

# Grow – Scale – Impact

How to help inclusive businesses achieve scale

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## ORGANISATIONS AND INDIVIDUALS CONSULTED

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### About the Global Social Entrepreneurship Network (GSEN):

GSEN is the go-to network for organisations supporting early stage social entrepreneurs around the world. It gathers organisations supporting thousands of social entrepreneurs in 50 countries, to improve the reach, quality and sustainability of support especially for early-stage social entrepreneurs. GSEN brings organisations together to identify and share know-how, best practices and innovation. It creates a strong community of building the foundations for a more robust social entrepreneurship ecosystem.



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# INTRODUCTION

## i) About this guide

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH implements programs in the field of private sector development on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ) worldwide. These programs have the objective to foster the development of new businesses and the growth of micro, small and medium-sized enterprises (MSMEs) and thereby generate income and employment. Inclusive businesses are of particular importance in this regard, because they explicitly target the world's poorest and solve development challenges.

GIZ aims to support the scaling up and replication of inclusive businesses globally and in a systematically integrated and cost-effective manner. The objective of this handbook is to provide bilateral private sector development programmes and other practitioners with a user-oriented, simple and practical handbook on how to support the scaling up and replication of inclusive businesses, based on best-in-class know-how, tools and methods.

## ii) What is an inclusive business?

Inclusive businesses (IBs) provide goods, services, and livelihoods on a commercially viable basis, either at scale or scalable, to people living at the base of the economic pyramid (BoP)<sup>1</sup>. They include the BoP in the value chain of their core business as suppliers, distributors, retailers and customers. In so doing, inclusive businesses can contribute to solving development challenges.

1. IBs are motivated by a **mission** that goes beyond just profit: they want to make the world a better, fairer place. As such, their business models commonly seek to address a social or environmental problem, and to improve the lives of low-income or disadvantaged people. IBs normally employ a set of specific indicators to assess whether they are achieving their social mission.
2. IBs make money by providing goods or services on a **commercially viable** basis. They are ideally either commercially self-sustaining (or profitable) or plan to become so. While some IBs may also rely on grants or other non-commercial income, especially during the set-up phase, they all operate business models that seek to generate income from commercial activities.
3. IBs typically have the potential to expand their operations beyond their initial target market or area and thus to affect a large number of people. In other words, they are **scalable**.

## iii) How are inclusive businesses distinct from other social and commercial organisations?

For the purpose of this guide, our definition of IBs is very broad and thus can include a wide range of organisations. This is deliberate, and there is no one-size-fits-all model for what makes an IB. IBs come in a variety of organisational forms: They can have shareholders or be cooperatives. They can achieve their mission by employing people from specifically chosen groups, by promoting innovative products that directly relate to mission goals or by adapting their business model to make an existing service affordable for low-income communities. They can channel their profits into effective social action. They can partner with national entities or with a loose network of rural agents. Ultimately, what matters is the business's mission, commercial viability, and scalability.

IB overlaps with many other business concepts you might have come across, such as social enterprise, social entrepreneurship, social business, social ventures, social innovation and so on. Note that these concepts display certain differences in terms of their foci and approaches, and that the terms are not always used in a consistent way across the sector. To better understand these differences, refer to the publications listed in the bibliography at the end of this guide and to other recent publications, such as that of Peinardo-Vara et al., that provide thorough definitions.<sup>2</sup>

This guide understands the concept of inclusive business to be broad enough to include various approaches, but specific in that it is circumscribed by the criteria outlined above.

1 The G20 Development Working Group's 2015 G20 Inclusive Business Framework states that 'Base of the Economic Pyramid (BoP) is used to describe men and women who are low-income or who lack access to basic goods and services. The low-income segment is commonly considered to include people earning up to \$8 a day in purchasing power parity terms (PPP). Setting the maximum in PPP terms adjusts the real figure to equate the relative purchasing powers amongst different countries.'

2 For example, Peinardo-Vara, E., Van Haeringen, R., Lopez, F., Segovia, J. L., Otsuka, N., Carod, L.T., Palacios, A., Fernández, X., Pavez, K., Ventocilla, M. C., Rodriguez, J. C., Zimbrick, A. and Garrett, J. (2015), Transforming Business Relationships: Inclusive Business in Latin America, Multilateral Investment Fund of the Inter-American Development Bank.

#### iv) Why are inclusive businesses important?

There are a number of reasons why IBs are considered to be so important:

- At present, in many developing countries the needs for goods and services at the BoP remains largely unmet, despite the fact that this market has a potential value of USD 5 trillion a year.<sup>3</sup>
- Depending on their focus, IBs can create job opportunities for marginalised groups and/or provide them with options for income generation, either on the demand or supply side of a market.
- Addressing needs for essential goods and services will create social and economic benefits, unlocking innovation, new markets, labour potential and improved livelihoods.
- Commercially driven organisations have access to more financial resources than non-profit organisations and are therefore better equipped to introduce sustainable solutions that are independent of external factors like the availability of charitable funding. They do, however, face a different set of financial challenges.
- Unlike non-profit organisations, IBs are exposed to market competition and need to respond to client feedback just like a typical business, which motivates them to find more customer-centric and efficient solutions.
- Scalable organisations can apply a model that works well in one place to a number of similar situations. As a result, they can create significant change in various locations and, sometimes, within a relatively short time frame.
- With business models specifically tailored and adapted to the needs of low-income and underserved communities, IBs are recognised as an integral part of addressing the most pressing social challenges facing the developing world. For instance, development banks have invested over USD 15 billion in IB approaches, and private investors have raised over USD 6 billion in funds for businesses that combine commercial viability and explicit social objectives.<sup>4</sup> The G20's 2015 Inclusive Business Framework states that, '[IB] has the potential to be a driving force for inclusion and sustainability and to contribute to the effective implementation of the [Sustainable Development Goals]'.<sup>5</sup>

#### v) What does scaling mean, and why should inclusive businesses be supported to scale their business?

For a commercial start-up, 'scaling' usually refers to moving to a new level of company activity and revenues, beyond what was possible during the initial start-up phase. For IBs, the primary focus when scaling is to expand the reach of their impact. Generating additional revenue or profits and increasing the size of the organisation might, but does not necessarily have to happen in parallel.<sup>6</sup>

An IB is operating 'at scale' when it achieves a new level of impact by significantly increasing

- the geographical reach of its services,
- the number of beneficiaries,
- the depth of impact per beneficiary,
- its revenue, and/or
- its staff size.

To be able to do this effectively, an IB should

- be relevant beyond its initial context,
- be relatively simple (i.e. have a clear idea that is easy to communicate and understand),
- offer products and services that are clearly better in commercial and/or impact terms than the alternatives available in its market,
- be able to demonstrate excellent economic and social impact performance,
- not depend solely on the talents of a limited number of individuals, and
- be a serious business involving full-time commitment from the lead entrepreneur and others.<sup>7</sup>

The terms 'scaling' (and 'at scale'), 'replication' and 'growth' tend to be used inconsistently and in ways that often overlap. Replication is one approach to scaling and involves copying or reproducing all or portions of an existing business. The aim is not to carbon-copy the business, but to replicate and adapt the business model or key components of it so that it is responsive to the new target market and environment. Replication can be driven by the original organisation working alone or with partners, or it can be managed by a completely separate entity.<sup>8</sup>

3 G20 Development Working Group (2015), G20 Inclusive Business Framework.

4 G20 Development Working Group (2015), G20 Inclusive Business Framework.

5 Ibid.

6 Clay, A. and Paul, R. (2012), Open Innovation: A Muse for Scaling, Stanford Social Innovation Review, pp.17-18.

7 This definition is adapted from Mulgan, G., Ali, R., Halkett, R., and Sanders, B. (2007), In and Out of Sync: The Challenge of Growing Social Innovations, Nesta, UK.

8 Krämer, A., Perón, C. and Pasipanodya, T. (2014), Multiplying Impact: Supporting the Replication of Inclusive Business Models, Endeava.

Without proper technical support, many IBs are unlikely to attempt to scale their activities, which is wise as the results would most likely be ineffective or unsuccessful and thus a waste of resources. The main reasons for failure are a lack of: information and the right know-how, human capital, access to finance, access to relevant networks, and emotional support (e.g. to overcome a fear of failure), among others. The technical expertise, coaching and mentoring, peer-to-peer learning, network building and access to sources of finance provided by a good support programme or intermediary can make a crucial difference to the success of high-potential IBs.

## vi) Who is this guide for?

This is a guide for practitioners who want to set up a coaching or advisory programme to support IBs to scale their activities. It is not a guide that tells entrepreneurs how to scale up their IB, nor is it a guide for programmes that support start-ups or organisational development in the non-profit sector. Rather, this guide is aimed at development agencies, such as GIZ private sector development programmes and partner organisations promoting the growth of MSMEs, incubators, accelerators, public/private support.

GIZ programme managers interested in setting up and running a scaling programme will work closely with a host institution, such as an incubator or business hub. This host institution will deliver the programme. The objective is the transfer of knowledge and the development of capacities in host institutions for the long term. Staffing required from GIZ programmes will comprise at least one full-time equivalent (FTE). This should be considered the absolute minimum because, very often, more human resources will be required.

It is not necessarily a problem if organisations running a scaling programme do not have the required level of professional expertise in house. However, they will need to have more experienced delivery partners in place to provide the detailed support needed (see Box 3 below for more details about HR requirements). Delivery partners therefore must have:

- a good network in the local entrepreneurship and IB support ecosystem, and access to local business partners;
- entrepreneurial expertise, in particular with regard to starting up and scaling businesses;
- a verifiable understanding of the market where the programme would take place;
- the ability to understand and identify any needs and gaps that may arise when scaling an IB and the ability to bring in appropriate solutions to support the IB in a timely manner;
- access to highly technical business expertise (including sector- or location-specific expertise);
- experience of running multi-partner programmes of 12 to 24 months' duration.

