analysis of 'what's working'. No first-hand insights were collected from recipients of advisory support. It should also be noted that this report does not represent a comprehensive evaluation of advisory support to inclusive businesses, since our sample is small and our qualitative findings are based on self-reported data of support providers.

BOX 1: KEY TERMS USED IN THE REPORT

There are currently no terms being used universally in this continuously growing space, with different stakeholders often using different terminology. For the purposes of this report and to avoid confusion, we use a consistent set of terms to describe key elements throughout the report. A basic description of the key terms is summarized in this box. For further detail on the definitions, please refer to section 1.3.

'Advisory support' refers to the non-financial support or the 'more than money' support provided by organizations to inclusive businesses that is the core focus of this report.

'Support providers' are the organizations that provide advisory support to inclusive businesses.

'Inclusive businesses' is used to capture the range of organizations that create social and commercial return in markets and receive advisory support. Where more appropriate, we refer to these as 'clients' and/or 'enterprises', or alternatively 'entrepreneur' and/or 'innovator'.

Among our sample, consensus has emerged that inclusive businesses need more than money to overcome the challenges they face on the path to scale. Recognition that impact enterprises are scaling slowly and need support to navigate multiple challenges at each stage was described as the main driver fueling growth in the provision of advisory services.

Over the last two decades, there has been significant growth in the number and range of

organizations and offerings that provide advisory support to impactful business models. In this report, we provide five broad categories of providers of non-financial or advisory support: incubators, accelerators, non-commercial programs or facilities (often set up by donors), impact investors and consultancies.

This categorization is neither exhaustive nor universal. There is variation between categories but also within them. Support providers differ in their primary objectives for providing support – some focus more on commercial growth, others more on delivering development impact or fostering innovation. Advisory support is sometimes the sole or primary function of the support providers and sometimes only a complement to their financial mechanisms. And quite naturally, different providers target inclusive businesses of different sizes and stages (see Figure 1).

Figure 1: Types of Support Providers Mapped Along Stages of Target Enterprises

Phase	Idea	Prototype	Post-Revenue		Scale / Replication
			Early Growth	Investment Readiness	Investment Deployed

- Incubators
- Accelerators
- Programs & Facilities
- Impact Investors
- Consultancies
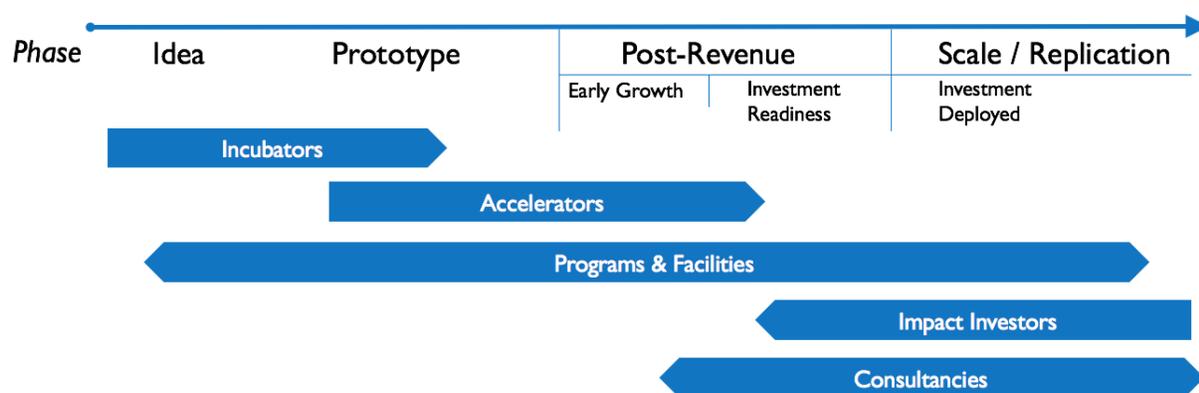
The landscape of support provision is still growing and evolving, with actors experimenting and innovating outside their traditional boundaries. For example, incubators and accelerators that conventionally offered time-bound cohort-training, are increasingly adding tailored follow-up. Impact investors, who traditionally provided post-investment advice alongside finance, are offering pre-investment advisory support. The large category that we define as 'programs and facilities' comprises a diverse composite of actors and approaches with no standard norms. The group of specialized consultancies is smaller but highly innovative, testing new models that are likely to blend current approaches. In short, the space is continually changing.

There is only limited convergence in the huge and growing diversity of service offerings. And indeed, convergence is probably not desirable, particularly at this stage of market immaturity. Most support providers offer a broad range of core business development services, irrespective of whether they directly use the phrase or some other terminology, to cover business planning, financial management, human resources, logistics, marketing and more. Others separate out some specific topics that they prioritize, including investment readiness support and/or investment facilitation, business strategy and talent management. Again, others focus on more specialized niche topics such as innovative design, gender-targeting, ecosystem networking or other specific business approaches.

Whatever the focus of advisory support, we have identified four common tools through which support is provided: 1) individual one-to-one support; 2) face-to-face cohort events; 3) online formats; or 4) referrals and linkage brokering. In practice, one provider often uses combinations of different

tools. Which topic or tool is most relevant depends on many factors including: the type of client (maturity, location, sector, access to other support); the type of provider (mandate, skills, budget and timeframe of the organization providing the support, whether advice is alongside finance or not); availability of quality service providers; and capacity of the client to make effective use of the support.

For most support providers, an early decision is whether to organize cohort events or prioritize tailor-made one-to-one support or combine them. In general, cohort events are more common for earlier stage inclusive businesses and one-to-one support for later stage. Cohort events are lower cost and thus lower risk to the provider, so are provided to an early stage portfolio where a higher share of failures is expected. As inclusive businesses grow in maturity, their needs become more specific, so support needs to become more tailored.

Figure 2: Four Core Service Delivery Tools by Enterprise Stage

One-to-One Support

Face-to-Face Cohort Events

Online-Based Support

Referrals and Brokering Linkages

| Idea | Prototype | Post-Revenue | Scale / Replication |
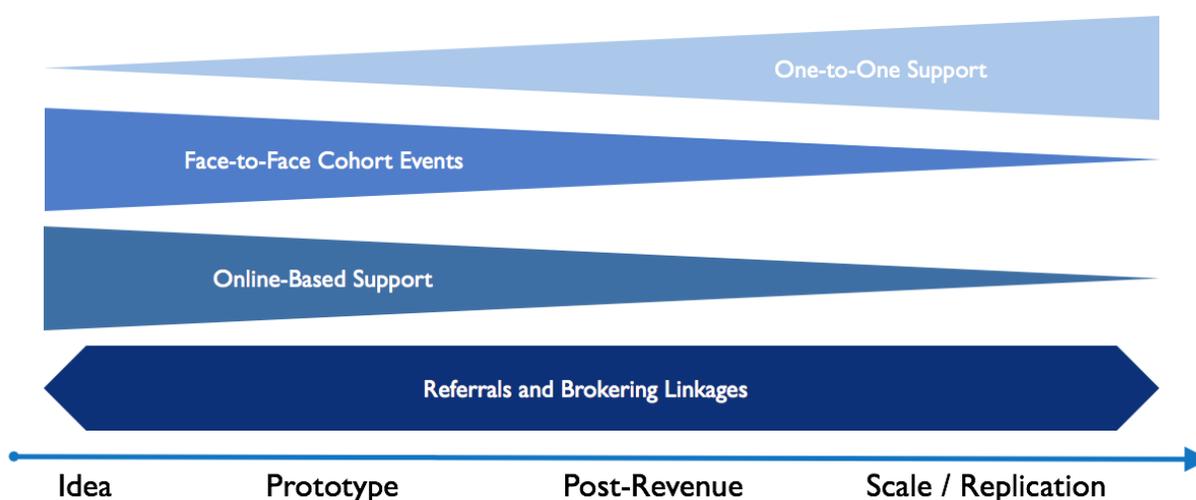
Emerging Trends in the Delivery of Advisory Support

Based on our research it is clear there is no single answer to 'what works best'. That said, we have been able to identify certain trends in how advisory support is delivered.

There is a general trend towards establishing long-term relationships between support provider and clients through ongoing support. Although some types of support are typically time bound, such as accelerator cohorts, providers are increasingly offering less intensive follow-up over longer time frames. It is recognized that inclusive businesses are on a journey, struggling with different needs at different points in time and are unlikely to have 'made it' after a one-off injection of support.

The need to structure and adapt support based on individual client needs is being recognized. Support providers are conducting needs assessments as part of their client selection process, seeking to tailor their offering more to specific types of entrepreneurs and drawing on post-provision feedback. For example, feedback has led to a shift away from classroom-based teaching to more emphasis on peer-exchange by those providing cohort events.

Many support providers have chosen a combination of tools to ensure a holistic service offering. In addition, scalability of the service portfolio is improved when cost-effective approaches, such as a cohort model are combined with high-touch tailored support. In fact, most services have limited value as a stand-alone tool and offer advantages if used in combination with other mechanisms. Online courses are affordable, easily scalable and can be used to attract clients (often early stage). Referrals and brokering linkages, a mechanism increasingly used across different types of providers, appears to offer high value to entrepreneurs at relatively low cost.

The value of support depends on its timing and flexibility. Whether it is timely for the inclusive business (in the sense of swift to be deployed and at the right time in the calendar) and responsive to changing needs. Generally, the duration of support varies considerably, ranging from a few weeks to several years.

Support providers are recognizing the need for an exit strategy and ladder of support for their clients. Towards the end of support provision, providers are increasingly referring entrepreneurs to potential investors as well as to other sources of support that can spur further progress.

Priority Operational Issues

After several years of experimenting with non-financial support, a number of support providers have recently begun to reflect on what works. Among the examples we looked at, many lessons have emerged and were shared during the research, although standardized good practice does not yet exist within this diverse sector. However, five key operational issues stand out as critical to get right in each context.

Figure 3: Five Priority Operational Issues
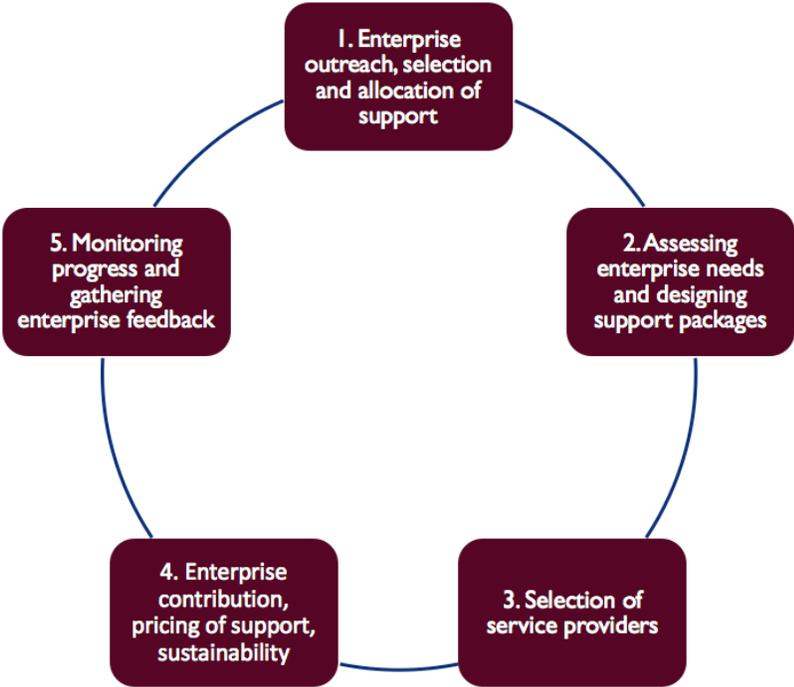
1) Outreach, Selection and Allocation of Support

Providers of advisory support either have a pre-selected portfolio of clients to whom they allocate support or they need to create a portfolio through outreach and selection.

For those with an existing portfolio such as impact investors providing advisory support alongside investment, allocation of support is either done equally to all clients or differentially, with some getting more than others. Equal allocation is easy and transparent, but may not be the most effective. Differentiating the level of support between clients enables interventions to be targeted to those likely to make good use of it; predicting additionality, however, can be hard in practice.

Support providers that create a portfolio of advisory clients through outreach and selection, such as accelerators, need to carefully design such processes. Reaching the 'right' clients, most in need of the support, most able to absorb it and best suited to the provider's objectives is difficult and can be resource heavy. We have identified the following trends and lessons related to outreach, selection and allocation of support:

- There is some evidence that selectivity pays off, yet investment into selecting the right clients' needs to be in balance with volume/value of support.

- A range of tools are used to recruit clients, from referrals by existing clients to 'cold calls' (finding and contacting entrepreneurs on the web or via social media), with varying levels of usefulness.

- Inclusive businesses that apply for advisory support are not necessarily those that will most need or value it. Some inclusive businesses become experts in applying for support across programs, while others may miss out because they are not as well-positioned or practiced.

- There is a risk, particularly for donor-funded programs with specific development objectives, that true needs of inclusive businesses applying or selected do not match donor objectives for the support. In other words, applicants may think any free support is better than nothing, but in reality, their most urgent needs may not be addressed by what the program offers.

2) Assessing Client Needs and Designing Support Packages

Matching client needs to the support offer emerged as one of the most important aspects of ensuring effective support in the interviews we conducted. Tools for assessing needs ranged from intense, but unstructured, dialogue between clients and support providers to structured tools, like application and assessment forms, often used in combination. However, understanding needs is not simple and a range of different issues need consideration.

- Entrepreneurs may have a too narrow or incorrect perception of what they need, so self-assessment alone is not ideal. For example, many think capital is their biggest and most immediate constraint and whilst this may be true for some, often this turns out to be not the case.

- Needs assessments require a certain skillset and approach. They are time consuming but beneficial and indeed already an indirect way of providing support. Some support providers are better placed to undertake needs assessments than others.

- Needs are not static, so once understood, they need to be addressed rapidly and then need to be assessed again.

- Capacity to absorb support should be assessed. If there is insufficient client commitment or management time to use the support, it is wasted.

While flexibility is important to adapt the service offering to enterprise needs, clarity is also important. Clarity on what is and is not provided should reduce the risk of deploying support to enterprises that cannot make good use of it. As the landscape of support gets more crowded, it is ever more important to clarify what services fit where.

3) Selection of Service Providers

Service providers can be internal or external to the organization managing the overall support offering. For example, internal providers can be program staff managing a specific donor program and external providers refers to other experts (organizations or individuals) contracted to provide specific elements of support to individual clients or groups. In practice, there is often a mix of both, with support from hands-on fund/program managers combined with external expert input.

- Support provided by internal management teams may be classified as 'management' not advisory support, but it is often critical to the success of support provision. Internal providers have the benefit of developing longer-term relationships with clients and offer a degree of flexibility that external providers do not. The skills of internal staff therefore matter, even in a model where advisory input is sourced externally.

- Finding the 'right' external provider is equally critical, both with respect to skills and expertise but also regarding fit and relationship with the client.

- Support providers often employ a mix of local and international external service providers. International providers have invaluable expertise but can lack context and ways of working that are effective. Many providers seek to develop local support capacity and involve clients in the selection process.

4) Pricing of Support and Sustainability of Model

Pricing of support emerged as a live topic of discussion with practice evolving fairly rapidly amongst some providers. Current pricing options range from free support, in-kind match funding, financial match funding, a percentage share of an investment, equity stake or fee-based services (full, commercial or subsidized).

- There is an increasing desire and gradual trend towards greater client contributions as this can increase buy-in and therefore chances of success. However, there is also appreciation that those who most need the support may not be able to pay. For this reason, new pricing models have been developed such as 'deferred payment' models.

- There is growing interest in creating a more sustainable ecosystem for advisory support. Ultimately this may mean financing models that are less dependent on donor funding. Concerns are also expressed that advisory support paid for by donors and not recipients distorts the market and makes it difficult for other support providers to build a commercial market for such services.

5) Monitoring Progress and Gathering Client Feedback

Monitoring progress and client feedback on the advisory services provided is critical for support providers to verify if their service offering is demand driven, meets client needs and is progressing in line with expectations. Models used across providers range from measurement of core quantitative metrics, to gathering of client feedback and use of standardized assessment frameworks.

- Clients may have incentives to not be entirely frank in their feedback. Providers need to know clients well in order to understand the significance of their feedback. For these reasons, feedback is often also sought from other key stakeholders involved in the support provision and where possible anonymized reporting mechanisms can increase likelihood of honest reporting.

- Cost and time spent on reporting activities should be proportionate to the usefulness of the support provided although monitoring progress over time is valuable.

- The limited sharing of lessons amongst support providers means there is little known about norms for client satisfaction or good practice.

The Value and Effectiveness of Advisory Support

Based on the currently available evidence, we have to conclude that it is not, at this point, possible to adequately assess the results, effectiveness and value for money of advisory support. While data availability on results is growing, leading support providers in the space are not yet able to judge the value for money of deploying resources into advisory support versus other uses. Shared methods and data will be needed across the sector to do this. There is already growing interest in understanding the parameters of results and effectiveness, and developing tools to assess them. Some are starting to try to compare effectiveness of different approaches and there is much more to be done on this.

One of the key objectives of advisory support is to get more clients to success and scale more quickly. For many support providers, the fundamental rationale for providing non-financial support is to help their clients tackle obstacles more effectively, speed up progress and achieve greater scale. Only a share is expected to succeed commercially and a smaller share to truly scale. The implicit assumption of many support providers is that advisory support is more effective than giving the cost equivalent in cash. There seems to be strong commitment to and acceptance of, this rationale, but measuring it is difficult because it implies improvements in pace and quality compared to a counter-factual that cannot be measured.

Given the logic that underpins most provision of advisory support, indicators of 'success' at different points in the chain could be:

- Support is used and valued by clients (adoption of new approaches, feedback scores).

- Improvements in enterprise operation or capacity (skills enhanced, systems working).

- Accelerated progress in business viability or growth (profit, revenue or investment rates).

- Expanded delivery of development impact (value and reach to low-income people).

We have identified five key issues that hinder the current understanding of effectiveness:

- There is some correlation between inclusive business success and advisory support but this does not prove causation.

- The timing of measurement can affect the results with clients likely to rate usefulness differently if it is measured immediately after support is provided or some time later.

- Support is often provided to high-risk clients, with an expectation that more will survive thanks to the support, but there is no benchmark or counterfactual for failure rates.

- It is challenging to distinguish between the impact of advisory support and financial support if both are provided at the same time.

- There are no standardized metrics and different perceptions of what success means by different stakeholders.

Some of the existing data reveals useful insights about circumstances under which support is more effective, but little is conclusive so far. For example, there are findings that cohort-based support is more useful to earlier stage inclusive businesses; that accelerators should not take clients away from their business too long, particularly for more mature clients; and that getting the timing of support right matters considerably.

Moving Forward: Challenges, Collaboration and Development of an Ecosystem

Our research illustrates that each support provider faces their own set of issues as they refine their approach for greater effectiveness. However, we can also see some trends and rising challenges that face the sector as a whole. We have identified seven topics, which are gaining—and require—attention.

1. **Proportionate, useful needs assessments:** Identifying needs effectively and matching support to them, without disproportionate investment in needs assessments and sourcing.

2. **Value for money:** Going beyond client satisfaction to assess overall returns to the investment in advisory support. Ideally, this would reflect additional business success or development impact that is spurred by advisory support, and how that compares to alternative uses of any subsidized input.

3. **Client perspectives:** We have little evidence on what the thousands of recipients of advisory support think of its value and how it could be improved.

4. **Exit strategy:** Few providers have clarity yet on the point at which to withdraw support, whether this is because the business failed, thrived or moved on to a different type of support.

5. **Scalability:** How to increase the scalability and replicability of high-touch engagement, given high touch normally means high cost.

6. **Market sustainability:** Evolution of a sustainable quality market of advisory support, with

diminishing dependence on grant finance in the long term and increasing incentives to drive quality of provision.

7. **Collaboration across diversity:** Increased collaboration and exchange between diverse support providers, for joint learning and less reinvention of the wheel.

Some of the challenges could be addressed through more collaboration and knowledge exchange between support providers. Potential areas for collaboration include:

- Sharing experience on what works and what does not in both providing support and measuring outcomes of support;

- Investing in gathering client feedback at greater scale and depth;

- Coordinating efforts to test the effectiveness of different models;

- Collaborating on research on the value and impacts of advisory support;

- Supporting ecosystem initiatives that address quality of support; and

- Supporting and testing innovations in pricing and financing that can lead to increased sustainability.

Advisory support is at the point where we can begin to refer to it as a sector or ecosystem. Based on the findings in this report we can reasonably expect continued diversity, experimentation and ongoing professionalization by providers, and perhaps in due course, some consolidation around what works. The phase of investing in the sector, rather than in direct support provision, has only just begun. Going forward, growing attention will likely be focused on whether and how structural challenges can be addressed to help ensure high value from and a sustainable ecosystem of advisory support.

1. Introduction

- *There is an increasing number of organizations that provide non-financial or advisory support to inclusive businesses, as it becomes evident that they require 'more than money' to succeed and reach scale.*

- *This report aims to take stock of the evolving ecosystem of advisory support by mapping the current landscape, teasing out the trends and highlighting lessons that have been learnt to date.*

- *It draws on insights and findings from a review of the existing literature, a mapping of organizations working in this space, in-depth analysis of 65 such organizations as well as interviews with 21 experts and support providers.*

1.1 Context: The Rise of the Advisory Support Ecosystem

A new clock is counting down towards 2030 with the Sustainable Development Goals as an audacious target. While the private sector is expected to play a significant role in moving towards the goals, there is also growing recognition that this will likely not happen by itself. More inclusive businesses need to engage, and more need to succeed and scale, to create new trajectories that deliver progress. Crucial to making that happen is the landscape of support that exists around inclusive business and its evolving nature.