In addition to the assumptions mentioned above, this guide assumes a working knowledge of private sector development programmes, but does not assume familiarity with the wider concepts surrounding inclusive business.

# METHODOLOGY AND LIMITATIONS

## Methodology

This guide not only distils the experience of its authors, but also gathers know-how, tools and methods from experts and practitioners operating in this arena globally. Furthermore, several of these external contributors have dedicated significant amounts of time to reviewing the text and providing critical feedback to ensure the content is state of the art. The field is, however, rapidly evolving and we hope that this handbook will pave the way for further updates as knowledge develops.

## Ongoing need for more evidence

Promising results aside, a lot of work remains to be done on gathering the evidence and supporting data required to prove that support programmes have a direct and attributable impact on successfully helping IBs to scale. Such data and evidence will be central to developing the field, demonstrating what IB support works and why.

## Limitations

Scaling usually involves moving into new markets and segments – for example, setting up operations in a new country or targeting additional customer segments and/or beneficiaries in an existing country. This guide focuses on the principal generic steps and support options to be considered when developing and implementing a support programme for IB scaling. As such, it does not consider industry-specific challenges, the types of beneficiaries that IBs might be working with, or specific economic, cultural, social, environmental or political contexts that IBs might be operating in both now and in the future. Note, however, that all these factors should be thoroughly considered when supporting an IB to scale.

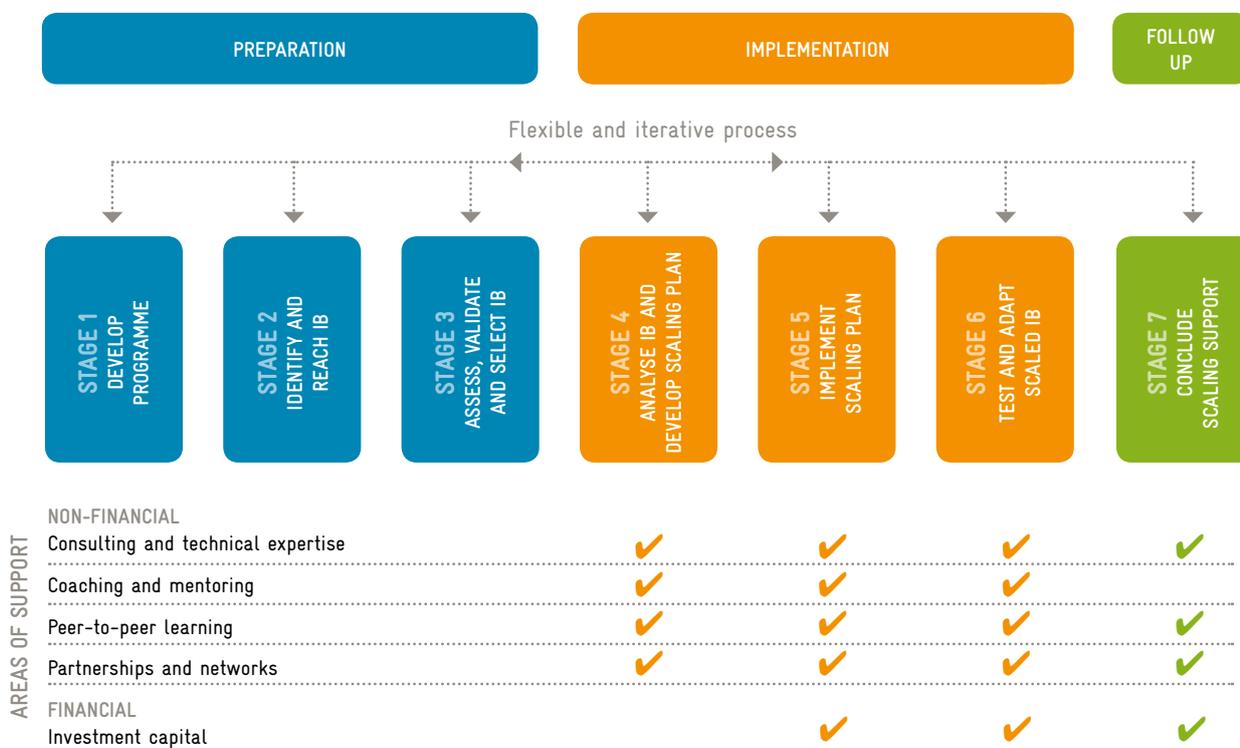
Depending on where entrepreneurs are on their ‘scaling journey’ and the objectives to be achieved, their support needs can be very different. For example, if the IB has piloted a product/service profitably on a limited scale and proven its social impact, and it now feels ready to move towards becoming a fully-fledged SME, then the challenges are likely to be in introducing processes, organisational excellence, HR structures and stronger marketing approaches. Alternatively, if the IB is seeking to grow regionally or nationally, then it may be more useful to put replicable processes or branding in place, to transfer knowledge or to find and train talent or partners in other regions. If, for example, the IB is growing internationally, it will be international market studies and analyses, international partner identification and due diligence that prove most beneficial. Making sure the IB has someone on hand to advise it on business regulations or consumer and procurement matters in the new country of operation is also critically important.

Finally, it is important to mention that the contents of this handbook will need to be adapted to the local context and conditions in which it is being applied. Most likely, these adaptations will occur both at the beginning of the programme and during its implementation.

# THE SCALING FRAMEWORK

Scaling for inclusive business (IB) involves a seven-stage process, which can be divided up into three main categories: preparation, implementation and follow-up. It is important to note that this is an iterative rather than a sequential process, requiring users to move back and forth between stages according to the results and feedback obtained at each stage.

Figure 1: Framework for the preparation, implementation and follow up of support for the scaling of inclusive businesses



## Getting your programme ready

### STAGE 1: Develop the programme to support the scaling up of inclusive businesses

In this first stage, as a support organisation you will need to design your scaling support programme based on your organisation's vision, mission and strategy. For this, you will need to work on your programme's Theory of Change<sup>9</sup> and your impact goals. After that, we recommend that you assess your 'assets', resources and capabilities to define the areas of support that are core to your programme, and will thus be delivered in-house by your organisations, and the areas of support that can be delivered by others.

For the latter, you will need to review the ecosystem around you in order to identify and then engage with the types of entities that could cooperate and collaborate with your programme and provide support services that complement those you intend to deliver using internal resources.

### STAGE 2: Develop your sourcing strategy and reach out to inclusive businesses

Based on your support programme's Theory of Change and impact goals, you will have established the profile of what an ideal applicant looks like for your programme. During this stage you will need to prepare your selection process, determining how applications will be screened and how applicants will be interviewed (which might include psychological- and knowledge-based interview techniques and tests) and scored for selection onto your programme. Based on the selection criteria, you will then need to design and implement an outreach strategy to engage with different partners and key actors in relevant sectors, promote your programme and explain the selection process.

### STAGE 3: Assess, validate and select inclusive businesses for scaling

Applicants undergo a number of assessments to (a) ascertain whether their inclusive businesses are viable models and have the potential to be scaled up, and (b) provide important baseline data for measuring subsequent impacts. You will need to validate the readiness of the participating models based on the selection criteria for your programme.

<sup>9</sup> Theory of Change is a specific methodology for planning and evaluation to promote social change. Through a rigorous and participative process and by involving key stakeholders, organisations are able to define long-term goals and identify the necessary pre-conditions for reaching them. For more information, visit <http://www.theoryofchange.org/>

## Implementing your scaling programme – working with the inclusive businesses to help them scale

### STAGE 4: Analyse the inclusive business based on your scaling goals and develop a scaling plan

Once you have selected which IBs will participate in your programme, you will need to (a) work with them to establish the goals for the scaling activity, and (b) analyse the IB to define what part or parts of the business are going to be scaled up, what needs to happen operationally and financially during the process, and the approaches the IB is going to take to scale its activities. For the latter, a number of different scaling strategies and models exist, the choice of which depends on the level of flexibility and control required in the business model and on whether the IB will implement the scaling alone or with partners.

### STAGE 5: Implement the scaling plan

Once the initial scaling approach is designed, the IB will need to perform a thorough review of its business model to determine the processes needing standardisation in order to ease implementation, the information needing to be documented and disseminated, and any specific aspects of the model that are critical for its successful scaling. The IBs will therefore need you to examine their operations and processes and provide input on developing new systems and processes that will be essential to support the scaling. For this stage, you and the IB should have a jointly developed action plan in place that reflects the IB's specific needs, both operational and financial, and you should have adapted your support programme to meet these needs.

### STAGE 6: Test and adapt the scaled inclusive business

Once the processes, tools, documentation and any additional information on the IB model are ready and consistent with the scaling approach, you can start to support the implementation of the approach. During this stage you and the IB will develop an action plan and a tailored support package that meet the IB's specific needs and desired impact quality. A specific set of key performance indicators (KPIs) should be defined to measure success and mitigate implementation risks, including ensuring the financial sustainability and technical support required for a successful scaling. For this stage both you and the IB need to establish decision-making and communication processes as well as learning and iteration loops. Likewise, you will both need to set specific targets and also feedback mechanisms for making adjustments and changes to the approach in a timely manner. This might lead to looping between stages 5 and 6 based on the set of assumptions about how the IB can scale. Test these assumptions as quickly and cheaply as possible, and then revert back to stage 5 for those assumptions that were not validated during testing.