Among providers covered in this research, there is broad consensus that inclusive businesses need more than money to overcome the challenges on the path to scale. Many organizations providing support to inclusive businesses deploy funds - grants, awards, debt, equity. However, not far behind, has been a growing range of non-financial support mechanisms for entrepreneurs and innovators that seek to scale their solutions. The main driver of this growth is recognition that businesses delivering development impact are scaling slowly, navigating multiple challenges and that a range of types of non-financial support can help.

The rise of non-financial support to inclusive businesses is taking place at the interface of four main trends:

1. **Inclusive businesses are a growing phenomenon – with an evolving support landscape**. In recent years, the number of enterprises that target development impact in low-income markets alongside commercial objectives has grown exponentially. With such enterprises, an ecosystem of organizations has emerged with the mission to support them. Traditionally, this ecosystem has focused on providing financial support to these enterprises. It is constantly evolving, however, and it is a messy landscape with no one cohesive community nor one history.

2. **It takes more than money to bring inclusive businesses to scale.** Success at scale is slow and scarce for inclusive businesses due to the unconventional markets and complex business environment that they operate in. A good idea plus finance and several years is not necessarily enough. Low-income markets are hard to secure or require transaction costs that cannot be supported. Business models that can scale need multiple iterations, talent is hard to secure and retain, and policy and regulation can constrain innovation growth. To support inclusive businesses navigate their route to

scale, money is not enough. A growing number of non-financial, advisory support providers help speed or secure their path to sustainability and scale.

3. **There is growing investment in the support ecosystem.** Leading players in the space are recognizing that developing the ecosystem for inclusive businesses to thrive is as important as direct business support. Providers such as **Shell Foundation, the Argidius Foundation and USAID's PACE (Partnering to Accelerate Entrepreneurship) Initiative** are making investments to develop the ecosystem for inclusive business support.[1]

4. **Tools are being applied from mainstream business and from tech startups.** Approaches to support inclusive businesses have borrowed and evolved from classical business thinking about enterprise growth strategies at different stages, from Silicon Valley approaches to incubation and acceleration, from donor programs that focus on scaling strategies at the Base of the Pyramid (BoP) and from new thinking about innovation pathways that help to generate innovation and translate it to market practice.

BOX 2: AUDIENCE FOR THIS REPORT

The primary audience for this report includes organizations that make up the ecosystem of support for inclusive businesses, including the providers of advisory support, as well as stakeholders who seek to support inclusive businesses in other ways. This publication should be particularly useful for those looking to set up new organizations or develop new tools for delivery of support.

1.2 Rationale for Research and Objectives of this Report

Different types of non-financial support are provided by a range of organizations. The landscape of support providers, however, is far from being organized and clear: very little public information exists on what works and what does not. This is not surprising as initiatives are nascent: out of the 65 support providers analyzed in our desk-based mapping, 53 were founded less than 15 years ago. Of those, 40 are less than ten years old and 24 even less than five. A list of organizations reviewed is included in the annex.

Across existing literature on the topic, the lack of alignment of methods and lack of information about results and impacts is widely emphasized.

> *"Despite the existence of hundreds of programs around the world, we currently know little about their effectiveness or how differences across programs and models influence entrepreneur performance."*[2] — *Global Accelerator Learning Initiative (GALI), 2016*

The definition and understanding of 'what works' also differs depending on the support provider. Those that come from a not-for-profit background tend to take a less commercial view than, for example,

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1 Harvey Koh, Nidhi Hegde, and Ashish Karamchandani, Beyond the Pioneer, Getting Inclusive Industries to Scale, (Mumbai: Monitor Deloitte, 2014), accessed June 2017, https://www.rockefellerfoundation.org/report/beyond-the-pioneer-getting-inclusive-industries-to-scale/

2 Peter W. Roberts, et al. What's Working in Startup Acceleration Insights from Fifteen Village Capital Programs, (Atlanta; Emory, Washington D.C.: ANDE, Village Capital, 2016), accessed June 2017, https://www.galidata.org/publications/whats-working-in-startup-acceleration

venture capital or private equity investors. With very little public knowledge about the effect and best practices of advisory support provided, there is a risk that programs 're-invent the wheel' and are inefficient or waste resources.

BOX 3: REPORT METHODOLOGY

The methodology for this report is a combination of a literature review, a high-level mapping of organizations that provide advisory support services to inclusive business and in-depth interviews with experts and selected service providers.

Literature review

At the beginning of the research phase, we conducted a comprehensive literature review to extract documented knowledge about different models and good practices on how to provide non-monetary, advisory support services to inclusive businesses. This approach helped us understand existing content and evidence in the field as well as identify trends and potential gaps.

Organizational mapping and analysis

We carried out an organizational mapping and analysis to identify the most prevalent models, as well as upcoming and innovative approaches, to provide advisory support.

Organizations were mapped across all organization types and from a wide range of geographies. Sixty-five organizations were identified for in-depth analysis, from an initial long-list of 206. The short-list represents all organization types delivering non-monetary support, across all geographies and sectors.

Interviews and cross-cutting analysis

Interviews with 21 experts and support providers were conducted to obtain first hand views beyond what is available in the existing literature.

List of organizations interviewed (see Table 1)

Acumen Fund, African Management Initiative, The Aspen Network of Development Entrepreneurs and Global Accelerator Learning Initiative, Argidius Foundation, Global Impact Investing Network, Global Development Incubator, Grassroots Business Fund, IDEO Amplify, Intellecap, Open Capital Advisors, RippleWorks, Singularity University, SPRING Accelerator, TA Facility of DFID Impact Programme (managed by CDC), USAID- LAUNCH/SecondMuse, USAID- Partnering to Accelerate Entrepreneurship Initiative, USAID- Powering Agriculture, USAID- Securing Water For Food, USAID- Saving Lives at Birth, Yunus Social Business

Caveats

This report does not represent a comprehensive evaluation of advisory support to inclusive businesses. Findings are not statistically significant and are primarily based on self-reported data of support providers.

Table 1: Sample of Organizations Mapped and Interviewed

Support Providers	Organizations Mapped*	Interviewees**
Incubator	10	2
Accelerator	13	2
Program & Facilities	21	7
Impact Investors	20	4
Consultancies	10	2
Experts	—	3

*65 in total, 7 double counted, 1 triple counted
**21 in total, 1 double counted incubator/accelerator

USAID's primary objective to commission this report was to inform its own strategy and program implementation, but also to contribute to thought leadership on current knowledge and insights around the topic. The specific objectives are to:

- **Generate an overview of the landscape of advisory support.** Who is providing it, what are they providing, to whom and why? What modalities are employed and why?

- **Identify trends and lessons learned** about implementation of support at different parts of the design and implementation process.

- **Identify the status of assessing the effectiveness and impacts of support provided,** drawing on existing data and literature.

Hence, this report seeks to take stock of the landscape, tease out trends and highlight lessons that have been learnt to date. Unusually, in the small but growing literature in this field, we focus particularly on how advisory support is being implemented and the models, mechanisms and processes used. Our review of the literature and scores of initiatives, plus interviews with 21 advisory support providers, focused particularly on 'what's working' and 'why'.

1.3 Scope and Definitions

The focus of this report is on 'more than money' support to inclusive businesses - i.e. non-financial or advisory support (see Figure 4). This type of support, however, is often provided alongside financial support, pre-dates it or complements it. In fact, the lack of clear-cut boundaries and definitions is a feature of the landscape we identified. The report embraces the full spectrum of acceleration and technical assistance, much of which is advisory support.

There is no single ideal term to use, so we refer to 'advisory support' as an umbrella term, to represent the 'more than money' input on which we focus. The aim of the support is usually successful growth of an enterprise. This in turn may be a means to other ends, whether it is a return on investment, scaling innovations or sectors or delivery of social impact. There is also no clear term used for organizations that provide advisory support, so we have chosen to simply call them 'support providers'. Box 4 explains this further.

BOX 4: TERMINOLOGY: ORGANIZATIONS THAT PROVIDE ADVISORY SUPPORT SERVICES

During our research, we encountered many ways to describe organizations that provide non-monetary support to enterprises. Some use the name 'technical assistance (TA) providers', others speak of 'business development support (BDS) providers'. We refer to 'organizations that provide advisory support' or 'support providers' to emphasize the holistic nature of the non-monetary support services, which often go beyond narrow interpretations of 'technical support' and includes referrals and brokering linkages with ecosystem stakeholders. While 'support provider' refers to the organization or program that offers the support, 'service provider' refers to the organization or expert that directly interacts with the client and implements the advisory support. In some cases, one organization may do both.

Our focus is on organizations providing support to enterprises that seek a development impact with innovative approaches. In drawing lessons from experience, we have cast a wide net. There is no one consistent term that is used to describe such enterprises. Different terms are used by different organizations, the most common being 'social enterprises' and 'impact enterprises'. However, often, support provided is not limited to enterprises in the strictest sense of the word. Some organizations target NGOs or academic institutions that seek to commercialize solutions, for example in the case of USAID through its **Grand Challenges for Development initiative**.[3] Therefore, to capture the range of organizations receiving support, we use 'inclusive business' as an umbrella term.

The geographic focus of our analysis was primarily on Sub-Saharan Africa and South Asia, with some inclusion of examples from other Southern regions and Latin America to show variation. Innovative approaches focusing on inclusive business development in developed countries were not prioritized in scoping this report.

BOX 5: TERMINOLOGY: ORGANIZATIONS THAT RECEIVE ADVISORY SUPPORT SERVICES

When speaking to advisory support providers, you hear many different names for their clients. Depending on their nature, some call them 'investees' or 'grantees'. Others refer to 'businesses', 'entrepreneurs' and 'innovators' reflecting their different kinds of approaches and foci. For this report, we decided to use the term 'inclusive businesses' to cover all organizations that pursue a business approach to include those in poverty, creating commercial and social value in low-income markets. Inclusive businesses can be run by social entrepreneurs, NGOs, SMEs or large corporations and they can be at any stage of growth—from idea to scale.

In some cases, we refer to organizations that are not covered by our definition of inclusive business. For example, some support providers work with organizations that operate in low-income markets but do not have an explicit development focus. In such cases, we simply use the term 'enterprise'. Where the focus is on support to individuals, we use the term 'entrepreneur' and/or 'innovator'.

We use the term 'clients' interchangeably for all organizations or individuals receiving advisory support.

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3 For further information see for example https://www.usaid.gov/grandchallenges

Figure 4: Research Scope

Provided by….

Organizations that Enable Enterprise Growth

Non-Financial Support

Finance

Advisory Support

Publicity

Physical Space

Core BDS

Brokering Linkages

Inclusiveness & Innovation

● = focus of this report

● = not core focus of this report

● = not addressed in this report

Provided to….

Inclusive Businesses: Enterprises with Innovation & Development Impact

Impact

**Impact of Support:** Commercial viability/enterprise growth, greater development impact of enterprise, scaling of a solution

Impact of Enterprise: Contribution to development solutions, e.g. jobs, healthcare

1.4 Structure of the Report

This report is structured along five sections. Chapter 1 introduces the context and rationale of the report and outlines the scope of the research. Chapter 2 introduces the landscape of advisory support providers and delves into the actual support services provided, summarizing topics covered and mechanisms used. In chapter 3, we highlight the most relevant operational issues related to support provision. Chapter 4 discusses evidence on effectiveness and value of advisory support and chapter 5 puts findings into context and draws out conclusions, plus recommendations for the support ecosystem. Additional information is provided in the annexes of the report.

Figure 5: Structure of the Report

Chapter 1: Introduction
- Context and rationale of report
- Research scope

Chapter 2: The Landscape of Advisory Support
- Who provides support? Why? To whom?
- Topics covered, delivery mechanism
- Duration and timing

Chapter 3: Priority Operational Issues
- Outreach and selection
- Needs assessment
- Provider selection
- Pricing and sustainability
- Monitoring progress and gathering feedback

Chapter 4: Results, Evidence, Effectiveness and Value
- Understanding of and evidence on value and effectiveness of advisory support

Chapter 5: Conclusions and Implications
- Trends and challenges
- Implications & recommendations for support ecosystem

2. The Landscape of Advisory Support

- *We have identified five broad categories of support providers in the diverse landscape – incubators, accelerators, programs and facilities, impact investors and consultancies, although definitions are neither strict nor universal.*

- *Their primary objective and their target group vary across support providers and these can determine what types of support are provided, what topics they focus on and how the support is delivered.*

- *The two broad types of support provided are core business development services (BDS) and services that go beyond. Core BDS services include, for example, business planning, financial management, human resources and logistics or marketing. Services that go beyond core BDS include more specialized support such as investment facilitation, strengthening relationships across the ecosystem or inclusive business model development.*

- *Support is delivered using a range of core tools that include one-to-one support, face-to-face cohort events, online courses, as well as referrals and brokering linkages.*

- *Cross-cutting lessons are emerging on good practice in advisory support service provision, including the importance of tailoring advisory support to client needs, long-term relationships, flexibility in timing of service provision, the facilitation role of service providers and the combination of different tools to ensure a holistic service offering.*

2.1 Providers of Advisory Support

The landscape of organizations offering support is diverse and growing, ranging from publicly funded programs to commercially oriented impact investors and consultancies.

We have grouped organizations into five main categories: 1) incubators; 2) accelerators; 3) programs and facilities; 4) impact investors; and 5) consultancies.

Figure 6: Types of Support Providers

Incubators	Accelerators	Programs & Facilities	Impact Investors	Consultancies

2.1.1 Incubators

The idea of 'incubating' entrepreneurs through shared office space and other support services dates as far back as the 1950s.[4] The concept however first picked up in the 1980s and has since been widely adapted as a vehicle for entrepreneurship and for small and medium enterprise (SME) support. These support providers typically help early stage entrepreneurs to nurture ideas and develop them into business models. Many different types of organizations are driving the development of incubators, including universities, corporations, investors, public and commercial ventures, and, as a result, the funding model often varies. Support provided can be ongoing or cohort-based and can be delivered virtually, in-house or in a combination of the two. For example, **Ashoka** provides network based virtual co-working and mentoring, whereas the incubator program at **Singularity University** is based on entrepreneurs being physically present in an office space throughout the duration of the program.

BOX 6: VARYING DEFINITIONS OF INCUBATORS AND ACCELERATORS

The terms 'incubator' and 'accelerator' are not applied consistently by organizations and definitions vary across literature. Three types of differentiation are typically referenced, as listed below.

Stage: Some see incubators as targeting the earliest stage inclusive businesses (enabling an idea to take root), while accelerators support those at growth stage (growing markets and revenue).

Type of support: Others link incubators with their approach, especially co-working spaces and low touch entrepreneurship services (usually not time bound), whereas accelerators are defined by high-touch structured support targeting a cohort for a fixed duration.[5]

Objective: Another way of describing the difference is that incubators protect entrepreneurs from the real world to give them safe space to develop an idea, while accelerators help them engage with the real world in order to fail fast or grow fast.[6]

In this report, incubators are understood as more early-stage than accelerators and generally more bound to physical facilities and open-ended support than accelerators (see Table 2). The mapping process of advisory support-facilities has however included many gray-zone examples, with organizations that self-identify using a different term than our category.

2.1.2 Accelerators

In the last decade, the term accelerator has emerged as a parallel concept alongside incubators. The 2016 **Global Accelerator Learning Initiative (GALI)** survey of 83 accelerators shows that nearly 80% of respondents launched their first accelerator program after 2010.[7] The use of the term has however

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4 "Welcome to the City of Batavia", accessed June 2017. www.batavianewyork.com

5 For example, Paul Miller and Kristen Bound, The Startup Factories – The rise of accelerator programmes to support new technology ventures, (London; Nesta, 2011), accessed June 2017, www.nesta.org.uk/sites/default/files/the_startup_factories_0.pdf

6 Conner Forrest, "Accelerators vs. incubators: What startups need to know," Tech Republic, November 17, 2014, accessed June 2017, http://www.techrepublic.com/article/accelerators-vs-incubators-what-startups-need-to-know/

7 The Global Accelerator Learning Initiative (GALI) has launched a database that collects and analyses data on accelerators and the ventures they support: "Global Accelerator Learning Initiative", accessed June 2017, https://www.galidata.org/

not been consistent. Some use it interchangeably with incubators, while others see accelerators as distinct from incubators, but do not necessarily agree on what the distinction is (see Box 6 for more detail). The primary objective of accelerators is to accelerate the growth of existing businesses. Acceleration support can be provided at any growth stage depending on the support provider, and is often, though not always, delivered over a fixed period. Some accelerators focus on supporting specific sectors or topics. For example, **Village Capital's FinTech programs** focus on ventures with technology solutions to increase access to and affordability of financial services for consumers and small businesses.

2.1.3 Programs and Facilities

Reflecting a shift in development discourse towards market-based solutions to address poverty, a range of donors and foundations have set up programs and facilities that support inclusive businesses at varying stages of growth, and are funded from public or philanthropic sources.[8] These programs are typically time bound and include challenge funds, venture philanthropy, awards and grant programs. For example, in 2014, **NESTA** identified 51 ongoing social venture competitions.[9] Donors accounted for spending $1035.3m[10] (£850m) on challenge funds since the late 1990s (2014 data).[11] For example, the **UK Department for International Development (DFID)** has invested in multiple challenge funds, while these initially focused on traditional grants, starting in 2010, DFID piloted the **Business Innovation Facility (BIF),** its first program to provide solely advisory support to inclusive businesses to test the value of this approach. DFID now incorporates advisory support into a number of its challenge funds and similar programs.

2.1.4 Impact Investors

The impact investing space has gained momentum in recent years and attracts money from a wide variety of investors, including private foundations, fund managers, development finance institutions (DFIs), pension funds, angel investors, NGOs and religious institutions.[12] Reflecting a growing sector, the database **ImpactBase** has more than 2,600 accredited investor subscribers, as well as more than 400 investment products across diverse asset classes and geographies.[13] These investors can range from individual angel

investors to established funds. Impact investors invest in inclusive businesses in order to generate a social and environmental impact alongside a financial return. While the core focus for impact investors is on providing capital, typically to growth-stage businesses, they are increasingly offering advisory support

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8 Various studies have tracked this development. A 2014 report from ODI, for example, studies how donors are increasing support for impact ventures. Andrew Rogerson. et al. Why and how are donors supporting social enterprises?, (London; Overseas Development Institute, 2014), accessed June 2017. https://www.odi.org/sites/odi.org.uk/files/odi-assets/publi-cations-opinion-files/8894.pdfA recent report by the Donor Committee for Enterprise Development also highlights the development: Donor Committee for Enterprise Development (DCED), How to create an enabling environment for inclusive business?, (London; Donor Committee for Enterprise Development, 2016) accessed June 2017, http://www.enterprise-develop-ment.org/wp-content/uploads/DCED_Creating_An_Enabling_Environment_For_Inclusive_Business.pdf

9 Paul Miller and Jessica Stacey, Good Incubation - The Craft of supporting early-stage social ventures, (London; Nesta, 2014), accessed June 2017 http://www.nesta.org.uk/sites/default/files/good_incubation_wv.pdf

10 Based on an exchange rate of £1=$1.22 calculated in March 2017

11 The EPS PEAKS reports provided a comprehensive overview of the landscape and development of challenge funds. Adam Brain, Nilima Gulrajani and Jonathan Mitchell, Meeting the challenge: How can enterprise challenge funds be made to work better, (London; EPS PEAKS, 2014), accessed June 2017, http://www.geg.ox.ac.uk/sites/geg/files/How%20can%20enterprise%20challenge%20funds%20be%20made%20to%20work%20better.pdf

12 "The Global Impact Investing Network", accessed June 2017, Thegiin.org

13 "What is Impact Base?", accessed June 2017, www.impactbase.org/

to their investees or linking them to such support from others, ranging from informal mentorship to structured and comprehensive programs. This can include pre-investment support in order to drive the

pipeline of investable businesses, though the majority is post investment, for both company and portfolio growth. We heard that in some cases investors have stepped in to provide technical assistance themselves because they find the market is not providing a satisfactory service for their clients, while for others it is a core part of their skill set and approach to cultivating a successful portfolio and managing risk. While many investors recognize the need for 'more than money', the 'how' and 'how much' is still evolving, with organizations such as **Acumen Fund** and **Omidyar Network** providing thought leadership in this space.

2.1.5 Consultancies

Supporting inclusive businesses has become a business niche across the consulting landscape, ranging from units in multinationals (sometimes tied with pro-bono activities) to specialized consultancies such as **Hystra**, a global consulting firm that aims to design sustainable and scalable business strategies for the BoP, as well as independent consultants. Many of these are based in developed countries or are driven by expats, but exceptions are emerging such as **B-Space** in Uganda.[14] Some consultants operate commercially, while others are linked with donor programs. As a response to the lack of capital to pay for consultants among early stage inclusive businesses, some interesting models are emerging based on deferred or success fees (see more in section 3.4). While various studies document incubators, accelerators, programs and facilities as well as impact investors as advisory support providers, consultancies are often only mentioned as a side-note in ecosystem studies focusing on inclusive business support.

Table 2 summarizes key characteristics and examples of each category of advisory support providers.

While the five categories each have specific characteristics, we also find a high degree of variation within categories and blurred boundaries between categories. Various donor-funded programs aim to accelerate inclusive businesses but would not necessarily fall into the traditional definition of an accelerator. Some foundations and venture philanthropists provide a mixture of grant and risk capital to investees and straddle the programs and investor categories that we use. Incubators and accelerators are especially subject to varying definitions as outlined in Box 6 above.

There is also another emerging set of providers of advisory support that do not fit into the five categories mentioned above. Many of these can and have developed initiatives that can be classified under one or more of the categories but they also provide support in other ways that do not fall into any of them.