## Following up on the scaling

### STAGE 7: Bring the scaling support to a close

Here the focus is on managing the end of the programme and ensuring appropriate follow-up. Once the IB has achieved its pre-defined milestones or is operating at scale, the support programme can be brought to a close. However, even though the programme has ended, you will need to continue with monitoring and evaluation. Note that the criteria for measuring impacts and results may need to be modified to reflect improvements made in the previous stage or to include any additional areas for support.

As the IB graduates from your support programme, you may want to connect it up with external auditors, compliance agents or observers who can help to ensure its scaling results are sustained and surpassed, or with any other partners who can provide ongoing support until the IB is sufficiently ready to move forward on its own.

## The support package

One of the first tasks in implementing the programme will be to assess what support package is needed and/or will be offered to the IBs as part of your programme. This will constitute your unique contribution to help them along their scaling journey. The package will be a combination of technical expertise, mentoring and coaching, peer-to-peer learning, and partnership and networking support services. It will vary based on the maturity of the IB, the scaling path that materialises, the organisational and operational changes needed for scaling, and the leadership, social and business-management skills and reinforcement needed by those leading the IB. Also, you will need to review the support package as the programme progresses to ensure that it continues to meet the IB's changing needs and to identify any further areas of support needed as the scaling is realised.

## Non-financial support

**A. Technical and organisational expertise** covers the various technical challenges that ventures first encounter when scaling their business and that they typically need support with. Four categories of support are available: social impact, financial sustainability, organisational resilience, and generic support (both strategic and operational). While the relevant technical skills will be supplied by partners, it is important to ensure that those running the programme sufficiently understand these categories to be able to frame requests in a meaningful way (see Box 1 on identifying the need for third-party deliverers).

### Online resource:

► **European Venture Philanthropy Association (2015) A mapping of non-financial support provided by the VPO**

**B. Mentoring and/or coaching** coaching can be extremely powerful for many leaders tackling organisational growth for the first time. Mentors are usually field and sector experts who are matched with an individual IB to give advice and share knowledge on specific topics for an established period of time. Mentors need to thoroughly understand what good mentoring means, which means they will need to have previous experience as either a mentor or mentee. These one-to-one relationships are set up through the programme's national and international networks and partners, but are then managed by the IBs directly. When launching the programme it is very important to run an 'on-boarding' session for mentors to set out the mentoring guidelines, explain more about the programme and provide them with different resources to ensure their success in the mentor role. The paired mentors and IBs can meet either in person or virtually once or twice a month, or as needed. Coaches typically support one or several IB leaders throughout the programme, dedicating significantly more time to them than mentors (see Box 1 for information on IB supporters). While sourcing mentors can involve a long lead time, they usually provide their guidance on a pro-bono basis. Professional coaches, however, are less likely to offer their time free of charge.

### Online resource:

► **UnLtd (2011) A Guide to Mentoring a Social Entrepreneur**

**C. Peer-to-peer learning** enables IBs participating in the programme to learn from each other's experiences, successes, failures, and, at the same time, increases social capital by establishing a network of peers who can share their insights and understanding. This peer-to-peer learning can be fostered through relevant and timely workshops and formal and informal sessions in which peers can exchange personal and professional experiences, advise others on how to avoid repeating their mistakes, and even build partnerships among related businesses.

### Online resource:

► **GIZ (2015) Inclusive Business Toolbox (p.24)**

**D. Partnerships and networks** are means for leveraging external support. Partnerships can involve, but are not limited to, helping you to recruit IBs, field and sector experts, additional service providers, legal advisors, potential and current investors, public entities, and local, national and international distributors. They can also provide access to new technologies, skills sets, capacities and competencies that would otherwise be very difficult and expensive to acquire or would take a long time to develop internally. IBs need to look beyond their own business and tap into different networks and also into their own ecosystems. It is important for programme managers and coordinators to maintain extensive networks and be active participants in their local ecosystems. Other organisations' relationships and connections, such as those of GIZ and other development agencies, and of delivery and other implementation partners, may also be of value. The partnerships should be set up at least three months before the programme begins so that opportunities for collaboration can be identified and developed.

### Online resource:

► **The Partnering Initiative (2011) The Partnering Toolkit**

## Financial Support

**E.** IBs usually require some form of **investment capital** to scale their activities, and this will need to be found. However not all investment sources and vehicles are alike, and it is important to be able to offer not only connections to funders/investors but also an assessment of the benefits of each one. Initially, IBs may require small amounts of working capital to go on exploratory visits, to test scaling strategies or to adjust operations, as required. Later, larger investment capital may be required for acquiring new assets, technologies and resources.

### Online resource:

► **GIZ (2015) De-Mystifying Impact Investing: An Entrepreneur's Guide**

BOX  
1

## Identifying the need for third-party delivery agents

Technical support can be divided into four categories: social impact, financial sustainability, organisational resilience, and generic support (strategic and operational).

Area	Technical skills	Examples of potential delivery partners
Social impact	Theory of Change	NGOs or CSOs
	Evaluation framework and KPIs	Management consultancies
Financial Sustainability	Fundraising support	In-house
	Business model development	Incubators/accelerators, start-up advisors
	Financial management tools, systems, advice, accountancy	Accountancy firms with start-up experience, incubators, management consultancies
Organisational resilience	Strengthening leadership	Corporate HR partners
	Recruitment/retention	Corporate HR partners
	Support to board of directors	Experienced entrepreneur
	Governance system	Experienced entrepreneur/legal firm
Generic support (strategic)	Building partnerships	Experienced entrepreneur
	Strategic planning advice	Management consultancy
	Change management advice	Management consultancy
Generic support (operational)	Marketing	Sector professional
	ICT	Sector professional
	Procurement	Entrepreneur in relevant sector
	Estate management/access to physical space	Sector professional
	Legal advice, including on legal structure	Sector professional
Specific support (strategic)	Product development	Management consultancy
	Customer development	Management consultancy
	Management across borders	Experienced entrepreneur
Specific support (operational)	Operations management	Sector professional
	Process improvements	Sector professional

Adapted from ► [Mapping Non-Financial Support provided by the VPO](#)

If you are looking for a single delivery partner to help you with the set up and delivery of the IB scaling programme (and who will take charge of managing and coordinating any additional experts and partner organisations contributing to the support activities), we recommend contacting the members and partners of the Global Social Entrepreneurship Network (GSEN), Accelerate the Accelerators, the Inclusive Business Action Network (IBAN), the Aspen Network of Development Entrepreneurs (ANDE) or the Venture Philanthropy Organisation (VPO).

## In summary

Working from stages 2 to 6 should take approximately 12 months, a time frame that corresponds with current practice.<sup>10</sup> However, if the company is not scaling within its existing market (i.e. further penetration) and not entering existing markets with its products/services, this will need to be an iterative process, as the main assumptions about the new markets and scaling plan will need to be tested. Should any key assumptions be invalidated during testing in stage 6, the IB will need to go back to stage 5, working iteratively through the two stages until their revised assumptions gain approval. The duration of stage 7 will depend on the results of the scaling activity and on the kind of post-programme relationship that is envisaged with the IB. The estimated durations and costs of each stage are provided below:

Stage	Preparation			Implementation			Follow up
	1 Develop the programme	2 Identify and reach IBs	3 Assess, validate and select IB	4 Analyse IB and develop scaling plan	5 Implement the scaling plan	6 Test and adapt the scaled IB	7 Conclude the scaling support
Complexity <sup>11</sup>	High	Medium	Low	High	Medium	High	Low
Time requirement (indicated as a minimum)	1–2 months	1–2 months	1 month	1–2 months	2–4 months	3–8 months (depending on how quickly key assumptions are validated)	Less than 1 month, plus additional follow-on monitoring and light-touch support
Intensity	Medium	High	High	Low to medium	Low	High	Low

**BOX  
2**

Each stage involves specific key activities and resources. Activities in this guide are listed in a certain order but can sometimes be carried out in parallel or in a different order depending on what you deem to be most suitable for your programme and organisation. It is not essential when coordinating these activities and the input of business scaling expertise to be a specialist or have specific experience; a good ability to understand business needs and the ability to run programmes with one or several delivery partners is sufficient.

<sup>10</sup> Longair, H. and Tora, K. (2015), *From Seed to Impact: Building the Foundations for a High-Impact Social Entrepreneurship Ecosystem*, Global Social Entrepreneurship Network.

<sup>11</sup> 'Complexity' describes how easy it is to implement each stage, ranking each low, medium or high. 'Time requirement' provides an insight into how long it takes to implement each stage. 'Intensity' describes how work-intensive the implementation of each stage is, ranking each low, medium or high (where 'high' means the full-time involvement of at least one person, 'medium' means at least three days per week of at least one person, and 'low' means less than two days a week for at least one person).

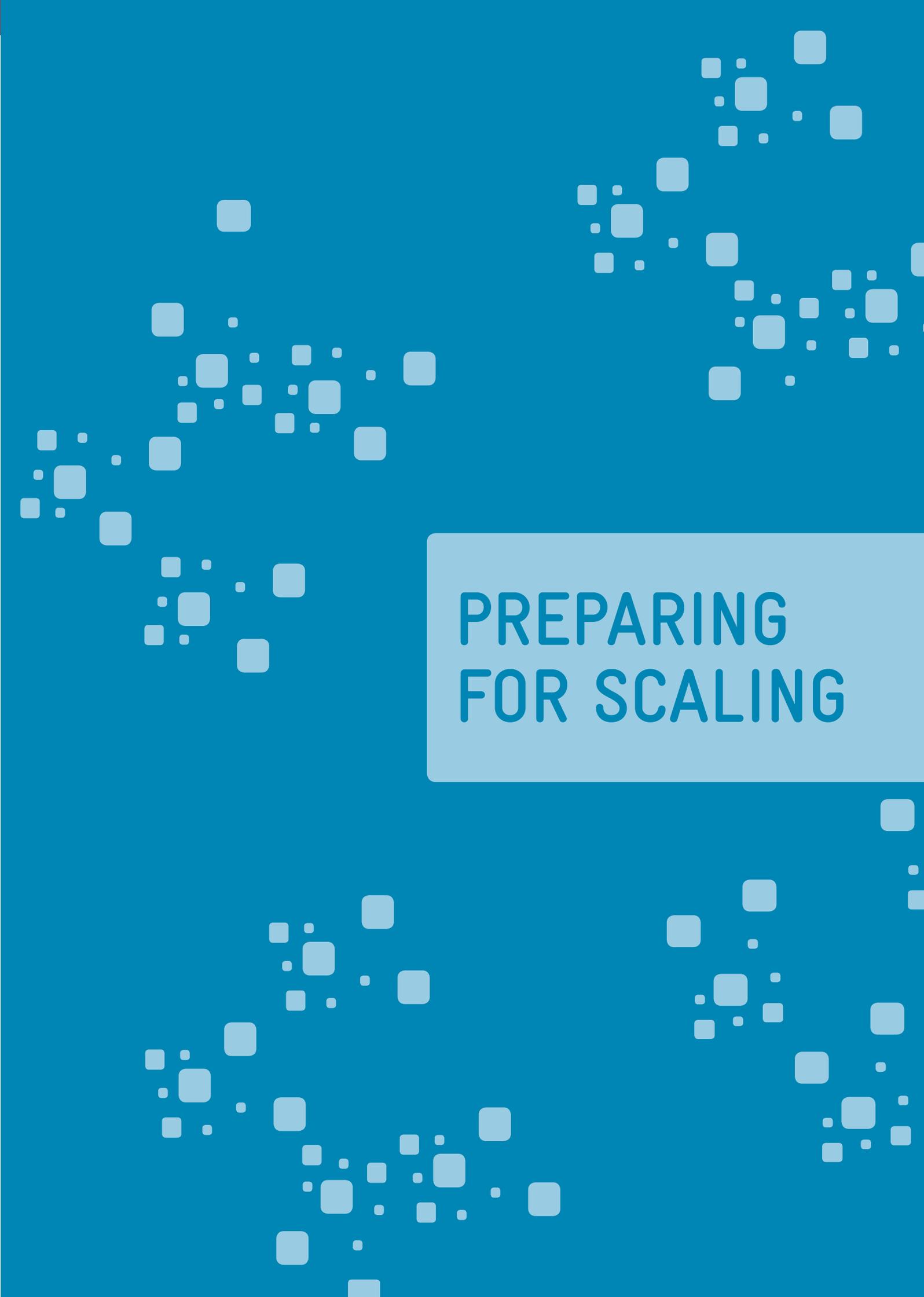
**BOX  
3**

### Guidelines for human resource requirements

Delivering a programme to help IBs scale has, as a minimum, the following human resource implications:

- Assessment and outreach to potential partners prior to the programme's launch, involving senior management.
- **Programme Manager @ 0.2 full-time** (a minimum that takes into account the current time constraints on GIZ programme managers)
  - Role: supervise the development and delivery of the programme, create and support relevant partnerships for the programme, especially with the public and private sectors, and ensure the programme's overall goals are successfully achieved.
- **Programme Coordinator @ 0.75–1 FTE** (sourced internally or from a delivery partner)
  - Role: develop the programme, create and manage relevant partnerships for the programme, oversee programme delivery and data collection, and gather feedback and learning at the end of the programme. Depending on the approach taken, some IB support could also be included in this role.
- **IB Supporter(s)**, one for every three to five IBs on the programme is recommended
  - Role: actively support the IB's progress from stages 4 to 6, coordinating further support needs as they arise, monitoring progress and acting as a 'critical friend' to the IB during the scaling programme. Supporters should spend around two days per month with each IB.
  - Supporters can be sourced internally or from partners. It is essential that they have a good understanding of the various options for scaling, and highly desirable that they have personal experience of scaling an organisation themselves.
  - Recruiting IB Supporters from purely private sector backgrounds should, where possible, be avoided unless they have a good understanding of inclusive business. Similarly, individuals from large corporations may not have experienced the challenges that (very) small organisations are likely to face when attempting to scale their operations.
  - Note that one full-time IB Supporter can work with from one IB to a recommended maximum of 10. Deciding the ratio to adopt depends on the support programme strategy, the level of expertise delivered directly by the IB Supporters and the level of attention you expect the IBs to need during the scaling process.
- **IB mentors and/or coaches**, one for every one to three IBs depending on the level of specialisation, @ less than 0.1 FTE per IB
  - Role: support IBs to reflect on the process they are working through and identify areas for further development and attention.
  - Mentors and coaches are normally sourced externally, although suitable internal staff can also fill this role.
- **Technical support**, various requirements
  - For specific challenges, whether for the cohort as a whole or for particular IBs, you should aim to be able to draw on specific expertise (Box 1 lists a number of key topics for which it is useful to source technical experts in advance).
  - This role can be delivered by private sector partners.

The human resources requirements can vary from programme to programme depending on the local context, area of focus and IB support requirements. In all cases, it is very important for the team to contain sufficient entrepreneurial experience, in particular with regard to starting up and scaling businesses.



# PREPARING FOR SCALING

## PREPARING FOR SCALING

### STAGE 1: Develop the programme to support the scaling up of inclusive businesses

<b>Overview</b>	<p>In this first stage, as a support organisation you will need to design your scaling support programme based on your organisation's vision, mission and strategy. For this, you will need to work on your programme's Theory of Change and impact goals. We then recommend that you design your programme's value proposition, stating how participation will benefit your customers (i.e. IBs), which will ensure their needs are met. This proposition will need to be validated with your potential IBs.</p> <p>Following this, you need to assess your 'assets', resources and capabilities to define the areas of support that are core to your programme, and thus will be delivered in-house by your organisations, and the areas of support that can be delivered by others. For the latter, you will need to review the ecosystem around you in order to identify and then engage with the types of entities that could cooperate and collaborate with your programme and provide support services that complement those you intend to deliver using internal resources.</p>
<b>Why important</b>	This strategic stage will influence all the operational decisions in the following stages and will help you to ensure that you have the required financial and technical capacity in place for delivering a successful programme.
<b>Complexity level</b>	High
<b>Number of IBs</b>	As many IBs as there are participant spaces should be selected (minus possible dropouts)
<b>Time requirement</b>	One to two months



### Steps to Follow

#### A. Review the ecosystem

- Identify and assess the competition or similar programme offerings.
- Identify potential pipelines for IB applicants and determine the market's maturity and customer needs.
- Evaluate if there is potential for general, focused or niche (industry- or theme-specific) programmes.
- Define key partners for the programme and initiate strategic partnerships.
- Determine any partnerships that are missing or required.
- Establish a plan to develop key partnerships.

#### Things to consider:

- Identify other programmes that already offer similar support in the area in question – these can serve as partners but are also competition.
- Make sure that there are likely to be enough IBs ready to scale up in your target location.
- It is important to hold discussions with potential IBs as part of your customer discovery actions. In practice this means talking to people who you think may want the support. Substantial resources can end up being wasted if the needs of the target audience are not sufficiently understood early on.

#### Online resource:

- ▶ [Domains of the entrepreneurship ecosystem](#)

## B. Establish the programme value proposition, strategy and impact goals

- Review your organisation's mission, vision and strategy.
- Identify any social and economic needs in the country, region or area of focus of your programme.
- Identify any specific industries or market opportunities available, if any.
- Define the Theory of Change of your support programme.
- Define the programme's value proposition, encapsulating how your programme's products and services meet your IBs' needs.
- Design your programme strategy and impact goals based on all of the above.
- Define what your ideal IB looks like.

### Things to consider:

- Map your internal strategy, resource levels and expertise to local market opportunities and the potential IB customer base.
- Be clear and detailed about what success will look like for your programme and what the profile of your ideal IB is.
- You can focus your programmes on specific industries and/or sectors in order to differentiate them from other programmes, prioritise potential applicants and increase the effectiveness of programme interventions.
- Adapt the degree to which your programme is specialised to the level of maturity of your target market: crowded, mature markets call for niche programmes; new or developing IB markets may lack enough applicants for a niche programme.
- A value proposition is good when it targets your IB's most pressing scaling needs and obstacles directly, ensuring the design, testing and delivery of a programme IBs actually want. Therefore, make sure that you validate your value proposition.
- Develop a communications and marketing plan for your support programme so that your partners and target applicants understand the value you will bring and can act as ambassadors.

### Online resources:

- ▶ Value proposition design
- ▶ DIY toolkit
- ▶ TOCO (Theory of Change Online) software

## C. Establish programme-specific objectives and work plan

- Set specific programme goals (e.g. in terms of applicant profiles, curricula, and social impact and financial levels).
- Define the selection criteria and scoring system for recruiting IB applicants.
- Establish a work plan for programme preparation, implementation and follow-up, including assigning roles and responsibilities (for internal staff and external partners) and budget lines for all tasks.
- Determine the number of IBs you want to work with (if you want to run a cohort-based programme, a minimum of eight participants is recommended to ensure a strong community is created).
- Define your monitoring and evaluation plan, determining how, when and what will you measure to ensure the success of your programme.