Corporations, for example, are developing initiatives with elements of support in developing countries, including corporate volunteering programs or innovation initiatives reaching out to inclusive businesses, which include advisory support elements (for example Philips Innovation Hub in Kenya). At least three different drivers can build a corporation's involvement: CSR; improving the core business model (for example sorting problems in a supply chain); or supporting innovation outside of the core business, keeping a foothold on the cutting edge without internalizing it too early.[15]

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14 B-Space Uganda Development has been supported by Dutch Inclusive Business Accelerator. "Welcome to B-Space", accessed June 2017, bspace.co.ug

15 Christina Tewes-Gradl, Sarah Worthing and Aline Menden, Capturing BoP Markets, (Berlin; Endeva, 2016) accessed June 2017, http://www.endeva.org/publication/corporateimpactventuring

Table 2: Categorization of Organizations Providing Support

Main Category	Typical Characteristics	Illustrative Examples
Incubators	• Incubate ideas that are developed into business models • Typically, in one geographic location • Often include co-working space • Typically focus on early stage small local companies or startups	• **Villgro** (focuses on early-stage, innovative inclusive businesses) • **Ashoka** (network based virtual co-working and mentoring) • **Unltd Indonesia/ Unltd India** (incubates projects at idea stage/very early stage)
Accelerators	• Accelerate growth of existing companies • Usually set program over a few months (fixed period), in a cohort • Often include seed funding—grants or more commonly equity stake in the inclusive business • Typically stage supported ranges from early stage to post profit	• **Village Capital** (seed-stage accelerator financed through customers' fees) • **Unreasonable Institute** (customized cohort acceleration programs financed by development partners) • **Unltd K-12/ Y Combinator** (seed funding investment component through partner)
Program & Facilities	• Publicly funded by bilateral or multilateral donors, foundations, etc. • Overarching to deliver development impact via private sector models in low-income countries • Often combine a host of different instruments (for example grants, support, policy level intervention, etc.) • Typically time bound	• **Connect to Grow** (grants + advisory support) • **African Enterprise Challenge Fund** (challenge fund with grant + loan + advisory support) • **SEED** (multi-donor platform with award element) • **Shujog Assistance for Capacity-building and Technical Services** (Program with subsidies and up-front reimbursable payments and guarantees + advisory support element)
Impact Investors	• Investing into companies, organizations and funds with the intention of generating social and environmental impact alongside a financial return • Can combine private investment and public funding • Typical stage supported is growth stage	• **Cardano Foundation** (separate advisory support linked to several investment funds + long-term currency guarantees) • **Acumen Fund** (in-house + external advisory support + patient capital) • **Bamboo Finance** (in-house advisory support + equity) • **Technical Assistance Facility for DFID Impact Fund** (a fund-of-funds with a separate advisory support available for investee companies within the individual funds selected by the fund-of-funds) • **Omidyar Network** (philanthropic investment firm with in-house advisory support)
Consultancies	• Advisory support providers often based in target region • Specific focus on provision of advisory services for inclusive businesses • Are often commercial entities • Typical stage supported includes post-revenue and post-profit if fee-based	• **Open Capital Advisors** (East, Southern and West Africa and links to investors) • **Intellecap** (India and East Africa, creates broad ecosystem of support initiatives)* • **Growth Africa** (East Africa, offer matchmaking with international partners, success based financing model)

* As illustrated through various examples throughout this report, services offered by Intellecap go beyond traditional enterprise consulting services ranging from provision of capital, knowledge services to networks aiming to provide a holistic ecosystem of services required by enterprises.

An increasing number of business schools in developed and developing countries are offering courses focused on social entrepreneurship for both students and professionals. For example, the **Skoll Centre for Social Entrepreneurship** at SAID Business School at the University of Oxford offers a range of events around social innovation and electives such as social finance, entrepreneurial finance and rethinking business for postgraduate students.

These courses are important since they build on existing infrastructure and can be a driver for social entrepreneurship development focused on or in low-income countries. Practical collaborations between universities and support providers also exist; for example, the consultancy **Open Capital Advisors**, based in Nairobi, has developed partnerships with local universities to support the recruitment of business analysts. Business schools in developed countries are also reaching out to students and professionals to engage them around social entrepreneurship.[16]

Traditional NGOs are also increasingly supporting inclusive businesses, often focusing on specific sectors and/or elements of inclusion. Some integrate inclusive business training elements in their general program activities (for example, related to refugee entrepreneurship, female entrepreneurs or agri-business), while others are developing spin-off consultancy type services for inclusive businesses. **Practical Action** is an example of an NGO that has taken up this type of activity.[17]

Holistic sector initiatives such as the **Global Alliance for Improved Nutrition (GAIN)** or **Lighting Africa** include advisory support as a support component among much wider activities. These represent the sentiment that just providing direct support is not enough, rather, it needs to be given in combination with wider 'fixes' in the value chain like activities to foster an enabling policy and regulatory environment through engagement with government.

2.2 Similarities and Differences Across Support Providers

Support providers differ in the objectives that drive their advisory support, the target group of enterprises they seek to serve and in the tools that they deploy.

2.2.1 Primary Objectives

The support providers covered in the research aim to achieve at least one of three improvements in the recipient enterprise: 1) improved commercial performance, including making inclusive businesses investable and profitable; 2) stronger contribution to development objectives through business activities; and 3) enhanced innovation through development and testing of new solutions. The three goals are interrelated, and most support providers have a blend of at least two if not three, but how they are prioritized differs across providers. These nuances are important to understand since they drive advisory support practices as well as selection of potential clients.

Improve Commercial Performance

Commercial performance is, not surprisingly, usually a core objective of impact investors, so long as the

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16 Katie Smith Milway and Christine Driscoll Goulay "The Rise of Social Entrepreneurship in B-schools in Three Charts." Harvard Business Review, February 28, 2013, accessed June 2017, https://hbr.org/2013/02/the-rise-of-social-entrepreneu

17 Parveen Sultana Huda, and Sabrina Shahab, "Facilitating inclusive business models." The Practitioner Hub for Inclusive Business, January 20, 2017, accessed June 2017, http://www.inclusivebusinesshub.org/facilitating-inclusive-business-models

investees clear their 'hurdle' for qualifying as impactful investments. Grassroots Business Fund is investing in inclusive businesses across Africa and Latin America, also providing business advisory support such as financial management, strategy and operations support to all their investee companies.

"What makes these businesses sink or swim is actually quite rudimentary – it's cash flows, it's inventory management, it's cost controls, it's financial systems and controls... the problem is that everyone falls in love with the social thesis and the poverty-reducing potential of business A or business B, but if they run out of cash, they're bust. Simple as that." — Noah Beckwith, independent advisory support expert, 2017[18]

Figure 7: Support Providers' Primary Objectives for Enterprise Improvement
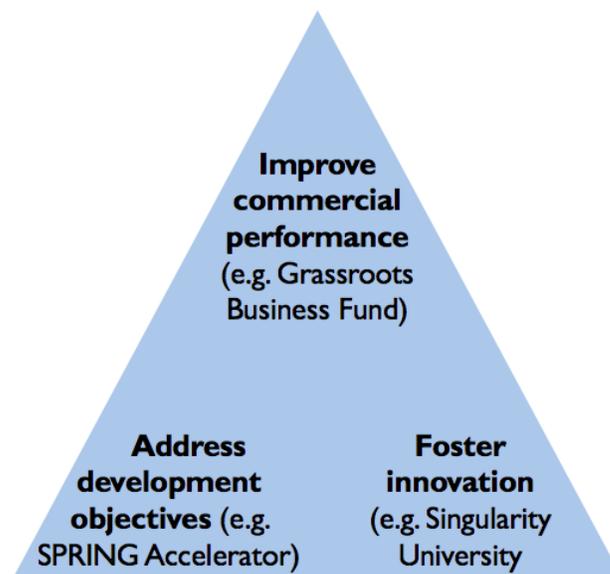
Address Development Objectives

Development impact is the primary objective for many of the donor-funded initiatives, with commercial performance a necessary prerequisite to achieve the desired development impact. It may be a particular type of business or growth that is sought—inclusive growth, gender-sensitive business, environmentally sustainable business. For example, the SPRING Accelerator program (jointly funded by DFID, DFAT, USAID and the Nike Foundation) aims to support businesses that can transform the lives of girls aged 10-19 across East Africa and South Asia.

Foster Innovation

Innovation is a focus for both public and privately-funded initiatives. Multiple **Grand Challenges for Development** seek to scale innovations with development impact through entrepreneurial models and public or non-profit models. For the for-profit innovators and their backers, business growth is the means to scaling the impact of the innovation. For example, **Singularity University** offers a range of programs to help their target audiences understand rapidly spreading technologies and how to apply them to positively impact billions of people. Importantly, if innovation is a core objective, program design needs to support risk taking.

18 Noah Beckwith, independent advisory support expert, conversation with author, December 2016

Support providers that have strong objectives to solve specific development challenges tend to express that in one of two ways:

- **Narrowing the selection of clients, then providing advisory support**: Innovation-driven programs would likely only select inclusive businesses that demonstrate an innovative solution. Development-driven programs may choose to work with inclusive businesses rather than 'normal' businesses operating in developing countries.

- **Working with mainstream businesses but providing tailored support for more inclusive aspects of the businesses**: A development-driven program may work with a conventional business but focus the support on including low-income people into the value chain as consumers or producers, on empowering women or on climate sensitive growth, for example.

In practice, both approaches can be combined. For example, the **SPRING Accelerator** can pursue its objective to empower girls by working with typical inclusive businesses (for example, a solar or water company) to help them develop an aspect of their business model, which disproportionately benefits girls. Alternatively, they can work with inclusive businesses that by nature reach girls (for example, a sanitary pad maker) to grow and improve their business, or they can extend existing business products or services to target girls as a new market.

2.2.2 Target Groups

Most support providers define their target group by their size, stage or both. Sometimes, the support provided targets only individuals – mostly the founders – or is focused on building capacity broadly within an organization. Some also define their target groups by geography or sector.

Size versus Stage

Target inclusive businesses range from startups to multinational companies (MNCs), with SMEs most frequently the primary clients. Incubators and accelerators tend to focus on smaller inclusive businesses. Providers working with MNCs usually focus on smaller, specific initiatives within the corporation instead of focusing on the overall company. For example, the **Intellecap-USAID Collaboration for Impact Facility** aims to facilitate partnerships between large corporations and small inclusive businesses, by helping the corporations to identify a minimum viable product and value proposition to make the case for collaboration with the smaller business.

Support can target clients at any stage, from idea development to replication, with post-revenue appearing to be the most commonly targeted stage across the different types of support providers. However, the different provider categories have different stage priorities (see Figure 8).[19]

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19 A lack of consistent terminology to categorize enterprise stages has become apparent from our organization mapping. For example, organizations often use 'early stage' and 'early stage ventures' when in fact they mean post-revenue or post-profit enterprises looking to scale. Or organizations self-define as 'scaling' but are actually at pilot stage. The term 'growth stage' seems to be ambiguous, so we have refrained from adopting it. The lack of consistent language is particularly apparent between the investment community and other types of support providers. For example, to the investment community a growth stage enterprise will not need an accelerator.

BOX 7: HOW ADVISORY SUPPORT FITS WITHIN THE PROVIDER'S OVERALL APPROACH

While advisory support is the sole or primary intervention offered by some organizations, it is one tool in a toolbox for other organizations. This difference will influence why and how support is deployed – and how the value of support is judged.

Finance first plus advisory support

Traditionally, challenge funds provide grants and impact investors deploy debt or equity. Advisory support has been utilized alongside these main financial mechanisms to strengthen the all-round capability of clients. In these cases, advisory support tends to be secondary to finance, and is used to help achieve viability of the investee. The pool of support recipients is predefined, the purpose of support is clear and the relationship between the investor/grantor and the inclusive business is also well-established through the financial allocation.

Solely advisory support

When acceleration or support is the sole function, the role of the support provider is likely to be supporting inclusive businesses with one step along a pathway: it will want to link its client to providers of finance, and it will need to select them based on who can most benefit from the type of support it can provide. The **Business Innovation Facility pilot** is an example of a program that provided advisory support as its singular offering to inclusive businesses.

Blend of finance and advisory support

Increasingly, support providers intentionally provide both financial and non-financial support: an incubator or accelerator that provides seed money; or a challenge fund that provides grants and support from the start. When organizations provide both financial and technical support, the dilemma will always be where to spend the marginal dollar to achieve greatest investee success.

Advisory support as part of ecosystem support

For some support providers, direct support to inclusive businesses is just one aspect of their work, and is complementary to other engagements. These organizations aim to strengthen the wider industry, market or ecosystem. For example, **Shell Foundation** provides grants, while also intervening in the supply chain, distribution chain and with 'market builders', aiming to unblock scale of impact for its partner inclusive businesses. This reflects ongoing discussion on whether support to individual clients can stand alone in weak markets or whether it needs to be combined with interventions to improve the value chains and business ecosystems in which companies operate.

Figure 8: Types of Support Providers Mapped Along Stages of Target Enterprises
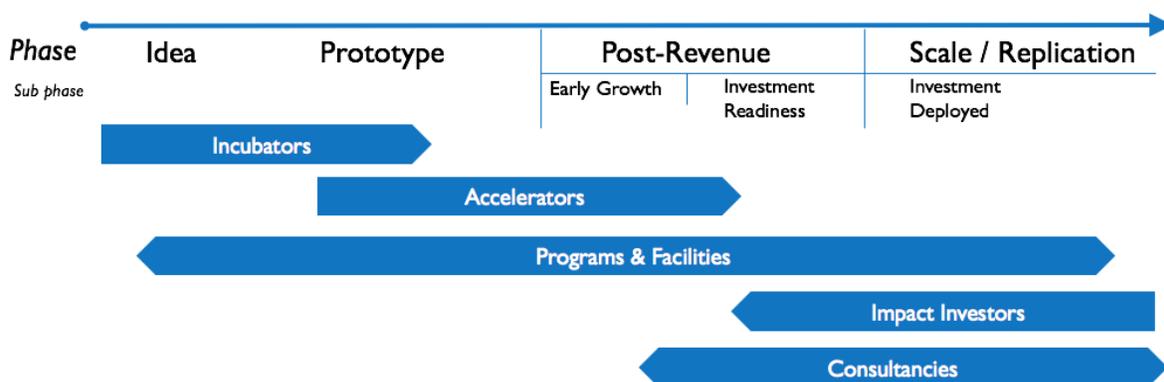
Please note: The common definitions of the main stages (i.e. idea, prototype, post-revenue, scale/replication) do not map one-to-one with the inclusive business needs. In particular, the 'post-revenue' phase seems to be too broad to be useful in this discussion, so we have split it into two phases. Once investment is secured, inclusive businesses fall into the 'scaling/replication' stage, but it should be noted that they still may be pre-profit for some time.

BOX 8: PREPARING CLIENTS FOR INVESTMENT

The investment readiness stage has become an increasing focus of discussion and practice. As the number of impact investors rises, the need to help businesses become investable has become more prominent. Whilst it is argued that there is a clear gap in the market[20], some practical examples of investment readiness support are emerging. For example, some impact investors deploy pre-investment support, while accelerators link up their clients with potential investors. The donor-funded **AECF Connect** is a pilot initiative that supports **Africa Enterprise Challenge Fund (AECF)** clients in raising capital from investors and lenders to extend project impact by ensuring continued financial support from other investors once their AECF-funded projects are completed. Some consultancies, such as **Intellecap** and **Open Capital Advisors**, have developed business models to address this particular gap by working with inclusive businesses to become investment ready.

Targeting Individuals Versus Organizations

To ensure a trickle-down effect within the target inclusive business, support needs to create capacity broadly within an organization. However, smaller clients often have a strong founder or CEO but not many other experienced staff. As a result, support is often focused on a single individual, which can create challenges with regards to availability, as a busy founding entrepreneur cannot always make sufficient time for outside support. Support targeting larger clients often focuses on 'individual innovators' or 'intrapreneurs' within the inclusive business. The emerging focus on 'talent management' as a constraint on enterprise success may lead to a shift in focus away from one or two key individuals and more of an organizational perspective.

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20 Sasha Dichter, Robert Katz, Harvey Koh, & Ashish Karamchandani, "Closing the Pioneer Gap." Stanford Social Innovation Review, Winter 2013, accessed June 2017, https://ssir.org/articles/entry/closing_the_pioneer_gap

While some support services clearly target specific nationalities and/or geographies (for example **Finnpartnership**, which supports cooperation between Finnish companies and inclusive businesses in developing countries) many are, in principle, agnostic to their clients' nationality. The degree that this results in actual diversity varies considerably, with some programs attracting applicants across many countries and others being homogenous.

Relation Between Target Group and Impact

Little is known about the relation between target group and impact. Whether to target local or Western inclusive businesses or whether to support 'top-down' ideas or nurture 'bottom up' community-based solutions is hence a question related to the overall strategy of the support provider.

> *"Many of the current funding opportunities seem to be focused on US applicants and if USAID really desires an outcome of sourcing innovations from the developing countries, they need to figure out ways to connect to people that are working on the ground and connect them with USAID partners on the ground."*[21] *— International Development Innovation Network, 2015*

2.3 Types of Advisory Support Provided

Support providers focus on different themes and types of advisory support depending on their specific objectives and target group. They then use a variety of tools to deliver the support to clients. This section explores the thematic foci and tools used by support providers. It identifies the core and secondary tools that support providers that we have analyzed use for service delivery, and highlights the benefits, challenges and success factors of the four most commonly used tools.

2.3.1 Thematic Focus and Services Provided

Among our sample there is no accepted terminology for describing the focus of advisory support. The closest to a common terminology is business development services (BDS), which tends to refer to core business support. BDS is, however, an extremely broad category, ranging from financial management to human resource (HR) management to market development. Several support providers have defined broad categories within the overall scope of core BDS, while others define advisory support services that go beyond core BDS.

Core BDS

The majority of support providers focus heavily on what can be interpreted as core BDS, irrespective of which term they use to describe it. The **Aspen Network of Development Entrepreneurs (ANDE)** developed a categorization of capacity building services, which separates support into 'internally facing' and 'externally facing' support (see Table 5). This categorization shows that core BDS can include topics on how inclusive businesses operate (e.g. human resources or financial management support) as well as topics on how they interact with markets or engage with clients (e.g. business strategy or sales, marketing and distribution support).

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21 USAID, "Sara Hughes, International Development Innovation Network, Interview" CAT Interview Report (Washington, D.C.; USAID, 2015)

Some support providers like **Open Capital Advisors (OCA)** have developed specific categories around finance or getting clients investment ready (e.g. developing financial projections and budgets or structuring and raising capital).

Beyond Core BDS

A few organizations offer little core BDS because they are specialized support providers. For example, **IDEO.org's Amplify Program** focuses on providing support around human centered design. Other support providers have found that not all of their clients need core BDS. **USAID's Saving Lives at Birth (SL@B) program**, for example, works with innovators that need support to develop scaling strategies, but some are too early in the process of commercialization to need typical BDS. SL@B support typically therefore focuses on strategy development, approach to scale and talent, rather than on accounting, legal expertise or MIS.

Some support providers consider 'strategy' and 'talent' as separate categories of support outside core BDS support. A couple of organizations such as the **Grassroots Business Fund** cover environmental and social governance (ESG) issues as a separate category. Occasionally 'market partnership facilitation' or 'inclusive business' are tagged as their own category, while others may include these within their own definition of core BDS.

Topics Typically Covered by Advisory Support

Given the vast landscape of organizations providing support, it seems difficult to develop a perfect categorization that fits what many providers do. In the absence of that, we slightly adapted the ANDE categorization to summarize the main types of advisory services most commonly observed in five categories below (see Table 3). For each category, we provide a list of services that would commonly fall under this category. Given the lack of alignment there is some level of overlap with certain types of services being relevant to more than one category.

2.3.2 Tools for Service Delivery

The organizations we analyzed use a range of different tools to deliver advisory support services to their clients. We clustered these delivery tools into core tools (most commonly used by organizations) and secondary tools (less frequently used) (see Figure 9).

- **Core tools** include one-to-one support, face-to-face cohort events and online-based support. The tool 'referrals and brokering linkages' tends not to be a core delivery tool, but is increasingly being incorporated into advisory support offerings. Therefore, we decided to specifically highlight this tool.

- **Secondary tools** cover board membership, alumni networks, learning journeys (visiting or spending time with other enterprises), provision of physical working space, staff secondment and prizes or awards. These tools are not analyzed in detail, but some examples are highlighted in Table 5.

While few organizations use all four core tools, many use more than one. Some start with one and add more. For example, Intellecap started with high touch one-to-one support and brokering and is now leveraging digital technology to bring its services online and create a virtual ecosystem (e.g. StartUpWave incubation platform, TRIBE investment platform).

Table 3: Advisory Support Topics Most Commonly Observed Among Organizations

Categories		Topics
Core BDS	Internally facing BDS *(how the inclusive business operates)*	• Human Resources and management training support • Financial management • Financial training and investment preparation • Investment readiness • Administrative, legal and office services • Governance structure • Performance management • Technology adaptation • Management Information System (MIS) development • Monitoring and evaluation capacity
	Externally facing BDS *(how the inclusive business and its products fit in the market, engage with clients and others)*	• General business strategy and planning • Sectoral development • Sales, marketing and distribution support • Value/supply chain development • Product certification • Research or market validation
Beyond Core BDS	Investment facilitation	• Investor matchmaking, profiling • Investor showcases and pitch days • Deal management • Legal due diligence
	Strengthening relationships across the ecosystem *(beyond investment facilitation)*	• Access to advisors • Sales and new business development capacity • Partnership development or brokering with manufacturers, distributors and other B2B partners, donors, civil society organizations, local governments, etc. • Ecosystem engagement (e.g. with public stakeholders to influence regulations and broader enabling business environment) • International marketing (at international conferences)
	Strengthening inclusive and innovative business model components	• Inclusive business model development • Inclusive supply chain development • Inclusive supply chain management • Product development for low-income clients • ESG performance • Impact evaluation

The four primary tools differ considerably in their cost and intensity, the degree to which they can be tailor-made to match client needs, the typical duration and the relevance to inclusive businesses at different stages. A cohort event is usually a matter of days or weeks, while one-to-one support can be weeks, months or, as in the case of mentorship, even years.