### Things to consider:

- Establish clear expectations and accountability structures for internal and external support providers.
- Resist external pressure to launch a programme as soon as possible: considered planning and mapping are critical for success.
- Establish criteria for participants that are properly based on the expertise available and programme goals: focus on the maturity level, on leadership, management and team strength, on 'coachability' and on values fit.
- Decide what information you will use to measure the programme's impact at each stage. Then decide how and when to collect it. If you do not intend to use an item of information, do not collect it!
- Use your work plan as a living document to monitor delivery and plan for potential stumbling blocks.
- Allocate a minimum of 1.5 FTE to manage eight participants during the programme, and for every additional four participants, add around 0.5 FTE (refer to Box 3 above for more details).

### Online resources:

- ▶ Eligibility criteria
- ▶ IB feedback survey
- ▶ Impact report (with key success indicators)

## D. Define capacities, resources and funding requirements

- **Map your assets and define any required additional capacities in terms of knowledge, expertise, technology, specific tools, office space, etc.**
- **Define any additional required resources in terms of dedicated professionals, infrastructure and equipment.**
- **Assess the internal and external resources available and identify and source any that are lacking.**
- **Calculate the budget required to meet the cost of delivering the programme.**
- **Identify sources of funding for the programme.**
- **Secure funding for the programme.**

### Things to consider

- Be realistic about your team's and partners' ability to deliver services. The size of your programme and the level to which its launch is promoted must be defined according to your assessment of this ability.
- Use similar programmes as benchmarks for capacity and resource requirements. If you have not developed a programme like this before, check your resource and capacity estimates with partners. Also, refer to our guide-line time frame, provided above.
- Begin developing a network of professionals and experts as soon as possible. You will need this for recruiting advisors, experts, coaches, mentors, sponsors, and judges onto your programme.
- Look for third-party experts with experience in scaling who can validate participants' scaling plans prior to implementation in stage 6.
- Set aside a contingency fund of 5% to 10% of the overall budget for unexpected additional costs, especially in the first year of your programme.
- Build in sufficient budget for travel costs (applicants may need to travel from remote areas for the selection interview, participating IBs often need to travel to receive support services or attend events, judges and experts will travel as part of the support programme, etc.).
- Scaling often involves expanding into new locations. You should therefore ascertain whether existing or potential partners can provide you with access to local expertise at a regional or national level.

### Online resources:

- ▶ **Asset mapping**
- ▶ **Cost calculation**

## E. Identify offerings based on areas of support by stage

- **Identify the non-financial and financial areas of support the programme should offer.**
- **Determine whether support will be provided internally or externally.**
- **For internal support, determine the responsible person or team.**
- **For external support, determine the partnership required.**

### Things to consider:

- Be realistic when assigning participant support and operational programme responsibilities to internal staff.
- Review your own areas of expertise, both in-house and within your existing networks, to establish the feasibility of offering support in those areas.
- Getting third parties to deliver support requires long-term relationship-building and the management of providers' expectations, especially for pro bono services.
- Third-party delivery partners should sign an MoU that clearly indicates expectations with regard to time and/or financial commitments, availability, communications protocols, expected skills transfers, remuneration, intellectual property, and confidentiality stipulations.
- The delivery of each component of third-party support should be regularly assessed through participant feedback.

### Online resources:

- ▶ **Types of non-financial support**
- ▶ **Advantages of different delivery models**

## F. Create a plan for partnerships

- Define your programme's key types of stakeholder (scouting partner, pro bono partner, investor, etc.).
- For each type of stakeholder, list all the related entities at the local, national or international level that you currently are in contact with.
- Review the key types of stakeholder that you still need to engage with for the successful delivery of your programme.
- Establish a plan to approach and develop partnerships with those key stakeholders.

### Things to consider:

- List all your actual and potential partners, and locate any required partners that are lacking in your networks. You can always ask your existing strategic or close partners for introductions.
- Develop the value proposition for your programme and ensure it aligns closely with your partners' mission, vision and focus.
- Keep in mind the timing required to engage stakeholders. Remember that it is difficult to motivate stakeholders to collaborate at the year-end, when they are too busy closing accounts or do not have the resources needed to support your programme.

### Online resource:

- ▶ Partnership resource map

### Online resources for STAGE 1

Advantages of different delivery models – European Venture Philanthropy Association – available at: <http://evpa.eu.com/wp-content/uploads/2015/12/Tool6-DeliveryModelsPROsAndCONS.pdf>

Asset mapping – European Venture Philanthropy Association – available at: <http://evpa.eu.com/wp-content/uploads/2015/12/Tool2-MappingTheAssetsOfTheVP01.pdf>

Cost calculation – European Venture Philanthropy Association – available at: <http://evpa.eu.com/wp-content/uploads/2015/12/Tool3-ATemplateForMonetisingTheCostOfNon-FinancialSupport1.pdf>

Design a Theory of Change:

DIY: Development Impact & You – available at: <http://diytoolkit.org/tools/theory-of-change/>

TOCO: Center for Theory of Change – available at: <http://www.theoryofchange.org/toco-software/>

Domains of the entrepreneurship ecosystem – Babson Global – available at:

<http://blogs-images.forbes.com/danisenberg/files/2011/05/EES-Domains-and-Pillars-only1.jpg>

Eligibility criteria – Partnering for scale and impact – available at: <http://www.psi.org.au/apply/>

IB feedback survey – Aspen Network of Development Entrepreneurs – available at: <http://www.aspeninstitute.org/sites/default/files/content/docs/resources/ANDE%20DEV%20INCUBATOR%20REPORT%2011-21-14%20FINAL%20FOR%20DISTRIBUTION.pdf>

Impact report – UnLtd – available at:

<https://unltd.orghttps://unltd.org.uk/wp-content/uploads/2012/07/Impact-Report-2015.pdf>

Partnership resource map – The Partnering initiative – available at:

<http://thepartneringinitiative.org/wp-content/uploads/2014/08/Partnering-Toolbook-en-20113.pdf#page=16>

Types of non-financial support – European Venture Philanthropy Association – available at:

<http://evpa.eu.com/wp-content/uploads/2015/12/Tool1-MappingNon-FinancialSupportProvidedByTheVPO.pdf>

Value proposition app – Strategyzer – available at: <http://strategyzer.com/vpd>



**STAGE 2:** Develop your sourcing strategy and reach out to inclusive businesses

<b>Overview</b>	Based on the Theory of Change and impact goals of your support programme, you will have established the profile of what an ideal applicant looks like for your programme. During this stage you will need to prepare your selection process, determining how applications will be screened and how applicants will be interviewed (which might include psychological- and knowledge-based interview techniques and tests) and scored for selection into your programme. Based on the selection criteria, you will then need to design and implement an outreach strategy to engage with different partners and key actors in relevant sectors, promote your programme and explain the selection process.
<b>Why important</b>	Selection processes that are well aligned with programme goals and datacollection strategies save a lot of work further down the line and, at the same time, attract high-quality candidates. Prioritising relevant channels is essential for ensuring suitable applications and efficiency in the selection process.
<b>Complexity level</b>	Medium
<b>Number of IBs</b>	Two to ten times more IBs than the number of participant spaces should be targeted during the outreach campaign
<b>Time requirement</b>	One to two months



**Steps to Follow**

**A. Develop the IB sourcing strategy**

- Identify the main channels for reaching IB applicants that are relevant to your programme (i.e. entrepreneurs' networks, incubator and accelerator programmes, universities, local chambers of commerce, current partners, angel investor networks, and impact-, sector- or issue-related competitions, etc.).
- Identify actors who support or invest in IB, and determine specific strategies for reaching them and getting them on board.
- Based on the approaches defined, communicate information on the programme to different 'sourcing partners' (i.e. through in-person and virtual presentations, newsletters, videos, etc.).
- Develop different ways for sourcing partners to get involved (i.e. event co-hosting, information sessions and workshops, judging applications in the selection process, providing training and technical expertise, providing sponsorship, etc.)

**Things to consider:**

- Quality applications usually come from quality partners with whom you have developed a good working relationship and who know you well. Word of mouth is often the strongest channel for reaching high-quality applicants.
- Promoting the programme through the mass media (TV, radio, etc.) often attracts large quantities of poor-quality/off-top-ic applications, wasting reviewers' and entrepreneurs' time.
- Target your criteria to make sure they attract the specific IB profile you are seeking. This may also require using different communications channels.
- Be clear about the value you will bring and the expectations you have of participants.
- It is sometimes the case that IBs become 'serial prize winners' due more to their talent for self-promotion, than to their ambition or potential. To ensure you get the right kind of candidate, be very clear in your selection criteria.
- If a scaling programme is new for you, communicate clearly to partners on which IB profile you are targeting to avoid confusion and misdirected applications.
- Be clear about how a scaling programme complements your mission to avoid any possible brand dilution or misreading.

## B. Develop the application process

- Design the programme application forms based on your selection criteria and establish other requirements (i.e. financial models and statements, proof of sales, videos, reference letters, partnership agreements).
- Define how applications should be submitted (i.e. hard-copy application delivered to your main office or other specific location, email submission, or online application).
- Design the marketing material, including information on the programme, services, eligibility, benefits, deadlines, key partnerships, and awards (if applicable).
- Share the programme description and application information on your organisation's website.

### Things to consider:

- If your application system allows partial completion, send reminders near the deadline to those who have only partly completed the form.
- Tailor the language and style of the marketing materials to the image desired for the programme. This may closely reflect the parent programme's branding or not.
- Include information on and examples of what it means to be ready to scale in order to help potential applicants understand what is expected of them.

### Online resources:

- ▶ Sample application form

Example tools for building application forms:

- ▶ Wufoo
- ▶ Review
- ▶ Startgrid

## C. Create a call for applications campaign

- Schedule events, conferences, information sessions and workshops at universities, co-working spaces and business centres to talk about scaling and the programme.
- Upload flyers, fact sheets, quizzes, and videos on scaling and the programme to your website, and promote the content via social media (Facebook, Twitter, Instagram, etc.).
- Together with key partners, create a communications plan for the programme launch.
- Make the application available to key partners.
- In line with your communications plan, promote the programme in both traditional and social media, providing clear online and offline contact details.

### Things to consider:

- Create opportunities for face-to-face contact with potential IB participants to generate strong interest.
- Be prepared to have to headhunt high-potential IB candidates who are otherwise too busy managing their businesses. This can improve your sourcing efforts and your pipeline of applicants.
- Be clear about eligibility requirements to ensure potential applicants are not put off from applying.
- Include questions designed to establish the mission-orientation of the applicants, as well as their readiness to scale (i.e. financial model and plan, overview of any initial feasibility work previously conducted).
- Leave at least 4–6 weeks (recommended: 10–12 weeks) between starting programme development and issuing the call for applications for preparation.
- The problem of 'free': the offer of free grant funding, and to a lesser extent also free support services, can attract many whose primary interest is accessing these benefits but who lack real commitment to the goals of the programme. These applicants may have a long track record of participating in other prestigious programmes that offer funding. If you offer grant funding, consider innovative/creative ways of providing the financial support (e.g. compulsory event attendance).
- Consider the time availability of your potential participants when determining event times and locations (e.g. events outside normal working hours).
- Update the programme website's FAQ section with any questions arising from online and offline interactions with potential applicants.
- Compile a list of those attending your events for later follow up and inclusion in monitoring and evaluation processes (where relevant).
- Organise pre-application sessions with potential applicants. These sessions can take various forms (e.g. drop-in sessions, telephone calls) and also allow you to adjust your goals and expectations in line with actual market needs.

### Online resource:

- ▶ Critical marketing tasks

## D. Issue the call for applications

- Plan the launch or announcement of the programme.
- Where relevant, generate media coverage of the launch event and/or announcement in relevant and targeted media.
- Make the application form/pack available.
- Promote the programme on both traditional and social media.
- Be ready to answer questions over the telephone, by email or online about programme details and the application process.

### Things to consider:

- Allow enough time for applications, especially in cases where some applicants may not be able to use online application tools (4 to 6 weeks recommended).
- A well-targeted campaign can attract not only quality applications but also new partnerships.
- Be on hand to answer questions from applicants in a timely manner.
- Most applications tend to be submitted in the last 48 to 24 hours, so do not panic if you have less than a third of your target number of applications at this stage. Do, however, remember to run reminder campaigns in the final week(s) of the application process.

### Online resources: Example platforms to promote your programme

- ▶ F6S
- ▶ Enable Impact
- ▶ The Practitioner Hub for Inclusive Business



## CASE STUDY: YUNUS SOCIAL BUSINESS ON SOURCING

Yunus Social Business (YSB) runs a specific 'consolidate and grow' business acceleration programme, and partners with universities, public entities, private sector companies, investment funds, and local incubators and accelerators. These partners not only provide the programme with technical expertise and participants with financial investment, but also enable YSB to reach potential participants.

YSB communicates its Accelerator Programme through newsletters, word of mouth, referrals from other entrepreneurs and social media. The most valuable channel is word of mouth, as the message to participate comes from an already trusted source. YSB actively looks for high-potential candidates, especially those who are too busy managing their businesses but who clearly meet YSB's criteria.

YSB developed an online platform for their Accelerator Programme application process through which social entrepreneurs can assess their eligibility and apply to participate. It also serves as a medium for communications between YSB staff and social entrepreneurs who are working through application and selection processes. Additionally, YSB carries out interviews and site visits with long-listed candidates so they can get to know more about the applicant businesses first-hand.

For more information, visit ▶ [Yunus Social Business](#)



## Online resources for STAGE 2

Critical marketing tasks – Social Startup – available at:

<http://www.socialstartup.org.uk/uploads/4/7/0/6/47064675/worksheet-04b-critical-marketing-tasks.pdf>

Online tools for building application forms

- Reviewr – available at: <http://www.reviewr.com/>
- Startgrid – available at: <https://www.startgrid.com/>
- Wufoo – available at: <http://www.wufoo.com/>

Example platforms to promote your programme

- Enable Impact – available at: <http://www.enableimpact.com/>
- F6S – available at: <https://www.f6s.com/>
- The Practitioner Hub for Inclusive Business – available at: <http://www.inclusivebusinesshub.org>

Sample application form – Aspen Network of Development Entrepreneurs – available at: <http://www.aspeninstitute.org/sites/default/files/content/docs/resources/ANDE%20I-DEV%20INCUBATOR%20REPORT%2011-21-14%20FINAL%20FOR%20DISTRIBUTION.pdf#page=39>

Yunus Social Business – available at: [www.yunusfb.com/approach](http://www.yunusfb.com/approach)

**STAGE 3: Assess, validate and select inclusive businesses for scaling**

<b>Overview</b>	Applicants undergo a number of assessments to (a) ascertain whether their inclusive businesses are viable models and have the potential to be scaled up, and (b) provide important baseline data for measuring subsequent impacts. You will need to validate the readiness of the participating models based on the selection criteria for your programme.
<b>Why important</b>	Even a well-managed application process will struggle to differentiate 'on paper' between an IB with the motivation and ability to scale, and a project with a very limited social mission or entrepreneurial ambitions. For this, a personal connection with the IB, the entrepreneur and their teams is needed so that their real motivations and potential for scaling can be drawn out. This process also represents an excellent opportunity to involve partners and deepen their commitment to your work.
<b>Complexity level</b>	Medium
<b>Number of IBs</b>	1.5 to 3 times more applicants than the number of participant spaces should be interviewed
<b>Time requirement</b>	One month




## Steps to Follow

**A. Filter and interview the IB applicants**

- Review the applications of 'ready to scale' IB applicants.
- Score all applications based on the scoring system developed in stage 2.
- Select the IB applicants to be interviewed virtually or on site (as required).
- Interview the selected IB applicants over the telephone, on Skype, and/or face-to-face (highly recommended).

**Things to consider:**

- Be clear about the programme goals and eligibility, and allow at least two weeks for review in order to avoid a deluge of applications that might overwhelm the review process.
- Always meet applicants in person as part of the selection process to establish their coachability, their ability to deliver on their on-paper promises, and whether their values fit with those of the programme. Allow one to two full days for this process, and include external judges.
- Ascertain whether the IB leader(s) possesses the kinds of strengths that will be crucial when implementing the scaling process, such as critical thinking, project delivery, influencing and relationship-building, and emotional resilience.
- If there is to be more than one interviewer, ensure to provide the interview panel with clear and consistent criteria.
- Having interviewers who are able to understand the needs and challenges of entrepreneurs is essential. As such, interviews need to be based on a clear set of scientific and psychological principles that ensure good interview practice.
- When reviewing applications, focus in particular on the viability of the business model and its potential to scale.

**Online resources: Personality tests that can complement the selection and/or support process (all are free of charge)**

- ▶ General Enterprising Tendency v2
- ▶ OCEAN Personality Test
- ▶ Entrepreneur Test
- ▶ From Inventor to Entrepreneur self-assessment tool

## B. Select IBs for the scaling programme

- Using the pre-determined scoring system, score all IB applicants at the end of their interview.
- Rank all the applications, based on their total scores.
- Hold discussions with internal and external reviewers and judges on the IB applicants (as required) and select the best candidates to invite to participate.
- Provide feedback to unsuccessful candidates.
- Get successful candidates to sign the MoU.

### Things to consider:

- Include external judges in the selection process to ensure a range of perspectives are included. Make sure they are clear about the selection criteria and prepare a briefing pack for them.
- From the very outset, get potential investors involved in the selection process.
- Set aside budget for reimbursing applicants' and any external reviewers' travel costs.
- The MoU should set out the programme intention and timeline, what is expected of both programme providers and participants (e.g. attendance, feedback, and data collection, among others), the funding schedule, criteria for meeting expectations, and IP and confidentiality policies.

### Online resources for STAGE 3

Personality tests that can complement the selection and/or support process (all are free of charge)

- General Enterprising Tendency v2 – available at: <http://www.get2test.net/test/index.htm>
- OCEAN Personality Test – available at: <http://www.psychometrictest.org.uk/big-five-personality/>
- Entrepreneur Test – available at: <http://www.psychometrictest.org.uk/entrepreneur-test/>
- From Inventor to Entrepreneur self-assessment tool – available at: <http://alexgmendoza.com/talent/talent-self-assessment-survey/>



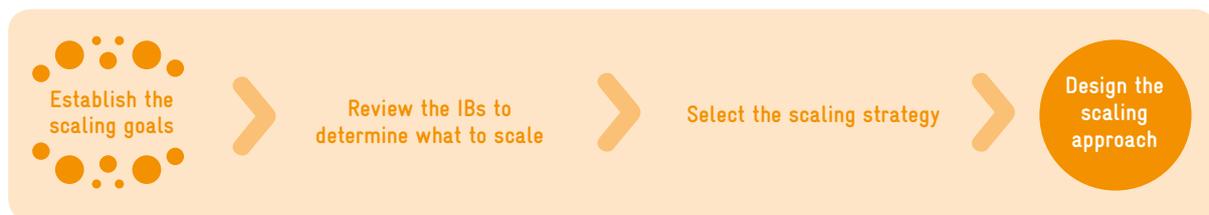


# IMPLEMENTING THE SCALING

## IMPLEMENTING THE SCALING

### STAGE 4: Analyse the inclusive business based on your scaling goals and develop a scaling plan

<b>Overview</b>	Once you have selected which IBs will participate in your programme, you will need to (a) work with them to establish the goals for the scaling activity, and (b) analyse the IB to define what part or parts of the business are going to be scaled up, what needs to happen operationally and financially during the process, and the approaches the IB is going to take to scale its activities. For the latter, a number of different scaling strategies and models exist, the choice of which depends on the level of flexibility and control required in the business model and on whether the IB will implement the scaling alone or with partners.
<b>Why important</b>	This is one of the most critical stages in the programme. The scaling approach you decide to adopt should enable you to support the IBs through the steepest parts of the learning curve.
<b>Complexity level</b>	High
<b>Number of IBs</b>	As many IBs as there are participant spaces should be selected (minus possible dropouts)
<b>Time requirement</b>	One to two months



### Steps to Follow

#### A. Establish the scaling goals with the IB

- Understand each IB's values, purpose and mission before scaling.
- Based on the values, purpose and mission, review the desired scaling goals with each IB in your programme.
- Review IB-specific aspects and considerations for scaling.
- In concert with the IB, discuss the desired objectives of the scaling with experts (mentor and/or coach).
- Define and agree on the scaling goals and KPIs for the IB.