One-to-one support is most tailor-made to the needs of the inclusive business, but limited in scale and replicability due to being resource-intensive. Face-to-face cohort events can reach a wider client base, and are inevitably more standardized, though can be designed with optional modules and tailored to cohort needs. Online courses, particularly Massive Open Online Courses (MOOCs), are relatively low-cost but highly standardized. Referrals and brokering linkages tend to be a relatively low-cost addition to the other services that can be both tailor-made (for example, targeted referrals) or standardized (for example, pitch days).

Figure 9: Overview of Primary and Secondary Tools
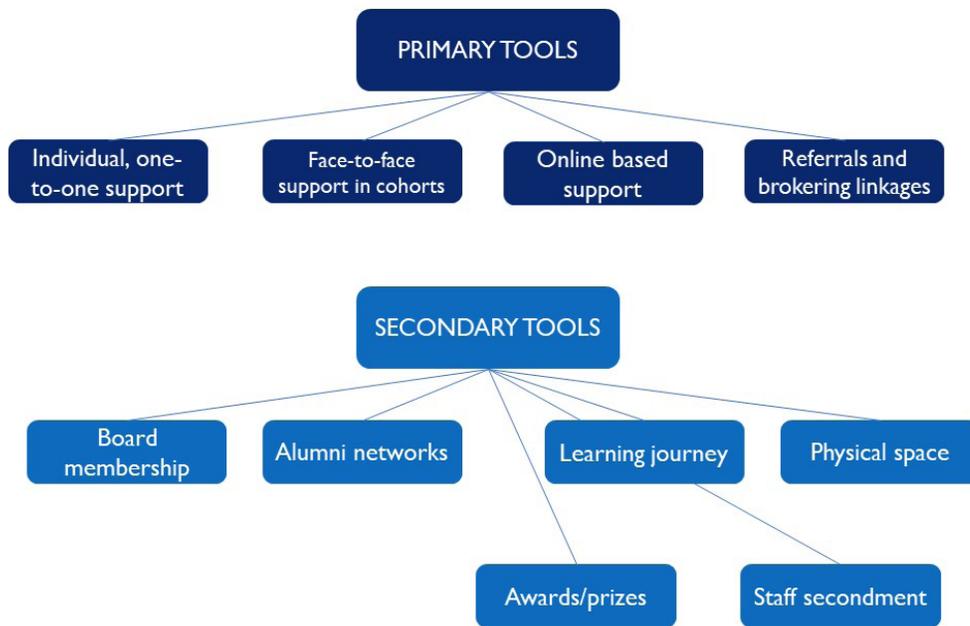
Each service delivery mechanism can be deployed for inclusive businesses at different stages. Standardized courses or events can cover the basics that they all need, while scaling and replicating a model often requires more tailored support specific to the context and business model. As the potential of success of early stage clients is relatively small, more standardized formats such as online courses and cohort events can be a cost-effective and less risky approach to reach a higher number of inclusive businesses. As they mature, tailored support becomes more relevant. Figure 10 illustrates the broad-brush relevance of each core service delivery tool by business stage.

The four core delivery tools are used in a variety of ways by different providers depending on their support objectives. One is not necessarily better than the other and the value of each tool is context specific. They each have their own potential benefits and challenges, which are highlighted below. We also document lessons that we heard from the field and key success factors that providers have identified so far, on how to best make use of each tool.

Table 4: Summary of Key Benefits, Challenges and Success Factors Across Core Tools

Tool	Benefits	Challenges	Success Factors
One-to-One Support	• Tailor-made to client needs • High likelihood to help a business overcome specific issues faced • On-site	• Man-hour intensive and costly • Requires trust and collaborative relationships • Risk of using the wrong service provider • Not easily scalable	• Quick, flexible, careful selection of experts • Adaptive management • Experts with local knowledge • Long-term engagement
Face-to-Face Cohort Events	• Moderate costs • Peer-learning • Networking opportunities • Broadens thinking	• Less tailored to individual needs • Generic learning approach • Takes entrepreneurs away from their normal business operations	• Common denominator of participants • Short and action-oriented sessions • Location close to entrepreneurs • Peer-learning elements • Detailed planning • Part of a longer process • Needs assessments and customization of sessions
Online-Based Support	• Wide reach • Low-cost • Flexible for clients and inclusive • Replicable • Funnel for additional advisory support	• Limited value of support • Financial sustainability • Difficult to maintain motivation and commitment • Difficult to measure impact	• Combination with in-person support • Peer-to-peer support • Prizes for most active participation
Referrals and Brokering Linkages	Value of support Plays to core competence of well networked provider	Requires trust and time Quality of the inclusive business Knowledge of the inclusive business Need vs. distraction	• Good integration into overall service delivery • 'Know your client' • Follow-up

Figure 10: Four Core Service Delivery Tools by Enterprise Stage

One-to-One Support

Face-to-Face Cohort Events

Online-Based Support

Referrals and Brokering Linkages

| Idea | Prototype | Post-Revenue | Scale / Replication |
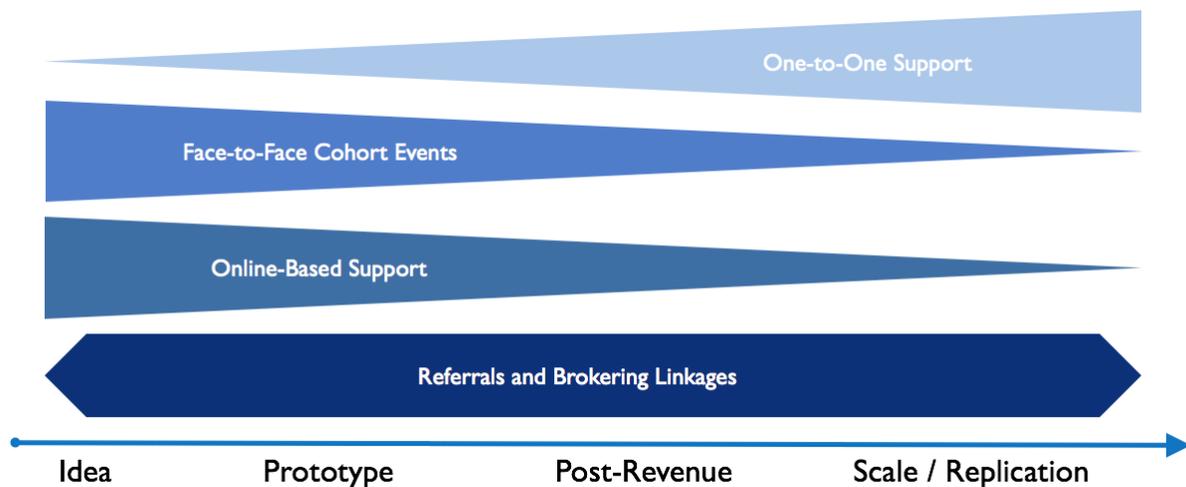
One-to-One Support

One-to-one support is an essential element of most advisory service approaches in our sample. The most common model is having technical experts (usually external consultants) provide advisory support on-site for some weeks or months. Two additional models of one-to-one support—mentorship and coaching—are explained in more detail in Box 9.

Benefits:

- It is tailor-made to client needs. One-to-one advisory services can be highly tailored to individual needs and tend to be particularly useful for more mature inclusive businesses.

- Support provision is on-site. This means entrepreneurs do not have to take precious time out of their day jobs.

Challenges:

- It is resource intensive. Tailored one-to-one support is time intensive, requires a lot of resources and can be difficult to manage.

- It requires trust and collaborative relationships. These relationships need to be built over time.

- There are risks of using the wrong service provider. High-quality local experts are difficult to find in many developing countries and international experts often lack experience and knowledge of the local context. For expat-led businesses, collaboration is easier, but for local businesses language barriers and cultural differences can be challenging.

Table 5: Examples of How Providers Use Core and Secondary Tools

	Delivery Tool	Example
Core	One-to-one support *(technical expert/ mentorship / on the job training)*	**USAID's Securing Water for Food (SWFF)** program provides one-to-one support to its innovators, with larger amounts provided to later stage innovators, in the areas of business modeling, sales and marketing, connections to finance and many other business development services. Support is provided through a multi-provider model, using fixed priced scopes of work.
	Face-to-face cohort events	The seed-stage accelerator **Village Capital** runs several sector-specific cohorts for early stage inclusive businesses. Small cohorts of 10-15 clients receive 12 days of training over a period of three months.
	Online-based support	The talent training provider **African Management Initiative (AMI)** uses a blended learning approach that combines online tools and courses with in-person workshops and peer-to-peer support. With their online courses, AMI is able to reach a large number of inclusive businesses at a very low cost.
	Referrals and brokering linkages *(targeted matchmaking, networking, referrals)*	At their annual DevelopmentXChange event, the **Saving Lives at Birth (SL@B) program** usually sets up hundreds of one-on-one meetings to link SL@B innovators with external investors and partners. The event also includes a pitch competition of 10-12 innovators that can win a TA support package. At any time, SL@B staff and their TA team may also suggest key referrals for their clients, based on their extensive knowledge of the ecosystem and client needs.
Secondary	Board membership	**Acumen Fund** recognizes that 'more than capital' is often needed to build a viable business and considers board engagement as the first critical step to adding value. Acumen is also developing innovative low-cost tools to collect market data specifically for and with its investee companies (Lean Data Measurement Services TM). The Board then holds the company accountable to address issues identified through these insights and data, providing strategic and advisory support along the way.
	Alumni Networks	**Acumen's** network of Global and Regional Fellows join a community after their program, which includes receiving newsletters, a group list sharing updates and opportunities, happy hours and meet ups in their community. Previous fellows are also engaged in selection of the next fellows.
	Learning journey	The Technical Assistance Facility for the **African Agricultural Fund** uses learning journeys as one of their support tools. For example, company teams spend two weeks with similar companies elsewhere to learn about farming.
	Physical space	The incubator **UnLtd India** founded Bombay Connect, Mumbai's first co–working space for social ventures. It offers flexible, affordable and collaborative work spaces, workshops and connections to potential investors and experts.
	Staff secondment	**Grassroots Business Fund** has used a model of 'rotating CFOs' where an experienced finance manager spends a few weeks making repeat visits to each portfolio company to work on their financial management systems.
	Prizes/Awards	The multi donor funded **SEED initiative** offers annual awards for entrepreneurship in sustainable development. Awardees are selected by an independent international jury of experts and receive a customized support package consisting of tools, capacity building, profiling and network building.

- It is not easily scalable. One-to-one support is difficult to scale and replicate because success depends on availability of high-quality experts.

Success factors indentified by interviewees:

- Quick, flexible and careful selection of experts is important. For one-to-one support to be most valuable for inclusive businesses, the selection of the right expert for the business is essential. The selection/procurement process of experts should be flexible and quick enough to provide inclusive businesses with the advisory support they need at the time they need it (see section 3.1 for further detail on selection of experts).

- The management of experts should be adaptive. The program/support provider staff need to be flexible enough to allow for course corrections and adaptation through the implementation process. It is important to agree on terms of references upfront but often, in particular for longer-term engagements, needs and objectives may change and support provided should be adapted to changing realities.

- Experts with local knowledge should be involved. Local experts often have better understanding of the local context and mentalities. If expats are used, they need to be able to operate effectively in the context.

- Long-term engagement is increasingly seen as more effective than short one-off support provision, although it depends on context. While a discrete immediate need can be addressed through a short-term input, several providers mentioned that enterprise capacity building is better done through longer-term input. They found that mentorship support should be implemented over a longer period of time instead of a short one-off visit. Therefore, it is important to consider how mentors or technical experts are matched with inclusive businesses.

Lessons from the field:

The **Technical Assistance Facility of the African Agricultural Fund** has found that deploying technical experts over a longer period of time based on, for example, quarterly visits, has proven to be more effective than one consultant working with one company full-time for a shorter period of time.

Not all support providers work with paid experts. The social impact investor **Yunus Social Business (YSB)** works with both mentors and technical experts to provide complementary types of one-to-one support. Mentors are individually selected from country-specific and global databases and provide pro bono high-level guidance over a longer period of time. They are complemented by technical experts that go into the business for around six weeks for hands-on support. Technical experts are 'low bono', meaning that some, but not all, costs are covered by the client. To learn more about coaching and mentorship, consult Box 10.

Face-to-Face Cohort Events

Many support providers conduct cohort events for their clients. There appears to be a shift from classical two-week classroom trainings to shorter, more applied and interactive co-creation sessions (often called 'boot camps') where entrepreneurs work on their own business models. These often cover core business skills that are commonly needed across enterprises—such as business planning and strategizing. An

increasing emphasis is also given to peer-learning and networking elements.

Benefits:

- The costs are moderate. Cohort events are substantially less expensive than one-to-one support.

- Peer-learning can add a lot of value. Cohort events provide opportunities for peer-to-peer exchange, co-creation and networking that can increase value of advisory support (see Box 10).

- It can provide networking opportunities. In some cases, face-to-face cohort events provide opportunities to link clients with a wide range of potential external partners that they might otherwise not meet, including investors, sector experts and business partners.

- It can provide exposure and broadens thinking. Cohort events can be combined with learning journeys and field trips, which increase participants' exposure and chance for reflection. Such events can integrate new and unfamiliar issues, which might not be identified as priorities for one-to-one support, such as gender mainstreaming or human centered design.

Challenges:

- It is less tailored to individual needs. By their nature, cohort events will cover generic principles or issues rather than focus on the specific problem of any single client. This standardization means that it is likely not as useful for more mature inclusive businesses that have already mastered the basics.

- There can be limited value in a generic learning approach. There are some doubts over the value of classroom-based training as the way for entrepreneurs to learn, as lessons need to be applied to the individual company's context to be useful. Initial evidence from the Global Accelerator Learning Initiative (GALI) suggests that entrepreneurs may gain more value from time spent working alone rather than in classroom.

- It takes entrepreneurs away from business operations. Week- or fortnight-long trainings are often too time consuming and the opportunity costs too high for entrepreneurs that must leave their business to join the cohort event.

Success factors identified by interviewees:

- **It is useful to have a common denominator among participants.** Face-to-face events in groups like boot camps or cohort trainings are more likely to be valuable for inclusive businesses if the participants have a common denominator, whether that is by geography, business model, sector or business stage.

- **Sessions should be short and action-oriented.** Training sessions should be short in time to decrease transaction costs of entrepreneurs and focus on practical, hands-on learning.
- **It should be located near the entrepreneurs.** If possible, events should be held where entrepreneurs are based to reduce their cost and time spent away from their businesses, although new networking opportunities may be higher with travel.

- **Peer-learning should be incorporated.** Matchmaking or referral events can increase relevance of the training for inclusive businesses. Peer-learning can also increase accountability and commitment of

participants, as it can provide greater incentives for participants to meet deadlines, complete tasks and participate in exercises.

- **Detailed planning is important.** Cohort events can vary a great deal in execution and value. Given the entrepreneurs' investment of time, they need to be done well. Logistics matter a lot, as does session planning.

- **It should fit into a longer process.** Cohort events should build on work already done with clients and should feed into further understanding of their advisory service needs, including design of one-to-one support. Post event follow-up including virtual sessions or phone meetings can increase the value of event inputs and further strengthen the networking character of the event.

- **Needs assessments and customization of sessions should take place.** Some degree of customization can be built into the model, by targeting clients with common needs, designing the event based on needs assessments and providing a range of modular options for participants to select, or using training techniques in which participants work on their own challenge.

Lessons from the field:

The social impact investor **Yunus Social Business (YSB)** moved away from long-lasting, content-heavy, classroom type cohorts because of negative participant feedback. Now it has a more competitive selection process, shorter action-oriented sessions with fewer participants and a more specific focus on investment readiness. YSB also outsourced most of the service delivery to local BDS providers and now only does impact-related sessions in-house.

"In terms of TA provision, we learned that everything that involves doing things that are relevant for the entrepreneur and its business will be more interesting for the entrepreneur and will lead to more intake by the entrepreneur than conceptual things." — Sylvain Ferriere, Program Director Africa at YSB

The Saving Lives at Birth (SL@B) program has been iterating its acceleration program in partnership with **VentureWell**, a commissioned external service provider, and the **Lemelson Foundation** since 2011 and now is running its sixth cohort. It conducts a four-day in-person workshop for its cohort, one day of which is spent on an on-site visit. The workshop is part of an eight-month process, that begins with entrepreneurs filling in an assessment survey and receiving pre-reads and videos. After the event, they get six months of coaching, including group calls and webinars. Content is tailored by business stage.

Several interviewees mentioned that participants at cohort events need to have common needs. However, this may be defined in different ways: sector or stage of business, or type of business model. SL@B received feedback from participants that they gained higher value from their four-day acceleration workshop when all participants were in the health sector, due to specificities of the sector, than from some previous sector-agnostic events.

There is relatively little published data on participant evaluation of cohort events.
USAID's Powering Agriculture (PAEGC) found overall that cohort events get a broadly positive response. In one feedback survey, 54% of the participants rated their workshop as 'very good' or 'excellent'. Peer-learning sessions were ranked especially valuable.[22]

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22 PAEGC, PAX/PAIS Summary Report, (Washington D.C.; PAEGC, 2016)

Online-based support services are used by some of the support providers analyzed. Massive Open Online Courses (MOOCs) that reach a high number of inclusive businesses are one example of online-based support, which - in addition to reaching high numbers - can also be useful to identify new potential clients for follow-on support. Online-based tools can also be used to share expertise and good practice with the wider inclusive business community, beyond the support provider's own portfolio.

BOX 9: THE VALUE OF PEER-LEARNING

Peer-learning sessions get overall positive feedback from clients that appreciate the learning opportunities from businesses they would have otherwise not met. Peer-learning mechanisms can also be used as a powerful tool to increase accountability of inclusive businesses. For example, the **African Management Initiative's (AMI)** approach is based on peer-to-peer accountability where for any practical assignments on the course entrepreneurs have to get a buddy (another entrepreneur) who signs off assignments. For structured programs, AMI encourages participants to choose an accountability partner with whom learning goals are jointly set up and progress is discussed. The **Technical Assistance Facility of the African Agricultural Fund** in addition to its one-to-one support sees value in peer-to-peer exchange and has hosted a forum for portfolio company CEOs and a workshop for extension teams to nurture best practice and encourage cross-fertilization of ideas.

Online courses mostly target early stage or pre-investment inclusive businesses and provide basic BDS training. They sometimes focus on specific topics, for example, **Acumen** offers courses on impact measurement. Including online courses in a broader service offering allows for flexible, less costly support. The **USAID-funded LAUNCH accelerator** is considering how to integrate some online elements for its cohort businesses in addition to the more high-touch one-to-one support. Additionally, there is an increasing number of online-based matchmaking services such as the **Inclusive Business Accelerator (IBA)**[23] or **Connect to Grow**.[24]

Benefits:

- **It has wide reach.** Online support can target a large number of people, particularly in remote areas with internet connection that otherwise do not have access to advisory services.

- **It is low-cost.** There are relatively low costs involved in online service provision.

- **It is flexible and inclusive.** Flexibility for participants (i.e. when to complete the modules) allows for better integration of time-constrained entrepreneurs.

- **It is replicable.** Courses/programs are easy to replicate and scale because of the plug and play nature of the model.

- **It can be a funnel for additional advisory support.** Online courses can introduce entrepre

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23 "Welcome to the Inclusive Business Accelerator.", accessed June 2017, https://iba.ventures
24 "Connect to Grow", accessed June 2017, http://www.inclusivebusinesshub.org/micro-site/connect-to-grow/

neurs to a service provider and its expertise. This can help them make informed decisions on whether to apply for more focused advisory support or not.

Challenges:

- **There is limited value of support.** Online courses alone can often not provide all the support needed. It can be difficult to make the online offer equally valuable to all inclusive businesses, especially those that are at a more advanced growth stage.

- **There is limited financial sustainability.** The financial sustainability of online courses alone is limited when provided for free.

- **It can be difficult to maintain client motivation and commitment.** It can be challenging to keep participants engaged through the process of online courses.

- **It is difficult to measure impact.** Attributing business performance to an online course or program is often very difficult because participant's feedback takes place shortly after the input and is highly standardized.

Success factors identified by interviewees:

- **It should be combined with in-person support.** Where possible, online support should be combined with some degree of human/face-to-face engagement to increase commitment and make the advisory service more relevant.

- **Peer-to-peer support can be valuable.** Including peer accountability mechanisms in online courses to increase motivation and commitment of participants.

- **Prizes for most active participation can increase motivation.** Access to finance for the most active or best performing entrepreneurs in an online course can increase completion rates and motivation to participate.

Lessons from the field:

African Management Initiative (AMI) shifted its methodology from largely online to a blended learning approach. It now combines web and mobile-based learning with one-to-one support, in-person workshops and peer-to-peer support. The offer was changed because AMI could not see the value of the stand-alone online courses and the model was not financially sustainable to deepen impact and ensure that entrepreneurs are supported as they translate learning into results for their businesses.

"It's not that online courses are not impactful, it's just extremely hard to measure the impact, because you're basically sending off content into a vacuum." — Rebecca Harrison, CEO of AMI

Referrals and Brokering Linkages

Linking inclusive businesses to financial investors, sector experts, mentors, technical experts or partners in the value chain emerged from our research as an increasingly important element of advisory support. This reflects growing recognition that inclusive business success often depends on engagement with the wider ecosystem.

"Innovators don't succeed in a vacuum, the market needs to be ready for the innovation. [...] We are identifying who the value chain partners are who need to say 'yes.'" — Rachel Lawley, Second Muse, LAUNCH implementer

There are three typical models for this.

1. **Events**: Incubators, accelerators and others that organize cohort events often include referrals, speed dating or pitch and demo days in their cohort sessions.

2. **Introductions:** Well-established and well-networked donors, investors or program staff leverage their networks, and readily introduce inclusive businesses to relevant stakeholders at any time when the need and opportunity arises.

3. **Service offering:** Consultancies are experts in targeted matchmaking, especially to investors, and offer this as part of their service. Some programs also specialize in partnership brokering, such as DFID's Connect to Grow program and USAID's Collaboration for Impact Facility.

Benefits:

- **This type of support is highly valued.** Our interviewees report positive feedback on networking sessions. Inclusive businesses see high value in being in a room together with other businesses, external experts and investors they would otherwise not have met.

- **It plays to the core competency of the support provider.** Donors such as **USAID**, venture philanthropists such as **Shell Foundation** and service providers such as **Intellecap** are all extremely well-networked and respected by virtue of what they do. Entrepreneurs, on the other hand, often do not have such vast networks. This makes matchmaking an easy and very efficient option for support providers to use their connections to refer clients to useful contacts.

Challenges:

- **It requires trust and time.** Relationship building, particularly with investors, can take a lot of time for all stakeholders involved.

- **The quality of the business plays a crucial role.** No matter how good the targeted matchmaking or networking event is, the quality of the inclusive business (for example business plan, team) is still a decisive factor of success for the relationship between the client and investor or expert.
- **Providers need to know enough about the inclusive business as well as about investor's needs and criteria.** The advisory service provider needs specific knowledge on the businesses and investors needs and specifics to effectively broker linkages and partnerships.

- **Inclusive businesses may not necessarily need this service.** Initiatives that focus heavily on brokering partnerships have found that some entrepreneurs apply simply because they want external support, but partnership support is actually less of a priority for them than core business support. At the wrong time, a focus on linkages can be a distraction.

Success factors identified by interviewees:

- **This type of support works well when integrated into overall service delivery.** Targeted matchmaking or networking events work best if they are integrated into the overall service delivery offering and not provided as stand-alone mechanisms.

- **Knowledge about the client is crucial.** To ensure the right match between client and investor or expert the matchmaker needs to know the needs and requirements of both parties.

- **Support with follow-up activities.** Follow-up of stakeholder introductions and/or one-off events seems to be an effective way to increase effectiveness of relationships.

Lessons from the field:

The **USAID-funded LAUNCH accelerator** focuses on referrals and active network events to link its clients to relevant ecosystem stakeholders. A key lesson from LAUNCH is that the better the advisory support managers know their clients, the better they can link them to the right players in the ecosystem and open up opportunities. Supporting clients in follow-up activities can help to create long-lasting relationships.

The Global Development Incubator (GDI) believes a 'broker' is often needed to drive transformative partnerships and businesses. GDI takes on this role by linking good ideas with partners and stakeholders, but also by actively developing and implementing the ideas together with partners. According to GDI, a good broker is both a *neutral facilitator,* but also shows commitment through investing and engaging longer term (as opposed to, for example, consultants). Finally, a good broker knows when to withdraw and has a clear exit strategy to ensure sustainability.

2.4 Cross Cutting Learnings and Trends in Service Provision

The timing, duration and combination of different tools to provide advisory support vary largely across providers. Some clear learnings and trends, however, can be observed from our research.

Support providers are establishing long-term relationships with clients. Typical duration of support can range from a few weeks to several years. While time-bound support inputs (for example cohort trainings, events or technical experts) are commonly used by most providers, especially cohort accelerators, there is a trend towards establishing long-term relationships between support providers and inclusive businesses through ongoing support. Hence, one-time events, boot camps or short-term technical experts are often complemented with ongoing mentorship support, board memberships or providing referrals to other services and potential partners.

> *"We see that long-term support of the entrepreneurs is crucial for creating a learning curve and long-term value for the enterprise. That is why we encourage to have long-term relationships either through local service providers or through the board, rather than one-off relationships." — Sylvain Ferriere, Co-Chief Investment Officer, Yunus Social Business*

BOX 10: COACHING AND MENTORSHIP

In addition to one-to-one support provided by technical experts, mentorship and coaching are other support mechanisms often used in practice. Mentors often provide remote (or in-person) guidance over longer periods of time and regular check-in and coaching meetings (often phone-based) discussing progress and challenges and often conducted by program staff. In practice, there is some overlap between these two types of support. For example, program staff often considering their regular engagement with clients as a form of mentorship.

Coaching and mentorship are an important element of one-to-one support, which are used by many advisory support providers. In-house coaching, primarily provided by program staff, may not always be considered as a separate tool of support but rather something that 'just happens'.

Mentors often provide remote guidance over longer periods of time to ensure continuity and long-term relationships between the inclusive business and the support provider. This can improve the learning curve and long-term value for the entrepreneur. Trust and understanding of local context are very important for success of the relationship. The SPRING Accelerator, for example, learned that building trust through a long-term relationship while putting in place a clear structure or framework that defines rules and objectives is important for successful engagements. As a result, they changed their model of having two mentors for each cohort client to a more flexible and on demand allocation of available pro-bono experts for specific cases and client needs. Through this, the relationship with SPRING Accelerator was maintained over the long run while target, specialized support was brought in as needed.

The International Centre for Social Franchising (ICSF) recently reviewed and assessed 25 mentoring programs and identified key success factors for mentorship. Its report presents evidence to support the theory that mentoring increases the leadership and business skills of MSME managers.[25] However, there is still a lack of information to understand which specific elements of mentoring are most effective. The research demonstrates that mentorship is most valuable in the early stages of developing a business and at the transition points between the different growth stages.

According to ICSF, key success factors for effective mentorship include:

- one-to-one mentoring;
- a holistic approach;
- clear and measurable objectives;
- suitable mentors;
- effective matching process based on specific needs/expertise;
- support, training and supervision for mentors; and
- long-term engagement.

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25 International Centre for Social Franchising (ICSF), Tackling Poverty and Unemployment through Mentoring, (London; ICSF, 2016, unpublished)

Playing a facilitation role is being seen as a sustainable exit strategy. While the exit strategy for impact investors is well defined, other support providers question the right time to exit support provision. For some support providers, the duration of support may not necessarily be needs-based, but may rather reflect program cycles. Some initiatives monitor progress after the official intervention and, when relevant, keep providing support through linking clients to relevant stakeholders or partners in their network. Linking inclusive businesses to other investors or partners that can provide support beyond the duration of the program is a promising strategy that an increasing number of support providers are using as a sustainable way to exit.

"It is critical to align technical assistance with the availability of finance. We have found that if organizations only offer one piece, they really need to have the other piece well identified. If you provide TA you really need to have strong linkages to investors. Similarly, we see funds that are ready to invest; they need to make sure that they have a solid plan to provide their companies technical assistance." — Robert Schneider, Division Chief, Global Partnerships USAID, PACE Initiative

Allowing for flexibility in timing of support is important. Advisory support is often most important and mostly provided in early stage investments ('front loading'), but in principle can be granted throughout the investment period. Impact funds like **Yunus Social Business, Acumen** or **African Agriculture Fund Technical Assistance Facility** tend to provide support over the life of their investment to ensure long-term success of the client.

Flexibility also helps to ensure that client needs are met at the right time. **IDEO.org's Amplify Program**, for example, moved from having only fixed coaching sessions scheduled and driven by the IDEO.org team to splitting coaching into two blocks. In addition to quarterly coaching sessions as standard practice, clients are encouraged to initiate at least four coaching and support sessions throughout their 18-month journey. This approach allows more flexibility, ownership and demand based provision of support.

Figure 11 highlights the timing and duration of support of selected providers and shows how cohort events are often part of a longer process. Acceleration programs like **LAUNCH** or **SPRING Accelerator** follow a predefined sequence where intensive boot camps or other events are followed by tailored support over less than one year. In the case of **IDEO.org's Amplify Program,** the initial boot camp is followed by a longer period of remote monitoring and deep dives for selected clients.

Combining different support tools ensures a holistic service offering. Providers are increasingly combining different tools into their offer (see Figure 9). For example, cohort events are followed by one-to-one support, which can be a useful way to refine needs assessments before providing more tailored support. Others follow up on one-to-one support with cohort trainings on the topics that have emerged as common across investees. Brokering linkages is often done intensively during cohort events, but also done consistently throughout a long-term relationship with a client, not only by designated support providers but by core program team members.

Figure 11: Timing and Duration of Advisory Support Offering of Selected Support Providers

Open Capital Advisors

Consulting team (4-5 people) address needs, develop strategy & prepare investment materials & facilitate investment

2-4 months

Investor due diligence

9-12 months

Get paid

Ripple works

Intensive mentoring

3 months

Some mentors and mentees sustain relations

Open ended

LAUNCH

Needs assessment & preparation of Forum

2-3 months

In person Forum & Advisory Council

4 days

Ongoing tailored support & Launch team follow-up

6 months

SPRING

1st Boot camp

2 weeks

Research and prototyping by external experts

4 months

2nd Boot camp

2 weeks

Grant and investment readiness support for some

4 months

Close-out event

2 days

IDEO

Boot camp

1 week

Phone meetings and deep dives for selected businesses

1.5 years

= In-person cohort

3. Priority Operational Issues

- *Across different types of advisory support and providers, from our research five key operational issues emerged as important issues to get right for the specific context. These are: 1) enterprise outreach, selection and allocation of support; 2) assessment of enterprise needs and designing support packages; 3) selection of service providers; 4) enterprise contribution, pricing of support and sustainability of model; and 5) monitoring progress and gathering enterprise feedback.*

- *For each issue, we map typical models used, and explore the key issues raised by providers (noting lack of access to entrepreneurs' views). We find that in many cases, there is not one clear answer or recommendation on what works best, but emerging clarity on the trade-offs to consider and how approaches fit with program type and client needs.*

3.1 Outreach, Selection and Allocation of Support

In our sample, the approaches used to identify and select who receives support are fundamentally different for those support providers that have to find clients for their advisory support, and those that already have a portfolio of investees/grantees as a predefined pool. Thus, we distinguish between two main categories and describe models used for each:

- Allocation amongst an existing portfolio

- Outreach and selection to create a portfolio

3.1.1 Models Used to Allocate Support Amongst an Existing Portfolio

Support providers with an existing portfolio of inclusive businesses are mostly those that also provide financial support (such as impact investors, grant or other award programs). These support providers allocate advisory support based on two models (see Table 6).

1. **Equal allocation**: Support is available to all grantees or investees within a portfolio, allocated roughly equally.

2. **Differential allocation**: Support is available to all clients within a portfolio, with processes to select who receives how much and what type of support.

Table 6: Models and Example for Allocation of Support Amongst an Existing Portfolio

Model	Example	Description
Equal Allocation	DFID Impact Fund	Finance equivalent to roughly 10% of the Fund Manager's equity stake is set aside to spend on support for each investee.
	Grassroots Business Fund	For the majority of investees an amount equivalent to 10% of the financial investment is allocated in the form of business advisory support, yet the 10% limit is flexible based on needs identified and in some cases, clients receive a higher equivalent of support.
	Technical Assistance Facility of the African Agricultural Fund	An amount of up to 100,000 Euros per investee company is allocated for core BDS support.
Differential Allocation	USAID's Powering Agriculture	Support is clustered into elements available for all finalists (e.g. online training and group skills development) as well as in-depth acceleration support, which is available to awardees only. The level of support provided depends on the needs and stage of the awardee. This support may include advisory services, technical services and partnership facilitation.
	USAID's Saving Lives at Birth (SL@B) program	All innovators are invited to participate in an 8-month acceleration program for their cohort and stage, which includes a needs assessment, tailored 4-day workshop and follow-up in the form of mentorship, coaching, and webinars. All innovators also are invited to attend the annual DevelopmentxChange, which offers skill-building, networking, and partnership and mentorship opportunities. Select grantees get one-to-one commissioned support from external providers.
	Acumen Fund	An annual assessment of the portfolio is conducted to evaluate performance and to identify which clients would benefit from additional engagement. Approximately 25% fall into this category and receive tailored support from Acumen or are referred to vetted partners, where they can source discounted support.

3.1.2 Models Used for Outreach and Selection to Create a Portfolio

Organizations that mainly provide advisory support to clients create their portfolio based on two models (see Table 7).

1. **Competitive selection**: Selection is usually undertaken based on a set of pre-defined criteria. These can be eligibility criteria or selection criteria. In many cases, support providers make use of independent selection committees that bring the benefit of independence and external perspectives but can add further costs.

2. **Open access**: Inclusive businesses are encouraged to join a platform (online or offline) that is open to all. This is common for online-based programs that provide matchmaking or training. It can be a useful method to reach a high number of clients and also potentially serve as an initial filter for selection for more high-touch support. Access to incubator co-working spaces and specialized conferences is another open access model used by some support providers.

3.1.3 Trends and Lessons Identified by Providers

Equal allocation models offer transparency and ease of planning but may not always provide the best approach to meet individual client needs. If ceilings and allocations are pre-defined no additional resource has to be spent on a case-by-case basis. However, the assumption that individual inclusive businesses in a portfolio all have equal needs or would gain equal value from support is questionable. In practice, many programs and investors address this issue by allocating maximum amounts or investment percentages that can be spent per client and retain some level of flexibility to allocate more or less to certain clients. However, this remains a fundamental challenge for support providers adopting this approach.

The criteria for allocation of support between existing clients in a portfolio are often implicit. Where allocation of support is not equal, it should in principle be based on where advisory support will be most effective i.e. deployed to inclusive businesses that can get the most value out of it. This suggests that it should probably not be deployed to the 'best' clients, who would thrive anyway, and not to the least successful, who would probably fail with or without more support. However, despite these considerations, criteria for allocation of support are often not explicitly agreed and/or stated and allocation will invariably also be influenced by opportunity and opportunism, in terms of what needs can most effectively be met by the program, as well as timing issues that may prioritize a particular client or type of input at a given time.

> *"The partners are currently debating if they want to prioritize Stage 2 innovators, as they are more likely to succeed based on already demonstrating some level of success or determine other ways to distribute the units of technical assistance."*[26] — *SWFF, 2015*

Despite the costs involved, many support providers seem to see value in careful selection. In fact, **Aspen Network of Development Entrepreneurs (ANDE)** finds that selectivity is a key

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26 USAID, "Sara Hughes, International Development Innovation Network, Interview" CAT Interview Report (Washington, D.C.; USAID, 2015)

Table 7: Models and Example for Creation of Portfolio and Allocation of Support

Model	Example	Description
Competitive Selection	Singularity University	Singularity University offers a range of support programs such as its annual Global Solution Program for which less than 5% of applicants were accepted in 2015. Selection is based on the following criteria: solutions relevance to the theme of the overall challenge; feasibility, viability and coherence of implementing the idea; entrepreneurial and innovative potential; and applicants' leadership experience, profile, potential and achievements.
	Several donors	Several donor programs are based on a competitive selection process. Often selection is based on a multi-stage process. For example, applications for USAID's Development Innovation Ventures are required to first submit a short application before – if invited to the next phase – participation in the full due diligence process. The three main selection criteria are rigorous evidence of impact, cost-effectiveness, and potential for scale through the public and/or private sectors.
Open Access	Intellecap	Registration for Intellecap's online incubator StartupWave is open to all and free of cost. A core objective is to reach a) a high number of inclusive businesses and b) succeed to attract 'unusual suspects', such as those located outside major cities.
	Inclusive Business Accelerator (IBA)	IBA's online matchmaking platform for entrepreneurs, professional advisors, impact investors, NGOs and governments aims to connect inclusive businesses to different players in the ecosystem.
	Global Innovation Exchange	The Global Innovation Exchange aims to connect social entrepreneurs with funders through its website.
	Connect to Grow	This DFID-funded Connect to Grow program has an online marketplace where inclusive businesses can freely register and reach out to others. However, specific partnership facilitation support from the program team is only available to some, based on certain criteria.

characteristic of successful incubators and accelerators, and that selective accelerators perform better.[27]

The Social Entrepreneurship Accelerator (SEAD) at Duke University has been refining its intake and needs assessments process with each cohort for its virtual three-year accelerator, and is now moving towards a very hands-on process. For example, it has found that having a local staff member with whom the applicants can meet has lessened the time it typically takes for the clients to trust and view the SEAD program team as a valuable support mechanism.[28] However, when only advisory support is provided (without financial support), there are typically fewer resources available for screening and due diligence, which may affect the quality of inclusive businesses selected.

Support providers use a range of tools to recruit clients, some of which are considered more effective than others. Based on analysis of 52 accelerators, a report by the **ANDE** and **Village Capital** cites the following channels for outreach and identification of clients as most helpful for accelerators: 1) referrals from entrepreneurs affiliated with the accelerator ('helpful' by over 50% of the providers surveyed); 2) inbound requests from program marketing efforts (30%); 3) referrals from entre-preneurial associations (19%); and 4) referrals from upstream impact investors (15%). Some other channels mentioned are commercial investors, universities or 'cold calls' (e.g. finding and contacting entrepreneurs on the web or via social media). Interestingly, social entrepreneurship and impact investing conferences are listed as the least helpful. Considering the prevalence of conferences in the sector that promote themselves as a means of identifying promising entrepreneurs, this is surprising. On the other hand, such conferences typically feature more successful and mature inclusive businesses, making them a less useful source of early stage companies that qualify for applying to participate in accelerators.

Inclusive businesses that apply for advisory support are not necessarily those that will most need or value the support on offer. For example, DFID's Connect to Grow program, which aims to facilitate partnerships between Indian and African inclusive businesses, initially pursued a broad outreach approach and received a high number of potential African clients registering. However, few turned out to be a good fit for program purpose, as too many applicants were not mature enough for partnerships with Indian businesses.

Access to advisory support can often be limited to a few, well-positioned inclusive businesses. Some inclusive businesses become 'experts' in navigating the support landscape, receiving funding and support from multiple programs. In general, there is little coordination and exchange between programs to understand who has received support from whom. This is not necessarily a problem, as some of these inclusive businesses eventually reach scale and commercial investment. Some support providers even regard it as a sign of success that their grantees are in the portfolios of others: it reduces their risk, may be claimed as 'leverage' and may show their clients transitioning through ladders of support. However, there is also a risk that some inclusive businesses are 'artificially kept alive' through public subsidy. A key discussion on outreach is also how to reach beyond the inclusive businesses that are already well connected in the intermediary ecosystems. In fact, those that are harder to reach may actually get higher value from support, meaning higher potential for additionality. This is especially true for support providers in developing countries that often only reach well-known inclusive businesses from capital cities.

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27 Ross Baird et al., Bridging the "Pioneer Gap": The Role of Accelerators in Launching High-Impact Enterprises, (Washington, D.C.: ANDE, Village Capital, 2013), accessed June 2017, https://assets.aspeninstitute.org/content/uploads/files/content/docs/ande/Bridging%20the%20Pioneer%20Gap%20The%20Role%20of%20Accelerators%20in%20Launching%20High%20Impact%20Enterprises%20.pdf

28 USAID, "Sara Hughes, International Development Innovation Network, Interview" CAT Interview Report (Washington, D.C.; USAID, 2015)

3.2 Assessing Client Needs and Designing Support Packages

Assessing client needs and tailoring support is a very important aspect of effective advisory support. Models for needs assessment range from intense unstructured dialogue between clients and support providers to structured tools like application and assessment forms (see Table 8).

3.2.1 Models Used

1. **Observation/dialogue-based needs assessments** include conversations between inclusive businesses and support providers, on-site visits by the service provider, participation in meetings or other forms of working with clients, particularly for determining ongoing and/or additional requirements.

2. **More formalized assessment tools** include application forms or diagnostic tools. Support providers often find it beneficial to use a combination of different tools, though businesses may find this overly burdensome.

Table 8: Different Needs Assessments Models[29]

Needs Assessment Model	Examples	Detail
Observation, Dialogue Based	Acumen	**Acumen** observes venture dynamics and critical gaps where capacity needs to be built when conducting diligence, providing 'Lean Data' assessments, participating in board meetings, scheduling informal meetings and providing direct support to the investee company.
	Shell Foundation	**Shell Foundation** Partnership Managers interact with clients on a near weekly basis so have the opportunity to understand needs as they emerge.
Formalized, Tool Based	Global Social Benefit Institute	**Global Social Benefit Institute** has developed a 'Social Enterprise Diagnostic Tool', designed to guide the development of a social enterprise from conception to full-scale implementation.
	Grassroots Business Fund	**Grassroots Business Fund** uses an assessment framework, which has been recently streamlined to reduce the number of variables and frequency of measurement.

29 Source of Global Social Benefit Institute quote: Andy Lieberman and Keith Yocam, GSBI® Social Enterprise Stage Assessment Tool, (San Jose, USA; Global Social Benefit Institute, 2014), accessed June 2017, http://static1.squarespace.com/static/55036eefe4b0fe6c8e833e4a/t/558dcadae4b02f92dcee377d/1435355866102/GSBI-Stage-Assessment-Tool+%281%29.pdf

"For African Management Initiative members, the program begins with a diagnostic competency assessment. This allows impact enterprises to assess their respective strengths and weaknesses, benchmark themselves against others in the sector and understand the skills required to be effective. The assessment then generates a personalized learning journey and performance plan. Impact enterprises use this learning journey to identify and enroll in various online courses and then measure their progress against their individual performance plan, instead of through generalized testing."[30] — Rockefeller Foundation, 2015

Investors that are providing financial support will have extensive due diligence and oversight roles, which may, to a large extent, also incorporate assessment of capacity building needs. While others that do not have an automatic close link to management may be more reliant on specific needs assessments inputs.