#### Things to consider:

- Understand each IB's DNA and make sure it is also clearly understood throughout the organisation. Understanding the underlying factors within an IB (values and drive to solve the social problem tackled, organisational culture, skill sets within the organisation, unique management dynamics, etc.) is critical for making focused, timely and targeted decisions during a scaling process. Key questions to consider include: What problems are we solving? What does our IB want to achieve first and foremost? What products and services do we want to offer, and which would we never offer? Who are our core customers? Who are not our customers? What type of people do we want to work with as staff members? What is our belief system?
- At the outset, define and agree with the IB the measures of success and the goals of the scaling. In particular, define the social and financial goals and whether the IB is capable of meeting them. Also, try to estimate the opportunity presented by the scaling and what the scaled IB would look like.
- Occasionally, third parties approach IBs and pressure them into scaling up ahead of time, so it is sometimes useful to offer additional support on handling these situations. Where possible, work with the IB to evaluate such third-party offers rather than treating them as a threat (as the IB might quit the programme to pursue this opportunity).
- Sometimes scaling needs cannot be met by existing in-house or partner expertise. It is important to be upfront about such gaps and to seek additional partners to fill them.
- Ensure that the organisation's values and culture align with the scaling goals, and verify this alignment with founding members.

## B. Review the IB to determine what to scale

- Review both the supply of and demand for the IB offering in terms of products and services, programmes, skills, structures and relationships.
- Map and review all systems and processes in the IB's business model to ensure there is sufficient capacity for operating at scale.
- Determine the key aspects for delivering the IB's offering at scale.
- Determine the demand for the offering when delivered at scale.
- Help the IB to establish a cost structure for scaling.
- Review the key aspects, systems and processes that need adaptation for carrying out the scaling approach (if applicable).

### Things to consider:

- Frame the IB to be scaled up in terms that are easily understood.
- Make sure to identify any fundamental aspects that are essential for delivering the IB's offering and for achieving the social impact required.
- Take time to understand the full picture, including activities or dependencies that the IB may not be aware of.
- Involve external experts and the full IB team to provide additional perspectives.
- Ensure that the IB has identified new customers, channels and beneficiaries.

## C. Select the scaling strategy

- Based on the scaling objectives, review potential strategies and define what part of the IB is going to be scaled up (see Box 4 for scaling strategies). Make sure to also assess the viability and required investment for each scaling strategy.
- Select potential scaling strategies (two or three).
- Model possible outcomes/scenarios arising from the implementation of the strategies and evaluate the risks.
- Based on your findings from this evaluation, draw up your scaling strategy.
- Define the financial model required for the selected scaling strategy.
- Determine the skills and capacities required for the different strategies and whether they are available internally or need to be brought in.

### Things to consider:

- Check which scaling strategy best corresponds with your IB in terms of its scaling goals and funding capacity.
- When determining the risks, make sure to evaluate the reach and pace of the scaling, and the quality and conformity it offers to the IB.
- Discuss the level of control that the IB wants or needs, and how tight this control is required to be. Legal pro bono support might be required.
- Document the application of the scaling strategy for future reference.
- Issues related to the cultural and economic context of new locations should always be considered, even when locations appear to be relatively similar. Make sure the IB builds these considerations into its plans and involves relevant experts.

### Online resources:

- ▶ DIY Toolkit - Dialogue among stakeholders
- ▶ TrustLaw - Pro bono legal support

#### D. Design the scaling approach with the IBs

- Determine who will be implementing the scaling approach.
- Define the roles and responsibilities for implementing the scaling approach.
- Assess the financial model for the scaling approach under various scenarios.
- Advise (or sign off) on a budget for the implementation of the scaling approach.
- As required, advise on the governance structure and legal considerations.
- Establish whether the model needs to be adapted.
- Set up a monitoring and evaluation system for the scaling approach.

##### Things to consider:

- Often, people confuse the scaling approach or model with the business model. Depending on the scaling approach adopted, the business model will need to be slightly tweaked or considerably changed.
- Insist on using reporting and tracking systems throughout the programme.
- Be clear about milestones and decision points within the scaling approach. Delays are inevitable, but it is important to maintain momentum.
- The availability (or not) of funding or investment to support the scaling will have a major effect on the types of scaling that are possible. As such, it may sometimes be worth supporting IBs in their preparations to secure adequate investment for their scaling activities.

##### Online resources:

- Getting replication right



## Support package

### Technical and organisational expertise

During this stage, the IB will need support on topics such as strategy, revenue management, fundraising and social impact. This could be delivered through one-to-one sessions with experts or training sessions prepared by your team or other experts.

### Coaching and mentoring

You will need to connect the IB up with other field experts, IB owners and seasoned entrepreneurs who can serve as mentors to the IB.

### Peer-to-peer learning

During this stage, IB owners often find design thinking and innovation labs beneficial. You can also arrange for regular cohort events and group training sessions, which provide IB owners with forums to share their experiences in testing their IB scaling. This will allow them to learn from each other's experiences and adjust their IB accordingly. Another option is to create co-working spaces where IB owners can build their scaling strategy in collaboration with other IB owners.

### Partnerships and networks

Encourage IBs to connect with universities and think tanks, to sign up to different professional networks, and to attend conferences and events that relate to their scaling strategy.



## CASE STUDY: ICSF'S SUCCESS FACTORS FOR SOCIAL FRANCHISING

The International Centre for Social Franchising (ICSF) is a non-profit that helps social organisations to systematically replicate to scale. It provides consultancy services that help ventures scale their mission through replication. In addition, ICSF delivers workshops on developing strategy options for scaling up.

In 2014, in concert with the Bertha Center for Social Innovation and Entrepreneurship and Franchising Plus, and funded by the Rockefeller Foundation, the ICSF launched the first franchising accelerator programme in South Africa. The goal was to help four social enterprises replicate their operations through social franchising in the areas of education, health and nutrition, technology, and housing. The accelerator followed ICSF's five stages to replication and its toolkit, which captures the learning that the organisation has gathered over the last four years.

The accelerator went on to produce its eight critical success factors for social franchising:

### Prior to the decision to scale

1. Validate upfront that replication as well as social franchising (SF) is right for your solution and organisation.
2. Confirm that all members of the organisation are ready to systematise and adopt a 'scaling mindset'.
3. Ensure that sufficient processes, systems and resources are in place before deciding on an SF strategy.
4. Articulate your SF strategy – i.e. your vision, desired outcomes, model, values and approach – collectively, upfront.