3.2.2 Trends and Lessons Identified by Providers

Inclusive businesses require support to determine their needs. In many cases we analyzed, inclusive businesses are asked to identify their own needs in application forms but may be unaware of what their most pressing needs are. This is more likely to happen with early stage entrepreneurs who have an innovative idea but no experience in running a business, or NGOs who are developing a revenue-generating activity for the first time. Indeed, many inclusive businesses tend to define the need for capital as a key constraint. Whilst this may be true for some, it often turns out that other needs are often equally if not more pressing. More mature inclusive businesses may be better able to define their needs. **RippleWorks**, which works with clients that are ready to scale in developing countries, certainly believe this is the case as they get their clients to define their own critical challenge and RippleWorks sources the right volunteer expert for that challenge. After conducting an analysis of stated needs, **USAID's Securing Water for Food** program found out that some of the innovators had differing levels of awareness of their needs and differing views on how to prioritize them. During conversations with their technical assistance facility team, many innovators have then realized that they had certain needs, gaps or desired types of assistance of which they were previously unaware.[31]

Needs assessments require a certain skillset and approach. Support providers need the right capacity and experience to assess client needs and then to turn those needs into support packages. For example, **DFID's Connect to Grow** program works with experienced 'partnership managers' in their core team who have comprehensive business expertise allowing them to adequately assess enterprise needs in early stages of program engagement, in order to match them with appropriate Indian partner enterprises.

In addition, proper needs assessments require assessments of clients' capacity to absorb support and measures to ensure client commitment. For example, **IDEO.org's Amplify Program** has changed the wording of its grantee agreement to now include a description of a typical grantee journey including requirements and potential challenges of being a grantee. The aim is to align expectations better and ensure grantees are committed to the process if they sign on.

Needs assessments are time consuming but can add value. A diagnostic process in itself could already be classified as part of the support provided, as it can offer significant value for the business as it identifies key risks and opportunities, but is not usually promoted as such. Instead, limited resources are

30 Kurt Dassel, Rachna Saxena, Ben Funk, Carolien de Bruin, Accelerating Impact: Exploring Best Practices, Challenges, and Innovations in Impact Enterprise Acceleration, (New York; Rockefeller Foundation, Monitor Deloitte, 2015), accessed June 2017, https://assets.rockefellerfoundation.org/app/uploads/20150201214323/Accelerating-Impact.pdf

31 USAID, "Sara Hughes, International Development Innovation Network, Interview" CAT Interview Report (Washington, D.C.; USAID, 2015)

often available for needs assessments, which bears the risk of a mismatch between what is needed and what is done.

Client needs are not static. For early stage inclusive businesses, in particular, business models are subject to ongoing iterations and adaptations, and external conditions such as a new competitor or regulation can change business needs. This means that support, if provided over a long period of time, needs to be flexible enough to respond to these changes. For donor programs, there is often a time lag between needs assessments, design of support and actual implementation. This can considerably impact effectiveness. Combining client feedback with needs assessments throughout the duration of support can be useful to identify changing needs and revise the support offering accordingly. **Yunus Social Business (YSB)**, for example, captures client feedback every six months.

The experience of **USAID's Securing Water for Food (SWFF) program** shows how the balance between different needs can change as clients mature: in year one of its cohort, 21% of clients had input on the business model, 23% on connections to finance and 14% on sales and marketing. In year two, it shifted: sales and marketing went up, as did monitoring and evaluation and business model support went down (because they had already covered it).[32]

Attention to core business fundamentals should not be forgotten. Business success will depend on a lot of the 'boring stuff' which any business needs—human resources management, financial management and accounting, logistics and legal practices. The ultimate value of advisory support will depend on whether the enterprise gets these in place.

3.3 Selection of Service Providers

Finding the right service provider is key, both with respect to skills and expertise, as well as the fit and relationship with the client.

3.3.1 Models Used

We have identified two main models for selection of service providers, with examples for each provided in Table 9:

1. **Internal service providers:** In this model, support is provided by staff within the support provider. This often happens on an ongoing basis and can even take place informally without being explicitly agreed as a part of support.

2. **External service providers**: In this model, support is most often provided by external consultants either from a pre-defined pool developed by the support provider or identified on a case-by-case basis. In some cases, external personnel are also hired to manage the overall provision of technical support, particularly where it is complementary to core operations focused on financial support. When external providers are sourced, they may be local, regional or international. A few providers have a specific intention to grow local provision, which seems to be a well-working trend. An exception is support for social impact measurement, for which international service providers are being commissioned.[33]

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32 Securing Water for Food, 2015 semi-annual report, (Washington D.C.; USAID, 2015)

33 Robert Schneider, PACE, Interview with author, January 2017

In practice, support providers often apply a mix of internal and external support. For example, fund managers of impact investing funds apply a very hands-on management approach, but specific pieces of advisory support are provided by external experts. Accelerator programs often offer a mix of support tools for which both accelerator staff as well as external advisors, speakers, mentors and others deliver support.

Table 9: Examples of Internal and External Service Providers

Model	Example	Detail
Internal Provider	Grassroots Business Fund	**Grassroots Business Fund (GBF)** applies a very hands-on fund management approach, where GBF staff work closely with investee companies, for example by joining local meetings and attending board meetings.
	The African Management Initiative	**The African Management Initiative** works with in-house low-cost facilitators and replicable systems/processes to deliver services at low cost to many clients.
External Provider	USAID's Securing Water for Food program	**USAID's Securing Water for Food (SWFF)** program has developed a wide range of pre-approved local, regional service providers. A contracted support manager is responsible for overall coordination and innovators can access them via a voucher system. SWFF originally thought support services would be provided only by global organizations, but has now shifted to more local support.
	Acumen	**Acumen** has engaged a partner network from which investees can receive services at discounted rates. Acumen has seen a need to help these partners adapt their services to early-stage inclusive businesses operating in resource constrained environments.

3.3.2 Trends and Lessons Identified by Providers

The 'right' skills of internal program staff are a key success factor for support provision.
A number of respondents mentioned that conventional program management skills were not necessarily well suited to operating advisory support, and more attention is needed to the appropriate skills set. Irrespective of whether program staff provide direct advisory support to clients themselves (i.e. referred to above as internal providers) or are 'just' responsible for programmatic tasks such as client selection, needs assessments and monitoring, having program staff with the right skillset is considered absolutely critical.

"When engaging businesses in country the critical skill needed from our team is private sector insight." —
Ramona Liberoff, CEO, SPRING Accelerator

Internal providers offer the benefit of having existing relationships and trust with clients. They also tend to offer a high degree of flexibility and can be easier to manage compared with external consultants that need to be identified and contracted. On the other hand, a program team recruited for management skills may be the wrong people to advise inclusive businesses, and may lack the necessary breadth and level of skills. Support providers face challenges to recruit staff with hands-on experience in developing inclusive businesses. A stakeholder with experience across several initiatives highlighted that good intentions can be found in abundance, but often cannot compensate for lack of experience.

> *"Many accelerators are populated with staff who have no end of good will and want businesses to grow, but are relatively young, have never started/run a business themselves and do not have finance/accounting backgrounds."[34] — Noah Beckwith, independent advisory support expert, 2016*

The selection of the 'right' external service provider is equally critical to the success of the intervention. Service providers are 'right' when they can offer relevant skills and expertise, and when they are able to build an effective and trusted relationship with the recipient inclusive business. For example, Acumen works with its external partner network to ensure services are adapted to the needs of the inclusive businesses it supports. **RippleWorks** invests heavily in screening its volunteers for social and technical skills as part of the matching process. Hence, a key success factor is the involvement of the recipient client in the selection process. Often clients may already have preferred providers with whom they have worked in the past. For example, advisory support clients of the **Technical Assistance Facility of the African Agricultural Fund** have the opportunity to propose service providers during project scoping.

Support providers often employ a mix of local and international external service providers – both bringing in complementary knowledge and skills. Local service providers, for example, have deeper knowledge of the local contexts. International service providers may bring in new insight and perspectives.

Some support providers like **The Technical Assistance Facility of the African Agricultural Fund (AAF's TAF)** decided to invest in building local capacity by managing service providers more closely.

> *"Where service providers are local, they have greater insights and understanding of local contexts and TAF also recognizes that selection of local service providers contributes to long-term local capacity building… There can be disadvantages, however, of working exclusively with small / local service providers as they may not be accustomed to the requirements of large donor programs such as TAF."[35] — AAF's TAF Impact Report, 2017*

The **Inclusive Business Accelerator (IBA)** has developed a toolbox of inclusive business methodologies and is training and certifying emerging market consultants on use of the tools. This is in recognition of both the need for local service providers as well as the lack of local capacity and experience supporting inclusive businesses.[36]

Though often assumed to have greater expertise and skills, selection of international service providers may not necessarily always be best fit for purpose.

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34 Noah Beckwith, independent advisory support expert, conversation with author, December 2016

35 Karen Smith and Carolin Schramm, Five years of AAF's Technical Assistance Facility: Enhancing the Food Security Impact of Agri-Business Investments in Africa, (Johannesburg; TAF London; Ashley Insight, 2017), accessed June 2017, http://www.aaftaf.org/wp-content/uploads/2017/03/TAF_Impact_report_final_small.pdf

36 "Advisory Marketplace.", Inclusive Business Accelerator, accessed June 2017, https://iba.ventures/advisory/

Upon completion of its pilot, **DFID's Business Innovation Facility (BIF)** found that one of the reasons given for low value of advisory support by clients was that international consultants providing support were not able to fit with the local context.[37] Yet in other cases such as in **USAID's Securing Water for Food** program, grantees reported greater satisfaction with services provided by international providers.

3.4 Pricing of Support and Sustainability of Model

The question of how advisory support is resourced and priced affects many other important issues: cost and thus accessibility to entrepreneurs; sustainably of the revenue model for the provider; and, it is argued, the buy-in of the client.

3.4.1 Models Used

Across support providers analyzed, pricing options range from free support, in-kind match funding, financial match funding, investment share, equity stake or fee-based services (full, commercial and subsidized).

The spectrum of inclusive business contributions varies from below zero (clients get paid to participate) to potentially more than 100% of the cost of the advisory support (in the case of investment shares or success fees). The latter enables support providers working with this approach to allow for a certain proportion of failures, i.e. if clients supported are not able to raise capital. Figure 12 maps different models across the spectrum of contribution and highlights selected organizational examples for each model.

Figure 12: The Spectrum of Client Contribution to Cost of Advisory Support
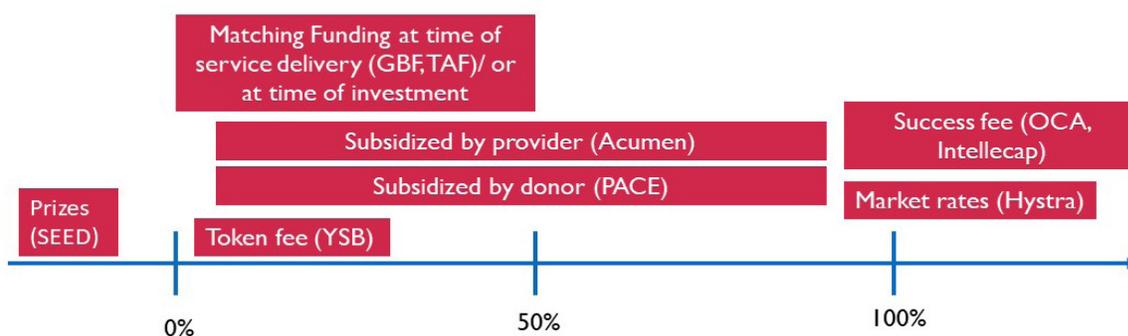
Table 10 summarizes different models used across support provider types. In general, there seems to be a gradual trend towards requiring some level of client contribution. At the same time, support providers are aware that in the current landscape, models targeting early stage inclusive businesses and/or small investment sizes, which are fully reliant on client payments (even if deferred), cannot survive. If support is paid for by enterprises, this will affect both who can take it up (larger enterprises) and also which kind of support they take (inputs which more directly drive revenue and return).

37 Caroline Ashley, Who pays and what works? The changing market of Inclusive Business Development Services (London; The Practitioner Hub for Inclusive Business, 2016), accessed June 2017, http://www.inclusivebusinesshub.org/pays-works-changing-market-inclusive-business-development-services/

Table 10: Pricing Models Across Organization Types

Organization Type	Pricing Model	Examples
Incubators	Co-working spaces charging commercial fees	Hive, Nairobi Garage
	Fully financed or subsidized by development partners	Unltd, Villgro
	Endowments and private sources	Ashoka
	Equity stake	Startup Incubator at Singularity University
Accelerators*	Client fees	Village Capital
	Percentage share of investment raised if business is successful	Growth Africa
	Percentage share of revenues for defined period or equity stake in business	Growth Africa
	Fully funded or subsidized by corporations and private investors	Nike Foundation for Girls Effect Accelerator, several private investors for Unitus Seed Fund
	Fully funded or subsidized by development partners and foundations	DFID and USAID for SPRING Accelerator, Rockefeller Foundation for Unreasonable Institute
Program and Facilities	Generally free to the client, but often include elements of 30-50% match funding (in-kind or small financial contributions) from the client itself or from other external sources	DFID's Connect to Grow
Impact Investors	Often free to client, subsidized by the investors or development partners, or with varying degrees of in-kind or financial match funding. Diverse range of approaches.	
	Different match funding requirements based on project type: No match-funding for inclusive business projects but 30% for core BDS support	Technical Assistance Facility of the African Agricultural Fund
	Different match funding requirements based on project type: Small fee for pre-investment TA, post investment is currently free (but fee as % of investment are considered to cover the TA costs)	Yunus Social Business (YSB)
Consultancies	Fee-based, paid at time of delivery	Carbon Africa, FSG, Hystra, Dalberg, Endeva
	Fee-based, part paid on delivery and the rest at time of investment raised	Open Capital Advisors
	Fee-based but subsidized by donor funding	Intellecap providing support under Collaboration for Impact Facility, Intellecap or Open Capital Advisors through the PACE Initiative
	Fee-based but subsidized by commercial firms	Accenture Development Partnerships
	Fixed deferred fees or percentage share of investment raised if business is successful	Open Capital Advisors

*Comprehensive data on enterprise contributions is not widely documented but research conducted by ASPEN and Village Capital based on 52 organizations finds that about one-third of the accelerators surveyed charge participants fees, while an additional 17% plan to have fees in the future. On average, accelerators charge $1,300 per enterprise, ranging from $120 to $5,000. Ross Baird et al., Bridging the "Pioneer Gap"

"Historically, the trend was not to charge for TA or to have other people pay for it, which is the same as not charging. Now there is a tendency to having entrepreneurs pay for the TA. But it's hard to move from nothing to everything, so for the moment we partially subsidize the costs." — Sylvain Ferriere, Co-Chief Investment Officer, Yunus

3.4.2 Trends and Lessons Identified by Providers

Co-investment in advisory support can increase inclusive business buy-in and the chances of the support meeting its objectives. For example, **Yunus Social Business** sees some evidence that charging a fee decreases drop-out rates. Others see the co-investment as commitment of time, not cash. For example, many donor programs accept in-kind contributions as company match funding. Others argue that at least partial payment is important and use different models to achieve this. For example, **Accenture Development Partnerships** and **EY Social Enterprise** charge reduced consultant fees, and EY argues that its consultants are more effective because of the price clients are paying.[38] **However, fees can only be afforded at a certain stage of business maturity and support is often needed mostly when clients can least afford it.[39]** For this reason, consultancies such as Open Capital Advisors offer results-based fee models. This means clients only have to pay the majority of fees at time of raising investment, either in the form of fixed deferred fees or a percentage share of the investment raised. This type of 'deferred payment' or 'success fee' is also used by Intellecap. Despite some emerging financing models, there is still a mismatch between client capacity to pay prior to getting investment and client need for support in order to secure investment. For this reason, there is considerable discussion of the need for new financing models such as calls for an 'Advance Facility' (see Box 11).

Free advisory support can create risks of market distortion. There is always the risk that free support keeps alive flailing inclusive businesses that have no chance of succeeding, especially if they continue to transition from one support to another. Market distortion is also raised as an issue by some consultants who find it hard to build a commercial market for support services in the light of massive donor funding in the space. On the other hand, there will be various inclusive businesses that have received grant funded support early on in their journey and are now in the portfolio of investment funds, are scaling and/or have become commercial clients of advisory support providers.

3.5 Monitoring Progress and Gathering Client Feedback

Monitoring progress and capturing client feedback on the advisory support provided is critical for support providers to verify if their service offering is demand driven, meets client needs and is progressing in line with expectations. By systematically capturing feedback and tracking change, support providers can optimize the compilation of their advisory support offering and the delivery tools and personnel used to provide services.

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38 Jon Shepard, "Adapting big business consulting services to social enterprises" The Practitioner Hub for Inclusive Business, September 5, 2016, accessed June 2017, http://www.inclusivebusinesshub.org/adapting-big-business-consulting-services-to-social-enterprises/

39 Ashley, Who pays and what works?

BOX 11: PROPOSAL FOR AN ADVANCE FACILITY

The suggestion for an Advance Facility is based on the desire to build a more sustainable ecosystem for BDS and other support. The report *Catalyzing Impact Deal Flow – Recommendations for Development of the Services Market* published by **FSG** and **DFID's Impact Programme** provides details about this proposed grant-based facility that would provide partial, up-front funding to service providers for specific engagements (an 'advance'), alongside efforts to strengthen the market ecosystem. Calls for such a Facility build on an effective example from the UK, which built social enterprise capacity for larger contracts.[40] [41]

The recommended facility would provide partial up-front funding for the service provider. This would cover a portion of the agreed fee for specific engagements and relax the immediate working capital constraint faced by businesses. This system would allow providers to increase the number of engagements they could take on, mitigate the risks associated with deferred-fee based engagements and enable providers to reach deeper into the pool of promising but higher-risk enterprises. In the event of a successful capital raise, providers would receive the remainder of their agreed fee.[42]

3.5.1 Models Used

Across support providers, we see different approaches on how to monitor progress and capture feedback on support provided. We have identified three main models, which in practice are often used in combination:

1. **Core quantitative metrics:** Assessment of core metrics around application, participation and completion rates. One the one hand, this approach offers benefits. For example, it does not require active involvement of clients themselves, is low-cost, easy to measure and provides comparable data. Additionally, metrics can be used as a baseline and to some extent also to understand trends over time. On the other hand, core quantitative metrics also have limitations. For example, they do not offer the possibility to understand qualitative insights and learnings.

2. **Client feedback**: This can be gathered in various ways, for example by using feedback forms, often after cohort sessions, events or one-to-one support. On the plus side, it provides coherent datasets, offer a systematic way of tracking feedback/results and enables providers to assess quantitative and qualitative data. Real time feedback tracking is also increasingly used during cohort sessions. There are also some examples where support providers conduct pre- and post-session reporting where participants self-assess their competencies before and after participation. It can also be useful to assess whether support is well tailored to the priority needs and prior expectations of clients. For example, a baseline survey of expected benefits of support can be followed up, and compared to, an ex-post survey. To measure the long-term impact of advisory services and assess if the support offer addresses

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40 Investment and Contract Readiness Fund'', Social Investment Business, accessed June 2017, http://www.sibgroup.org.uk/investment-and-contract-readiness-fund

41 Adrian Brown and Katie McAllister, Ready, Willing and Able. An interim review of the Investment and Contract Fund (London; The Boston Consulting Group, 2014), accessed June 2017, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/302336/ICRF_report_FINAL_090414.pdf

42 Harvey Koh and Simon Meier, Catalysing Impact Deal Flow in East Africa: Recommendations for Development of the Services Market. (Boston; FSG, 2016), accessed June 2017. http://fsg.org/publications/catalysing-impact-deal-flow-east-africa

current needs, client feedback can also be assessed on a regular and ongoing basis throughout the duration of the support. In this case, it is often combined with needs assessments. Key limitations of client feedback include reliance on client perception and the high likelihood of subjective rather than objective reporting.

3. **Standardized capacity assessment frameworks**: Standardized assessment frameworks offer the opportunity to gather comparable data and can be a cost-effective tool to undertake assessments, but at the same time provide limited qualitative, in-depth information. The more diverse the portfolio of enterprises the harder it is to apply standardized frameworks.

3.5.2 Trends and Lessons Identified by Providers

Client reporting raises questions around incentives for reliable, frank feedback. Anonymous surveys help to receive honest feedback. In particular, if reporting is milestone-based and clients have to report in order to access the next tranche of support, they may not report on results achieved and challenges encountered with complete accuracy. For example, **USAID's Securing Water for Food (SWFF) program** has shifted to anonymized reporting on service providers in order to allow for uncensored feedback.

Another challenge with milestone-based reporting is that if clients' objectives and targets change, milestones have to be adjusted accordingly. This makes it hard to judge effectiveness of the support (or creates perverse incentives around adjustment of milestones).

Support providers need to know clients well in order to understand the significance of changes that occur, in particular if they are not engaged in direct provision of services. One solution to address this issue is to include the actual (external) service provider (not just the program staff) in the reporting process. For example, the **Technical Assistance Facility of the African Agricultural Fund** and the **Business Innovation Facility** pilot integrate service provider feedback in their reporting process alongside client feedback/reporting. Similarly, **I-DEV** and the **Aspen Network of Development Entrepreneurs (ANDE)** point out that it would also be important to consider, and systematically assess, feedback from investors to reveal highly relevant bottlenecks or challenges that inclusive businesses face (see Box 12).[43]

Cost and time involved in reporting activities should not exceed their usefulness although monitoring progress over time is valuable. Reporting requirements for all stakeholders need to be appropriate in relation to the support provided. Another related challenge is that, in the majority of cases, measurement efforts are constrained by funding cycles, for example, limited funds are available for long-term evaluations. Long-term programs such as SEED have an advantage: SEED conducted a survey with its portfolio companies to gather data for a report documenting results over 10 years.[44] Alumni networks also offer the opportunity to follow progress post support.

Among our sample there is limited public sharing of results and lessons. Some support providers have started to share initial findings and lessons on advisory service provision through reports. However, for

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43 Aspen Network of Development Entrepreneurs, Agora partnership and I-Dev International, Measuring value created by impact incubators & accelerator, (Washington D.C, 2014), accessed June 2017, https://assets.aspeninstitute.org/content/uploads/files/content/docs/resources/ANDE%20I-DEV%20INCUBATOR%20REPORT%2011-21-14%20FINAL%20FOR%20DISTRIBUTION.pdf

44 Carolin Ehrensperger, Jona Liebl, Jana Rudnik, Mirko Zürker, Turning Ideas into Impact, (Berlin; Adelphi, 2015), accessed June 2017, https://www.seed.uno/images/reports/SEED_10Y_Flagship_Report.pdf

Table 11: Overview of Models and Examples for Monitoring Progress

Model	Example	Description
Core Quantitative Metrics	The African Management Initiative	Online course completion rates and test scores are used to measure knowledge improvement of inclusive businesses.
Client Feedback: Feedback Forms	Yunus Social Business	Feedback forms are used after each cohort session and at the end of each program to assess usefulness of sessions and quality of experts. In addition, investees fill out feedback forms on their mentors and technical experts. The result is rich though not comparable qualitative data.
	Singularity University	Real time feedback and on demand polls are used throughout programs to be able to respond and course-correct during implementation.
Client Feedback: Pre and Post	USAID's Powering Agriculture	Cohort participants are asked to rank their knowledge before and after workshops across eight key topics.
	The Business Innovation Facility pilot	The program asked clients to prioritize the many possible benefits of technical assistance to their business, at baseline. Post-delivery of support, the entrepreneur was asked to score the extent to which the support delivered against those needs that had been identified as priority.
Client Feedback: Regular, Ongoing Assessments	USAID's Securing Water for Food (SWFF) program	The program collects two types of feedback from clients: specific feedback at completion of an input: did the support do what it was intended to do, was it useful, would you recommend it to others; and feedback every six months on whether the program's overall TA Facility is helping the grantees.
	DFID- funded Connect to Grow	The program assesses a range of indicators at baseline, upon completion of support and in some cases a follow up six months post completion.
Standard Capacity Assessment Frameworks	Grassroots Business Fund	The Fund designed a standardized assessment framework that uses 'Ability Scores' and 'Success Factors' to understand performance and track client progress on predefined categories over time. GBF calculates scores at the start of an investment, and semi-annually thereafter through a scoring survey.*

*Grassroots Business Fund, 2014 Impact Report, (Washington, D.C.: Grassroots Business Fund, 2014) accessed June 2017, http://www.gbfund.org/wp-content/uploads/2014/11/GBF-2014-Impact-Report-.pdf

many, public disclosure is still very limited. IDEO.org's Amplify Program has agreed with its donor partner DFID to adopt a learning approach, which means there is space to do things differently and change the approach based on learning. The ambition is also to feed knowledge from the process back into DFID's other programs and impact, more generally, how donor support is given for advisory services.

Among our sample there is limited public sharing of results and lessons. Some support providers have started to share initial findings and lessons on advisory service provision through reports. However, for many, public disclosure is still very limited. **IDEO.org's Amplify Program** has agreed with its donor partner DFID to adopt a learning approach, which means there is space to do things differently and change the approach based on learning. The ambition is also to feed knowledge from the process back into DFID's other programs and impact, more generally, how donor support is given for advisory services.

Causality between service delivery and client performance is difficult to establish. Feedback tools are important to assess the usefulness of advisory support services for clients. Many support providers would like to go a step further and determine whether there is causality between their service delivery and the bottom-line performance of the inclusive business. In practice, however, this is difficult to achieve (see section 4).

BOX 12: CLIENT FEEDBACK ON VALUE OF ADVISORY SUPPORT

For the report *Measuring the Value Created By Impact Incubators & Accelerators*,[45] **ANDE**, **I-DEV** and **Agora Partnerships** conducted over 100 interviews with stakeholders from eight impact-focused incubator/ accelerator programs including with 54 inclusive businesses that had participated in the programs, and 18 active impact investors. The key objective of the research was to evaluate the value created by incubators and accelerators as well as to design a framework that could be used to benchmark programs against each other.

As part of the assessment, the inclusive businesses were asked to rate 27 common incubator/ accelerator services based on their interest in each service prior to program participation and usefulness of each service following program completion. The chart below provides the average values for each of the top-rated services on a scale of 1 (least interesting/least useful services) to 5 (very interesting/extremely useful services). It also compares results between early stage inclusive businesses and growth stage inclusive businesses.

Most Appealing Services (Pre-Program)

Service	Value
Access to Informal Mentors & Entrepreneurs	4.07
Business Strategy Planning Support	3.70
Access to Peer Mentoring	3.94
Access to Peer Mentoring	3.67
Business Plan Development	3.83
Business Plan Development	3.57
Business Strategy Planning Support	3.59
Links to Strategic Partners	3.30
Pitch Day or Similar Showcase Event	3.44
Access to Informal Mentors & Entrepreneurs	3.30

Most Useful Services (Post-Program)

Service	Value
Business Plan Development	3.87
Access to Peer Mentoring	3.90
Pitch Day or Similar Showcase Event	3.78
Business Strategy Planning Support	3.86
Access to Peer Mentoring	3.60
Business Plan Development	3.79
Business Strategy Planning Support	3.58
Pitch Day or Similar Showcase Event	3.75
Peer-to-Peer Learning/Collaboration Opportunities	3.48
Business Etiquette & Presentation Skills Training	3.64

● Early Stage Entrepreneurs' Average Response　　● Growth Stage Entrepreneurs' Average Response

Key overall findings of the report:

• Early stage inclusive businesses find greater value in incubators/accelerators than growth stage inclusive businesses.

• Most valuable services for early and growth stage inclusive businesses are business plan or strategy development and peer mentoring.

• Incubees and investors have been disappointed by the support provided for raising capital and getting investment ready.

45 Aspen Network of Development Entrepreneurs, Agora partnership and I-Dev International, Measuring value.

4. Results, Evidence, Effectiveness and Value

- *There is limited information available about results, effectiveness and value for money of advisory support provided to inclusive businesses, more data on accelerators than any other kind of provider, and a growing interest to improve understanding of success and availability of data.*

- *Indicators of effectiveness of advisory support could be proximate to the input: 1) uptake of the advice; or 2) changes in the operation or capacity of the business. Indicators of success could also be sought further down the chain of logic in 3) business viability and growth; or 4) development outcomes.*

- *We have identified five key issues that hinder the current understanding of effectiveness: 1) correlation does not prove causation; 2) timing of measurement can affect results; 3) support is provided to high risk inclusive businesses, with an expectation that more will survive, but there is no benchmark or counterfactual for failure rates; 4) it is impossible to distinguish impact of advisory and financial support if provided at the same time; and 5) there are no standardized metrics and different perceptions of what success means by different stakeholders.*

- *Analysis of the limited, emerging data that exists on effectiveness of support suggests that results are highly variable: there are positive though mixed findings on whether supported inclusive businesses perform better than those that do not receive support; results differ on whether advisory support is more useful for early stage or growth stage inclusive businesses; and the information available on the costs of support are currently too limited to assess cost effectiveness.*

4.1 What Does Success Look Like and How Can It Be Measured?

Currently, it is not possible to adequately assess the results, effectiveness and value for money of advisory support provided to inclusive businesses. Nevertheless, there is growing interest in understanding the parameters of these, and developing tools to assess them. As the amount invested in advisory support increases, it becomes more urgent to be able to assess the return, notwithstanding the inevitable challenges of measuring performance.

For many support providers, the fundamental rationale for providing advisory support is to help their portfolio clients tackle obstacles more effectively, speed up progress and achieve greater scale. Only a share is expected to succeed commercially and a smaller share to truly scale. Advisory support aims to get more clients to success and scale more quickly. There seems to be strong commitment to, and acceptance of, this rationale, but measuring it is hugely difficult because it implies improvements in pace and quality compared to a counter-factual that cannot be measured (as discussed further below).

Despite this fundamental challenge, there are different ways in which effectiveness of support can be understood and defined. Figure 13 below shows the simplified theory of change behind many support initiatives.

Figure 13: Simplified Theory of Change Behind Many Support Initiatives
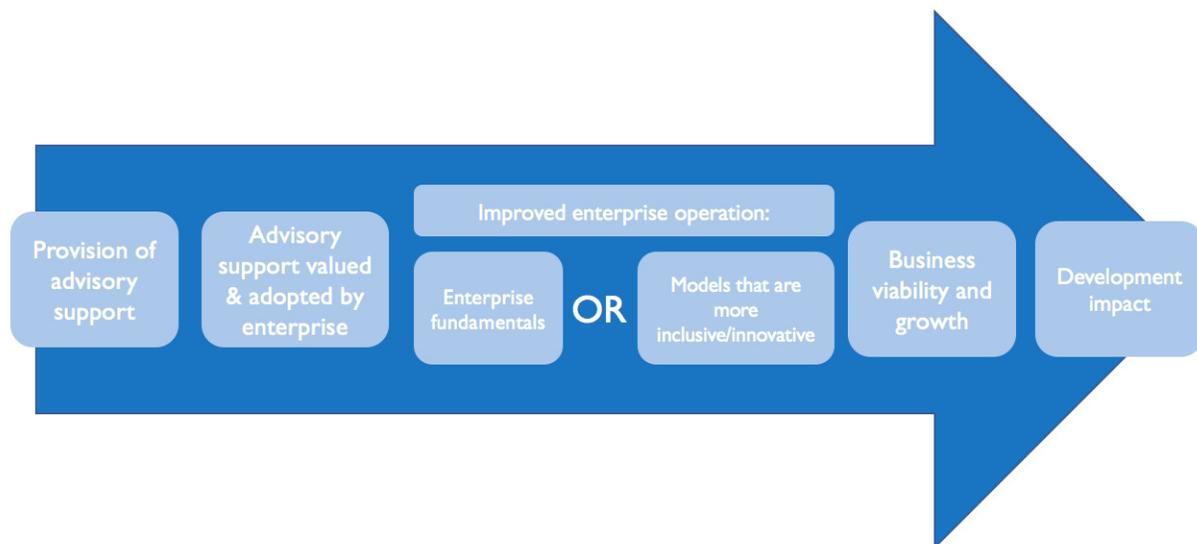
At the simplest level, this means that 'success' can be tracked at different points along this logic chain as:

- adoption or implementation by the enterprise of what is advised;

- change in operation of the inclusive business;

- accelerated business viability and growth;

- enhanced development outcomes.

Table 12 illustrates some indicators and approaches currently used, which fall into these four categories.

The study of social impact focused incubators and accelerators is in its infancy.[46] The **Global Accelerator Learning Initiative (GALI)** aims to contribute to this lack of data and focuses on addressing key overall questions (see Box 13), one of them being focused on inclusive business performance.

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46 Baird et al., Bridging the "Pioneer Gap".

Table 12: Varying Approaches to Defining and Measuring Effectiveness

Type of Result	Effectiveness Indicator	Examples of Measurement Approach
Effectiveness of Support	• Feedback on specific event/support provider • Completion and participation rates of programs • Satisfaction among clients • Uptake and adoption rates of advisory support tools/models/recommendation	• Internal program monitoring • Client reporting/interviews/ evaluation • Service provider feedback on effectiveness of support • External review (with control groups)
Change in Operation	• Anecdotal information on changes in business models and operations; roll out of new models; increases in staff skills	• Specific information from clients • Standardized skill assessment
Viability and Growth	• Business growth: sales, revenue, profits • Survival rates, expansion rate • Ability to attract financing: type and amount of investment raised	• Client reporting of financial KPIs, for example, including number of staff, revenue, investment etc.
Development Outcomes	Social/environmental • Social and environmental indicators Innovation • Extent to which new approaches/ technologies/ product/ services are applied • Ability to disrupt ecosystem/value chain around the inclusive business	Social/environmental • Social impact measurement done by direct client reporting (for example, numbers reached, depth of impact, distribution of impact) or external impact measurement • Social and environmental reporting systems Innovation • Scale of innovation uptake • Cost effectiveness of innovation • Very few standardized methods

BOX 13: THE GLOBAL ACCELERATOR LEARNING INITIATIVE (GALI)

The **Global Accelerator Learning Initiative (GALI)**, a collaboration between **Aspen Network for Development Entrepreneurs (ANDE)** and **Emory University** launched in 2015, is designed to explore and answer key questions about inclusive business acceleration including: do acceleration programs contribute to revenue growth? Do they help companies attract investment? Do they work as well for developing-world social entrepreneurs as they do for developed-world tech entrepreneurs? This work is comprised of two complementary research programs.

1. The first is a global market assessment of accelerators, combined with regular surveying and website research, to understand who these accelerator programs are, where they are located, and how they are structured.

2. The second component is the Entrepreneurship Database Program. The program partners with accelerators directly, integrating a core set of questions into the application processes of these programs. Then, it surveys all the inclusive business who apply to these programs annually, including those who are not accelerated. This allows for a deep understanding of how accelerators affect the growth of inclusive businesses over time. Data is collected across a range of indicators including age at the time of application, revenue, full time employees, equity financing, debt borrowed and philanthropic support.[47]

The first accelerator to work with the Entrepreneurship Database Program was Village Capital for which findings have been published in 2016.[48] In May 2017 their second major report was published comparing acceleration in emerging markets versus high-income countries. The research is finding, so far, that accelerated enterprises perform better than non-accelerated enterprises, during the year following application. Differences are most marked (and statistically significant) for growth in finance. During the year of acceleration, on average, and adjusted for different venture size, accelerated enterprises grew their equity at 53% compared to 40% for rejected enterprises, and their debt at 52% compared to 9%. Another of the 2017 report's key findings is that accelerators tend to focus on supporting investment brokering but emerging market entrepreneurs value core business skills: "Emerging market entrepreneurs tend to place more emphasis on business skill development, while much of the framing of accelerators' value is around building connections that might help close fundraising gaps. This raises program design issues that must be addressed".[49] GALI also published a Mid-Year Data Summary including 82 programs and more than 5,000 ventures,[50] as well as regular short publications answering specific questions based on survey data received.[51]

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47 "Entrepreneurship Database Methodology", Global Accelerator Learning Initiative, accessed June 2017, https://www.galidata.org/entrepreneurs/methodology/

48 Roberts et al., What's Working in Startup Acceleration.

49 Roberts et al., Accelerating Startups in Emerging Markets.

50 Global Accelerator Learning Initiative, The Entrepreneurship Database Program at Emory University 2016 Mid-Year Data Summary, (Atlanta; Emory University, Washington D.C.; Aspen Network Development Entrepreneurs, 2016), accessed June 2017, https://c.ymcdn.com/sites/ande.site-ym.com/resource/resmgr/gali/2016_Mid_Year_Summary.pdf

51 Global Accelerator Learning Initiative, Entrepreneurship and Acceleration: Questions from the Field, (Washington D.C., 2015-2017), accessed June 2017, http://www.andeglobal.org/?page=Accelerators

4.2 Trends and Gaps

There is limited data available to date but growing interest to improve understanding of success and availability of data. There is an overall consensus that very little data exists on effectiveness of support provided and that there is a need to strengthen efforts. Section 4.3 below elaborates on the types of data and results available to date.

Correlation needs to be distinguished from causation. Currently inclusive business success (i.e. business survival and growth) is often being used as an indicator of support intervention-success. However, correlation of success and advisory support does not prove causation. In an ideal world, comparison with equivalent control groups would prove causation, but this is not possible. Some programs try to qualitatively identify 'what would have happened anyway' without the support, either at appraisal or evaluation stage. **GALI** is more ambitiously comparing those that were selected for acceleration with those rejected but this cannot control for other variables, which may drive both selection and success.

Timing of measurement can affect results. Directly after support provision clients may rate usefulness of support higher than two years down the line when other factors are likely to have influenced their journey. There may be some cases in which they only realize much later on that certain services have proven particularly useful. Different support providers also have different timeframes of usefulness sought. For example, incubators may have a greater incentive to assess usefulness straight after support has been completed, whereas support providers that are getting a share of capital raised are likely to be prepared for longer timeframes in assessing success.

Success should be assessed relative to the risk and challenges involved. The targets for advisory support in this space are often, by nature, risky businesses. Some support providers intentionally target innovations or businesses with high risk or high (social or commercial) return ratings. Therefore, a mixture of success and failure is expected, and several clients of advisory support would still be expected to fail, so long as the overall distribution of success and failure shifts positively. However, there is no benchmark for what are 'normal failure rates'. Indeed, if all recipients of support are successful, that might indicate great progress in reducing failure, or it might indicate zero additionality from intervention because only 'winners' (with zero risk) were chosen at the start.

It is difficult to separate impacts of complementary interventions. If advisory support is provided alongside financial support, it is impossible to distinguish the effect of the finance and the effect of the advisory support. For example, the impact investor **Root Capital** has a very comprehensive approach to measurement focusing on the following key questions: What impact does Root Capital have on the growth and stability of clients' businesses? What impact do Root Capital's clients have on the level and stability of small-scale farmers' incomes? What impacts do our clients have on rural communities, ecosystems and landscapes? What impacts do our clients have on regional economies? While Root Capital has made progress in addressing these questions, the data it collects does not address the specific role of their business development services as opposed to the financial support it offers.

There are differing perspectives on what success looks like. Many support providers develop their own schemes for measurement based on varying definitions of success related to their core objectives, which makes it hard to compare. For example, some programs with specific development objectives may define success primarily on 'testing a certain model' to tackle development challenges.

Support providers testing innovations will have a higher appetite for risk and hence define success on a

lower rate of successful cases. In addition, perspectives of success for different stakeholders engaged in any program will vary, too (see Box 14).

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BOX 14: PERSPECTIVES ON SUCCESS VARY BETWEEN STAKEHOLDERS, EXAMPLE FROM SWFF INTERVIEW

What does success look like for the advisory support provided by USAID's Securing Water for Food (SWFF) program?

- **Success from the innovator's perspective:** success would be achieving their own definition of success by meeting the targets in their work plan.
- **Success from the technical assistance facility's perspective:** success will be moving the clients in the pipeline; providing them what we say we would; connecting them to additional partners and outside funding; capturing lessons learned; and reaching their target number of users.
- **Success from founding partners' perspective:** success will be making contributions to address the problem identified in the Grand Challenge and supporting the innovation to reach this end."[52]

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4.3 What Data and Results are Available to Date?

"Rigorous research on the actual and potential effectiveness of entrepreneurial acceleration has not kept pace with the proliferation of accelerator programs."[53] — Global Accelerator Learning Initiative (GALI), 2016

Across the literature there is an overall consensus that very little data exists on effectiveness of support provided and that there is a need to strengthen efforts. For example, as part of the recommendations in their 2014 report Measuring value created by impact incubators & accelerators **I-DEV International, The Aspen Network of Development Entrepreneurs (ANDE)** and **Agora Partnerships** recommend greater effort to track data and standardize collection methodologies as well as define and implement industry-wide standardized benchmarking framework.[54] This view was mirrored by several interview partners including the **Grassroots Business Fund** and the **DFID Impact Programme**.

Data availability is challenged by the fact that several initiatives are fairly new and hence long-term data is simply not available.

"We are starting to get the sense that these inputs do achieve something, but it's relatively early stage. Are any of the observed outcomes to do with the program? That's not proven yet." — Harry Devonshire, Evaluation Officer, Argidius Foundation

Yet, some emerging examples show greater focus on results and effectiveness. These include both sector-wide initiatives and cross-program analysis (in particular, for incubators and accelerators) as well

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52 USAID, "Sara Hughes, International Development Innovation Network, Interview" CAT Interview Report (Washington, D.C.; USAID, 2015)

53 Roberts et al., What's Working in Startup Acceleration.

54 Aspen Network of Development Entrepreneurs, Agora partnership and I-Dev International, Measuring value created.

as reports sharing results and learnings from individual programs including some from support provided alongside impact investing. Some examples include the **Grassroots Business Fund's** Impact Report[55] and the **African Agricultural Fund's TAF Impact Report**.[56]

4.4 Trends and Gaps

There is limited data on success rates. Available data is not consistent and varies across support providers. Data availability is challenged by the fact that many support providers have limited opportunities to assess results upon completion of support. Some predictions and data are available, although they vary based on type of support provider. **USAID's Securing Water for Food (SWFF) program** predicts that 40% of supported clients will meet their goals over the three years of support.[57] At the end of its three-year implementation period, the Business Innovation Facility found that 80% of the 40 inclusive businesses it supported were making some level of progress (of which 10% were flourishing).[58] Open Capital Advisors reports that out of more than 50 inclusive businesses supported who explicitly sought finance, 80% have been successful.[59]

There are questions whether client contributions lead to higher success rates. The Aspen Network of Development Entrepreneurs (ANDE) and Village Capital did not find any significant differences in this regard: "On average, grant-reliant accelerators had an average success rate of 29%, and a survival rate of 74%, while those that were not, had a success rate of 35%, and a survival rate of 82%."[60]

"We expect a 10-25% success rate among high risk innovators, but technical assistance can increase this. $500K spent on good TA is great value for money."[61] — PAEGC interview

There are mixed findings on whether supported inclusive businesses perform better than those that do not receive support. A review of 15 **Village Capital** programs under the **GALI initiative** finds that growth and investment figures for participating inclusive businesses are consistently higher than those of rejected inclusive businesses.[62] On the other hand, a literature review conducted in *Bridging the Pioneer Gap* by the ANDE and Village Capital highlights one study that finds inclusive businesses with incubation support in the US fail sooner than those that do not receive support, suggesting that the protective environment of an incubator may actually inhibit the firms from developing resilient routines and competencies.[63] On the other hand, this could suggest incubators play a role in accelerating the failure of businesses allowing talent and investment to quickly move elsewhere.

Findings also vary on whether advisory support is more useful for early stage or growth stage inclusive businesses. A study of eight impact-focused incubator/accelerator programs including

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55 Grassroots Business Fund, 2014 Impact Report.

56 Smith and Schramm, Five years of AAF's Technical Assistance Facility.

57 USAID, "Sara Hughes, International Development Innovation Network, Interview" CAT Interview Report (Washington, D.C.; USAID, 2015)

58 Caroline Ashley, Tom Harrison and Carolin Schramm, The 4Ps of inclusive business: How perseverance, partnerships, pilots and passion can lead to success (London; The Business Innovation Facility, 2014), accessed June 2017, http://www.inclusivebusinesshub.org/wp-content/uploads/2016/05/BIF_The_4Ps_of_Inclusive_Business.pdf

59 Andreas Zeller, Open Capital Advisors, Interview with author, January 2017

60 Baird et al., Bridging the "Pioneer Gap".

61 Ryan Shelby and Augusta Abrahamse, PAEGC, Interview with author, January 2017

62 Roberts et al., What's Working in Startup Acceleration.

63 Baird et al., Bridging the "Pioneer Gap".

54 clients looks in detail at usefulness between client types and finds that programs appear to be creating more value for early stage inclusive businesses (incubees with less than $500,000 in revenues at time of program participation) than for growth stage inclusive businesses (incubees with greater than $500,000 in revenues at time of program participation).[64] Data from the **Village Capital** review did not provide any firm indication of variation in value by more advanced or earlier stage clients.[65]

Anecdotal data suggests there is value in one-to-one support for more established recipients, although the value of the support is specific to the enterprise context. The **Business Innovation Facility pilot**, a DFID-funded program that provided technical assistance on a one-to-one basis to 100+ inclusive businesses, found that support provided could be as useful to its large company clients as to startups. However, it was appropriate for a smaller share of such companies. This means it was less suitable for the 'average' large company, but high value for those for whom the timing was right, and the company had the will but lacked the skill for developing a more inclusive model, and wanted to move into implementation. In these cases, support added skills that were not available internally at a time in the process when the model needed to be proven.[66]

There is relatively little and variable data on the costs of advisory support, let alone on cost-effectiveness. Just as provision varies widely, so does cost. One respondent noted that a decent accelerator program can be $5,000 per participant in one context, but $18,000 in another, and it is difficult to judge between them. A full set of cost data is not readily available. The **Global Solutions Program at Singularity University**, an 8-9 week full time program in the US, costs $30,000 per participant. One-to-one support provided by international but often subsidized internal consultants in the **Business Innovation Facility** usually had a direct cost of around $60,915[67] (£50,000) per inclusive business. The **African Agricultural Fund's Technical Assistance Facility** spends up to $105,923[68] (€100,000) for core BDS support per client but can go considerably beyond that for inclusive business support.

When advisory support is provided alongside investment, it is often in the range of 'up to 10% of investment', at least for the smaller deal sizes. USAID's Securing Water for Food (SWFF) program is one of the few programs to plan both financial and advisory support from the start in an integrated way, with a total allocation of $25 million for grants and $10 million for advisory support. Allocation is typically around $10,000 per year for earlier stage clients for one-to-one support, and $20,000 per year for more mature clients.

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64 Aspen Network of Development Entrepreneurs, Agora partnership and I-Dev International, Measuring value created by impact incubators & accelerators

65 Roberts et al., What's Working in Startup Acceleration

66 Caroline Ashley, Tom Harrison and Carolin Schramm, Adding value to innovation? Lessons on donor support to inclusive business from the Business Innovation Facility pilot, (London; The Business Innovation Facility, 2014) accessed June 2017, http://www.inclusivebusinesshub.org/wpcontent/uploads/2016/05/BIF_Donor_Report_final_web.pdf

67 Based on an exchange rate of £1=$1.22 calculated in March 2017

68 Based on an exchange rate of €1=$1.06 calculated in March 2017

5. Conclusions and Implications

- *Continued evolution and innovation in the sector is likely. Each support provider faces their own set of challenges as they refine their approach for greater effectiveness. Also, the sector as a whole faces rising challenges while innovating. Seven unresolved challenging issues emerge, which are gaining - and require - attention. These are: 1) proportionate needs assessments; 2) value for money; 3) client perspectives; 4) exit strategy; 5) scalability; 6) market sustainability; and 7) collaboration.*

- *While there are no blueprint answers, the lessons learned by providers to date generate a clear set of questions that support providers need to address in order to sharpen their offer and their impact. These include questions on how to design their offer, how to select clients, how to gather feedback, how to price their offer and more.*

- *Some of the challenges could be addressed through more collaboration and knowledge exchange between support providers. We identified areas for collaboration and different roles that donors and other ecosystem supporters can play in supporting effective deployment of advisory support, in pursuit of scaling inclusive business.*

5.1 Looking Ahead: Unresolved Challenges

The wide range of support providers in this continuously evolving sector is likely to grow, particularly as initiatives incorporate advisory support into their other offerings. Over time there may be increased specialization and some consolidation of the space, but as there are currently few feedback mechanisms that drive quality providers to expand faster than others, this is not imminent.

As innovation continues, we anticipate attention will increasingly be paid to seven challenging issues:

- **Proportionate, useful needs assessments**: It is clear that a good understanding of needs is critical, and indeed is a value-add in itself, but given that most advisory support is relatively small (compared to investment), investment in needs analysis should also be relatively small so as not to be disproportionate.

- **Value for money**: Tracking client satisfaction is not enough. Ultimately providers need to assess overall returns, in terms of additional business success that is spurred by advisory support. This assessment is needed at both inclusive business and portfolio level. Returns may never be simple monetary figures, but should nevertheless be considered in two ways: the extra value created by the business compared to the cost of the advisory input; and the value delivered compared to the provider deploying resources in other ways, such as ecosystem reform.

- **Client perspectives**: What do the thousands of recipients of advisory support think of its value and how it could be improved? There is a small but growing comparative literature on advisory support models, but data on client feedback so far remains confined to the specific providers that collect it.

There is little sharing of approaches used for gathering feedback or of the views expressed.

- **Exit strategy**: Support providers struggle with the question of when and why to finish providing advisory support. Maximizing the effectiveness of investment in advisory support is currently more focused on who to allocate support to and what type of support to provide. It is equally important to judge when to stop providing support, and how to ease the transition for the inclusive business either to full independence or to other sources of support, or to fail fast if it is headed for failure.

- **Scalability**: Tailored advisory support is often a high-touch engagement, which can mean high cost. A key challenge for providers is how to balance effectiveness of their model against its scale and sustainability. Blending lower-cost tools (e.g., online trainings) with higher-touch offerings is one option, but is not currently enough to reach the scale needed.

- **Market sustainability**: The sector is currently highly dependent on grant finance, much of it for fixed term duration. Even commercial providers are often subsidized and not fully sustained by commercial fees. Investors are, sometimes reluctantly, moving beyond their core responsibilities to support more advisory services before and during investment, but this will only ever be a fraction of the market. There is no accepted mark of quality yet, but in the long term, some degree of quality assurance will be needed. For all these reasons, conversations are moving beyond whether specific advisory support inputs are useful to also explore questions of how the ecosystem of support is developing in the long-term.

- **Collaboration across diversity**: There needs to be more collaboration and exchange between the diverse organizations providing advisory support. Several interviewees called for more sharing and joint learning, and less reinvention of the wheel. The Global Accelerator Learning Initiative (GALI) aside, there seems to be relatively little exchange amongst support providers, particularly exchange that cuts across organizational types (for example, from investors to challenge funds to incubators). GALI has provided a focused mechanism for information exchange and analysis for accelerators, but for other types of support providers there is no single facilitator of a conversation or coordination.

"Technical assistance providers should increase coordination with one another to establish common standards and measurement systems, improve knowledge transfer, share best practices and lessons learned, improve quality of delivery and coordinate complementary programs in overlapping value chains and geographies."[69] — *The Initiative for Smallholder Finance, 2014*

5.2 Implications of the Landscape Review

While this landscape review unearths a number of open questions and unresolved issues, it also has some implications for the key players involved in this space that suggest a way forward for more effective support provision.

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69 The Initiative for Smallholder Finance, Technical Assistance for Smallholder Farmers: An Anatomy of the Market, Briefing 07, (New York, Global Development Incubator, 2014), accessed June 2017, https://www.raflearning.org/sites/default/files/technical-assistance-for-smallholder-farmers-an-anatomy-of-the-market.pdf?token=PCCfrKQ7

Table 13: Questions to Address When Providing Advisory Support

Topics	Questions
Design of Offer and Overall Approach	• What is your mandate? Is enterprise growth the driving force or do you want to increase attention to specific types of business? • What stage of business to target? Do enterprises have business fundamentals in place yet? If not, can you support this or do we risk distracting from actual objectives? • Location: If working in developing countries, clients may need global expertise, if working in developed countries, do they need local market intelligence and brokering? • Commonalities: What do enterprises have in common that might make cohort events relevant to them all? By stage or sector? • How important is peer exchange to your cohort or portfolio? • What access do enterprises already have to other support? How will support fit with that? How will financial assistance complement advisory support? Are different types of support aligned to the same objectives or competing? • How much can you spend? Can you afford one-to-one tailor-made support? How risky are the enterprises and how much are you willing to invest in them at this stage? • What level of risk are you willing to tolerate? • What skills do you have in the team or available through external service providers, and accessible to clients? • Is there low-touch support you can efficiently offer because of your own assets, such as linkages to others in the ecosystem?
Outreach, Selection and Allocation of Support	• Is your offer sufficiently clear that applicants understand what they will and won't get, and can judge whether or not to apply? • Absorption capacity: Which kind of support are enterprises able to make use of, given their capacity and other priorities? • Do you have mechanisms to screen out those with too limited capacity to use the support or with business models that are too weak to thrive relative to the support on offer? • Do you want to allocate your support roughly equally across our portfolio or target spend where it is most likely to change success rates? • Is outreach getting you the 'easy' applicants or the applicants that most need our support? • Do you have any information to screen out those for whom additionality is low, because they would either thrive or fail irrespective of support? • Are your selection criteria transparent? • How much time is and should be spent on selection and allocation?
Assessing Client Needs and Designing Support Packages	• How much can and should you invest in needs assessments and scoping, given this is critical and is a value in itself, though is only a precursor to provision of support? • How can you make needs assessments more valuable than burdensome to the client? • Can you use/adapt standard needs assessments tools? Do they work? What is needed to supplement them? • Are you making use of all team interactions with clients to continue building an understanding of their needs? • What needs do client enterprises self-identify? Do they have sufficient business experience to identify their longer-term needs? • How quickly do you deploy advisory support once needs are understood? How much value is lost if you delay? Do you understand timeliness from the client perspective? • How quickly do you adapt the advisory support offering when needs change? How often do you assess enterprise needs? • Do you involve the client and provider in scoping the terms of reference for delivery? • Is there a way to 'start small' and use small focused support as a way to build longer term support, without creating time gaps between chunks of provision?

Table 13: Questions to Address When Providing Advisory Support — Continued

Topics	Questions
Selection of Service Providers	• If support is provided in-house, do you have the right skillset amongst your program staff? • Do your clients most need global expertise or locally available support? • If service providers are foreign, do they have the flexibility, cultural fit and understanding of context to work effectively with Southern entrepreneurs in base of pyramid markets? • If mentors are identified, have you matched needs well enough and what will incentivize mentors to remain engaged? • How can a combination of face-to-face time followed by remote follow-up be planned, so as to maximize cost effectiveness?
Pricing of Support and Sustainability of Model	• Can the clients afford to pay anything without excessively compromising their business growth? • If they do not pay anything, have they got sufficient commitment for input to be effective? • If clients do not pay, who will? Is this model sustainable and if not does that matter? • If provision is free, does this distort the market and constrain growth of commercial providers of support?
Monitoring Progress and Gathering Feedback	• Are you clear on what you expect your support to achieve? Are your expectations realistic? And do your monitoring processes track delivery against expectations? • How many stage gates for client feedback do you have? Are they as light-touch as possible for the client? • Can you track whether clients use the advice, not just how they value it on completion? • Do you ask clients which would have been more value: the advisory input they received or the cost of it in cash? • Can/should you track changes in enterprise operations or changes in enterprise performance (growth) as indicators of effectiveness of support? • What proxy indicator would show you whether value for money is going up or down? • How can you use feedback to guide service providers and to feed into design of support, selection of topics, mechanisms and providers? • How do you incorporate feedback from service providers in addition to enterprise feedback? • (How) should you track what happens to clients after your input is finished? • How transparent are you willing to be with your results, so as to benefit the ecosystem? • How can you improve any of your processes to reduce burdens on clients or improve quality, cost-effectiveness or scalability?

5.2.1 Implications for Entrepreneurs

There is a vast range of support on offer for entrepreneurs. However, not all that is offered (even if free) is necessarily appropriate to address needs and therefore not worth a business's time to pursue. Hence, entrepreneurs need to consider carefully which type of advisory support they apply for. Quite obviously, entrepreneurs often benefit from the outsider viewpoint that advisory support can bring. However, they need to work with advisors that understand their real needs. Additionally, the degree of buy-in and input from the entrepreneur can make or break success. However, there is more that could be done to unpack what it takes for entrepreneurs to make best use of advisory support. In fact, the implications of the evolving sector of advisory support for entrepreneurs have not been well addressed yet in either this or other research.

5.2.2 Implications for Support Providers

The main implication for providers of advisory support is that several insights on what is working well - or did not work well - have already emerged. Despite lack of effectiveness data or mechanisms for lesson-sharing, the clear message from the interviews was that most providers have been reflecting on what works, and had valuable insights to share. While there are no blueprint answers, there is a clear set of questions that providers need to address to sharpen their offering and their impact. These are summarized above in Table 13.

5.2.3 Implications for Sectoral Collaboration

There are a number of unresolved challenges, which could be addressed through greater collaboration between advisory support providers. These include:

- **Peer-to-peer exchange and joint testing**: Sharing experience, practitioner exchange on what works operationally as well as collaborative testing of models.

- **Collaborative research**: Jointly engaging in research on the value and impacts of advisory support, going beyond accelerators and beyond business growth indicators.

- **Client feedback and voices**: Investing in gathering client feedback at greater scale and depth, and finding ways to draw out client voices from data that is bound to be qualitative.

- **Effectiveness assessment**: Supporting more structured and coordinated efforts to test effectiveness of different models, including further assessment of cost-effectiveness or at least cost comparisons of different models.

- **Innovations in pricing and financing to advance sustainability**: Supporting and testing innovations in pricing and financing, and ways to balance access to support with sustainability of the system.

- **Ecosystem investments**: Supporting ecosystem initiatives that address quality of support with a view to developing quasi-market mechanisms that reward quality.

5.2.4 Implications for Donors and Other Ecosystem Supporters

There are different roles that donors and other ecosystem supporters such as foundations or investors can play in supporting effective deployment of advisory support, in pursuit of scaling inclusive businesses.

- **Direct providers of advisory support**: Donors can operate in segments of the market where commercially-funded services cannot. This may include, for example, services for very early stage businesses, operations in particularly risky environments or particular emphasis on testing of innovation. Donor-funded advisory support can fill new gaps as they emerge until others move in.

- **Financiers of blended revenue models**: Pricing and payment models that combine donor subsidy with some element of payment by the client are likely to be needed for some time to come. Such models allow enterprises to afford input when they most need it but can least afford it, and enable support providers to develop in a sustainable way. Donors have a role to play in exploring mechanisms that fill gaps and build a market without creating undue reliance or distortion.

- **Initiators and sponsors of research on effectiveness**: Donors could commission research to generate new evidence about effectiveness of support provided.

- **Conveners and investors in cross-sector collaboration**: A range of topics that would benefit from cross-sector collaboration are raised above. Cross-sector collaboration usually requires a catalyst and some resource. Donors can support such collaboration to help develop a high-quality ecosystem of support.

The landscape is messy and boundaries are fluid, but advisory support is at the point where it can reasonably be described as a sector or ecosystem. Within the sector, we can expect continued diversity, experimentation and ongoing professionalization amongst support providers, as they improve their offer. At the same time, a new phase has started, in which attention shifts from an exclusive focus on what providers offer, to how the overall sector is evolving. Years ahead are likely to see increasing attention to whether and how structural challenges can be addressed to help ensure a high value and sustainable ecosystem of advisory support.

Annex 1: List of Interview Partners

Organization	Name	Role
Acumen Fund	Justus Kilian	Post Investment Manager
African Management Initiative	Rebecca Harrison	CEO
The Aspen Network of Development Entrepreneurs and Global Accelerator Learning Initiative	Genevieve Edens Abigayle Davidson	Director of Research and Impact Research Analyst
Argidius Foundation	Harry Devonshire	M&E Officer
Global Impact Investing Network	Aliana Pineiro Rachel Bass	Research Manager Research Associate
Global Development Incubator	Andrew Stern	Founder
Grassroots Business Fund	Harold Rosen	CEO
IDEO Amplify	Shauna Carey	Amplify Program Director
Intellecap	Stefanie Bauer	Associate Vice President
Open Capital Advisors	Andreas Zeller	Managing Partner
USAID's Partnering to Accelerate Entrepreneurship (PACE) Initiative	Robert Schneider	Division Chief, Global Partnerships
RippleWorks	Sarah Burch Jay Lee	Portfolio Manager Growth and Community Associate
Singularity University	Darlene Damm	Principal Faculty, Global Grand Challenges
Spring Accelerator	Ramona Liberoff	CEO
TA Facility of DFID Impact Programme (managed by CDC)	Alice Chapple	Chair of the Technical Assistance Committee for the Impact Programme
USAID- LAUNCH SecondMuse	Cristine Geers Rachel Lawley	Innovation Advisor Program Manager
USAID's Powering Agriculture: An Energy Grand Challenge for Development	Ryan Shelby Augusta Abrahamse	Foreign Service Engineering Officer Science and Technology Advisor
USAID's Securing Water for Food (SWFF): A Grand Challenge for Development	Ku McMahan	Team Lead
USAID's Saving Lives at Birth (SL@B): A Grand Challenge for Development	Karen Clune	Senior Innovation Advisor
Yunus Social Business	Sylvain Franc de Ferriere	Co-Chief Investment Officer
N/A	Noah Beckwith	TA consultant

Annex 2: List of Organizations Reviewed

Organization	Website
African Agricultural Fund Technical Assistance Facility	http://www.aaftaf.org/
Aavishkaar Fund	http://www.aavishkaar.in/
Accion	https://www.accion.org/
Acumen Fund	http://acumen.org/
Africa Enterprise Challenge Fund	http://www.aecfafrica.org/
Africa Management Initiative	http://www.africanmanagers.org/
Argidius	http://www.argidius.com/
Ashoka	https://www.ashoka.org/
Bamboo Finance	http://www.bamboocp.com/
Business Innovation Facility	http://www.bifprogramme.org/
Carbon Africa Ltd.	http://www.carbonafrica.co.ke/
Cardano Foundation	http://www.cardanodevelopment.com/
Centre For Innovation Incubation And Entrepreneurship	http://www.iimahd.ernet.in/faculty-and-research/research-centers/ciie.html
Challenges Worldwide	http://challengesworldwide.com/
Climate Innovation Centres	http://www.infodev.org/climate
Connect To Grow	http://www.connecttogrow.org/
Dalberg	http://www.dalberg.com/
Enhancing Growth In New Enterprises	http://www.engineghana.org/
Enterprise Challenge Fund For The Pacific And Southeast Asia	http://www.enterprisechallengefund.org/
Feed The Future Innovation Engine Kenya	http://www.kfie.org/
Fsg	http://www.fsg.org/
Fund For Rural Prosperity	http://www.frp.org/
Girl Effect Accelerator	http://girleffectaccelerator.com/
Global Development Incubator	http://globaldevincubator.org/
Global Innovation Fund	http://www.globalinnovation.fund/
Grassroots Business Fund	http://www.gbfund.org/
Gray Ghost Ventures	http://www.grayghostventures.com/

Organization	Website
Growth Africa	http://growthafrica.com/
Gsbi Accelerator	http://www.scu-social-entrepreneur-ship.org/gsbi-accelerator/
Hubventures	http://www.hubventures.org/
Hystra	http://www.hystra.com/
I3n	http://www.i3n.co.in/
Ideo Amplify	https://openideo.com/amplify
Imagine K-12/ Y Combinator	http://www.imaginek12.com/
Inclusive Business Accelerator	https://iba.ventures/
Intellecap	http://www.intellecap.com/
Leapfrog Investments	http://www.leapfroginvest.com/
Lgt Venture Philanthropy	http://www.lgtvp.com/
Lundin Foundation	http://www.lundinfoundation.org/
Millennium Alliance	http://www.millenniumalliance.in/
Oikocredit International	https://www.oikocredit.org.uk/
Omidyar Network	https://www.omidyar.com/
Open Capital Advisor	http://opencapitaladvisors.com/
Partnering To Accelerate Entrepreneurship	https://www.usaid.gov/PACE
Powering Agriculture: An Energy Grand Challenge For Development	http://www.poweringag.org/
Ripple Works	http://www.rippleworks.org/
Root Capital	https://www.rootcapital.org/
Saving Lives At Birth: A Grand Challenge For Development	https://savinglivesatbirth.net
Scaling Off-Grid Energy: A Grand Challenge For Development	https://www.scalingoffgrid.org/
Securing Water For Food: A Grand Challenge For Development	http://securingwaterforfood.org/
Seed Awards	https://www.seed.uno/
Shell Foundation	http://www.shellfoundation.org/
Shujog Acts (Assistance For Capacity-Building And Technical Services)	http://acts.shujog.org/
SNV Rwanda	http://www.snv.org/country/rwanda/
Social Franchising Accelerator	http://gsbblogs.uct.ac.za/berthacentre/social-franchising-accel-erator/

Organization	Website
Spring Accelerator	http://springaccelerator.org/
Singularity University	https://su.org/programs/startup-accelerator/
Technical Assistance Facility Of Dfid's Impact Programme	http://www.theimpactprogramme.org.uk/the-impact-programme/
Triple Jump	http://www.triplejump.eu/
Unitus Seed Fund	https://usf.vc/
Unltd India	http://unltdindia.org/
Unltd Indonesia	https://unltd-indonesia.org/
Unreasonable Institute	http://unreasonableinstitute.org/
Village Capital	http://vilcap.com
Villgro Innovation Foundation	http://www.villgro.org/
Yunus Social Business	http://www.yunussb.com/

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Note: publications in blue also form a part of our recommended further reading list.

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