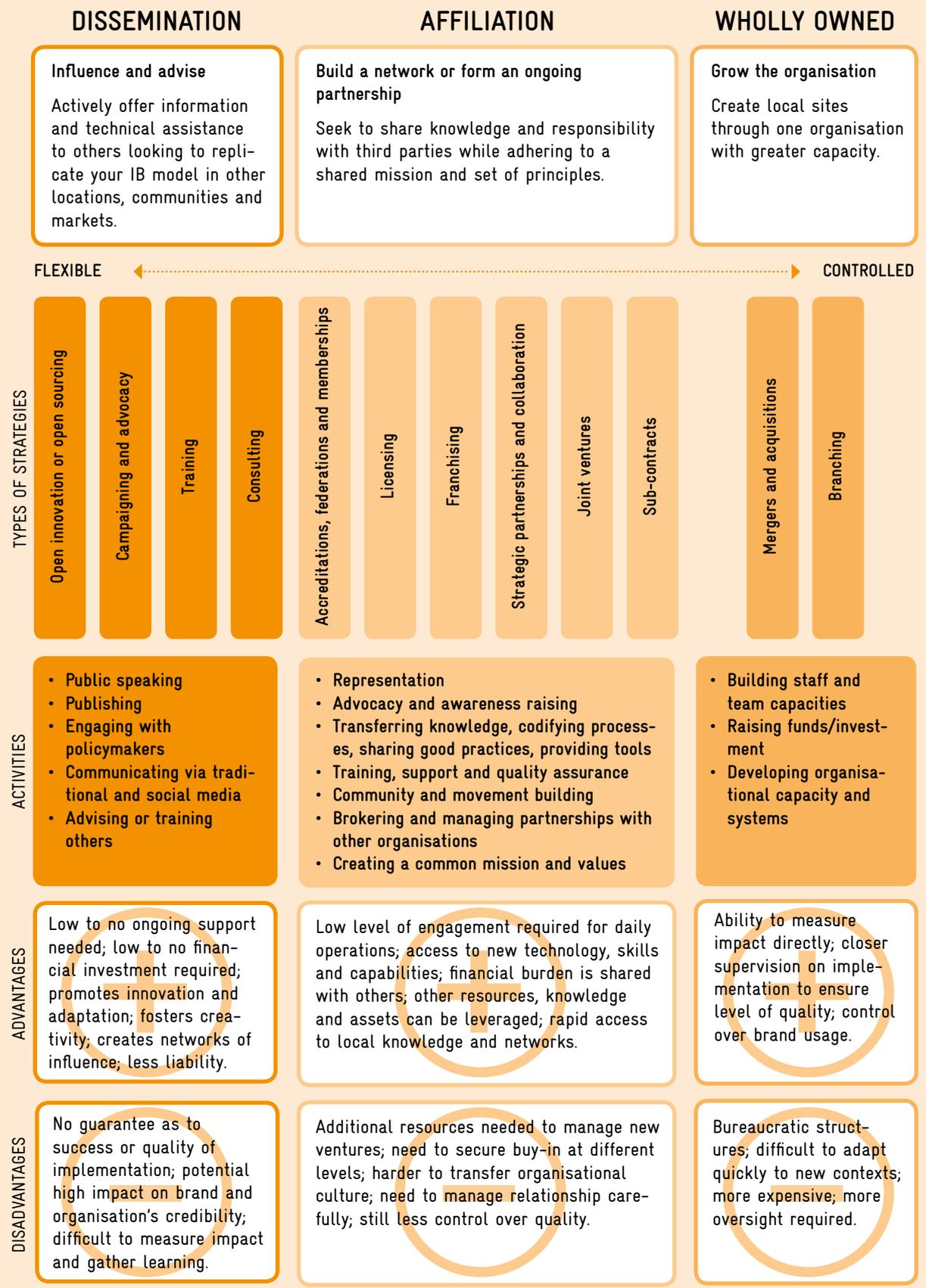
### Following the decision to scale

5. Franchise only those elements of your model that are critical to your target outcomes and are replicable.
6. Be clear on which individuals and organisations you will work with: set clear selection criteria.
7. Systematise vigorously to ensure reliability, yet dare to customise your model to local needs and demands.
8. Do not cease to learn and to adapt and pace your scaling efforts – getting your first franchise right is key.

For further information, visit the ► [Social Replication Toolkit](#)

**BOX  
4**

**Scaling strategies according to the desired level of control<sup>12</sup>**



<sup>12</sup> Box 4 is adapted from: Gabriel, M. (2014), Making it Big, Nesta; Berelowitz, D., Chopra, P., Coussa, G., Paren, M., Towner, M., Wetherill, H. and Huggett, J. (2015), Social Replication Toolkit, ICSF, London; and Krämer, A., Péron, C. and Pasipanodya, T. (2014), Multiplying Impact: Supporting the Replication of Inclusive Business Models, Endeava.

**BOX  
5**

## Examples of other strategies for scaling up from the UNDP's Business Call to Action portfolio

Scaling is neither a straightforward nor a one-size-fits-all approach. Therefore, Business Call to Action (BCtA) has identified the following strategies used by its members to achieve scale:

### 1. Carefully chosen partnerships

Partnerships between companies or between companies and non-traditional partners such as NGOs or government agencies have served inclusive businesses as a useful scaling measure for some time and have been a decisive factor in many BCtA initiatives. The following example shows that partnerships can play a key role in overcoming challenges that arise for businesses when engaging with low income people for the first time.

In 2010 MUJI forged an unusual partnership with the Japan International Cooperation Agency (JICA), requesting assistance in sourcing products from developing countries for distribution while creating a social impact. JICA identified several suitable product development opportunities, from which MUJI chose to add animal figurers made of soapstone sourced from Kenya and wool felt products made in Kyrgyzstan to its product portfolio. JICA subsequently helped MUJI to connect with the local communities and facilitated training measures for local artisans in order to adjust product design and quality to meet international market standards. By collaborating with JICA in expanding its international supply chains and distribution markets, MUJI's initiative resulted in an income increase of local artisans by 5 per cent on average. Furthermore, this co-venture utilised knowledge transfer in form of innovative mass production systems and management techniques to local suppliers, elevating quality control practices and general quality standards in Kenya and Kyrgyzstan.

### 2. Building demand, desirability and willingness to pay

Initiatives to scale inclusive businesses also involve the creation of innovative strategies that generate or increase demand, desirability and willingness to pay for the offered products. By doing so, mutual benefits are established, which can ultimately result in a scaling up of inclusive businesses.

BASF Crop Protection had little success selling their pesticides through traditional distributors and retailers in India. Therefore, the company initiated the Samruddhi farmer training project. In this project BASF communicates directly with local smallholder farmers in order to increase their productivity and profitability using pesticides responsibly. Through town-hall-style education session and on-field training farmers are consulted throughout the production cycle, also learning about cost, earnings and profits of their work. Within one year of operation the participating farmers were able to nearly double their yearly grain yield resulting in an average net income increase by 64% after two years. Equally, BASF sales of crop protection products also grew by 60%.

### 3. Using ICT to unlock new opportunities

The use of ICT as a scaling strategy for inclusive business is adopted in nearly every business area, primarily because these instruments are applicable to multiple geographical areas and have proven to be easy to replicate, thus offering great advantages. Particularly in the healthcare sector, ICT instruments are of great importance as most causes of mortality and morbidity in developing countries are preventable with proven clinical pathways from screening to diagnosis to complete treatment.

Correspondingly, ClickMedix developed an otoscope, which attaches to an android phone that can be used by semi-skilled health workers (often BoP individuals) for patient screening. The health worker can send a package, including anamnesis and pictures, to a medical professional elsewhere for diagnosis. ClickMedix has deployed mobile-phone powered healthcare programs in 13 countries with the objective to facilitate comprehensive, end-to-end healthcare from risk screening, diagnosis, treatment, follow-up care, to maintaining health through preventative care. Given its simple application and replicability in other remote areas of the world ClickMedix reached 50,000 patients in India in its first year of operation and 150,000 worldwide by the end of 2015.

For further information visit ► [Inclusive Business and the Business Call to Action Today](#)

## Online resources for STAGE 4

Developing the dialogue on scaling among internal and external stakeholders – DIY: Develop Impact & You – available at: <http://diytoolkit.org/tools/scaling-plan-tool/>

Getting replication right – The Bridgespan Group – available at:

<http://www.bridgespan.org/getattachment/973727a5-94e3-4b02-9bf7-53135e0eb7c7/Getting-Replication-Right-The-Decisions-That-Matte.aspx#page=4>

Inclusive Business and the Business Call to Action Today – UNDP – available at:

<http://api.ning.com/files/TQDVHBx0tuUzs5D8woeRpamx-tbWeMHAJp3np9R7JuzA5Dj0865nPVduhWLuZyU8x4iEFZCL7q-zozoxYo9mlyCu12YrjwzrW/BreakingThrough.pdf>

Pro bono legal support – Thomson Reuters Foundation – available at: <http://www.trust.org/trustlaw/>

Social Replication Toolkit – International Centre for Social Franchising – available at: <http://toolkit.the-icsf.org/>



**STAGE 5:** Implement the scaling plan

<b>Overview</b>	Once the initial scaling approach is designed, the IB will need to perform a thorough review of its business model to determine the processes needing standardisation in order to ease implementation, the information needing to be documented and disseminated, and any specific aspects of the model that are critical for its successful scaling. The IBs will therefore need you to examine their operations and processes and provide input on developing new systems and processes that will be essential to support the scaling. For this stage, you and the IB should have a jointly developed action plan in place that reflects the IB's specific needs, both operational and financial, and you should have adapted your support programme to meet these needs.
<b>Why important</b>	This stage is critical when it comes to making the right choices in scaling. A lack of attention at this stage can negatively impact on the success of the IB's scaling trajectory.
<b>Complexity level</b>	Medium
<b>Time requirement</b>	Two to four months minimum
<b>Key resource</b>	► IFC - Corridors for Shared Prosperity




## Steps to Follow

### A. Monitor the implementation of the scaling approach

- Advise the lead person and the team (where applicable) on the implementation of the scaling approach.
- Review and monitor the budget for the scaling approach, following the agreed financial model.
- Ensure all governance structures and legal considerations have been implemented.
- Monitor and evaluate the implementation of the scaling approach in line with the agreed evaluation approach.
- Measure outputs and outcomes on a regular basis (recommended: one to two times during programme) and compare them to those targeted.
- Obtain ongoing feedback from the IBs regarding the effectiveness of different components of the programme, including the performance of third-party delivery partners.

#### Things to consider:

- Be prepared to advise on any tweaks needed to the IB model in line with the scaling approach.
- Insist on using reporting and tracking systems throughout the programme.
- Be clear about milestones and decision points within the scaling approach. Delays are inevitable but it is important to maintain momentum.
- IBs often think they are too busy to keep a track of their progress. Incorporate progress-tracking actions into the review points (i.e. a presentation to stakeholders) and offer support to ensure the adequate preparation of information for review.
- Ensure that ongoing oversight and support activities incorporate recommendations arising from review points.
- Feedback on delivery partners should be provided on an ongoing basis.

## B. As required, review and audit the systematised documentation

- Identify the training materials required for the scaling.
- Review and advise on the legal documentation and preparation required for the scaling.
- Review any additional documentation that may be required for the scaling approach.

### Things to consider:

- Use an external expert to audit or validate the standardisation and systematisation of the IB in order to check for completeness and ease of understanding and implementation.

### Support package

#### Technical and organisational expertise

At this stage, the IB might require additional support on topics such as strategy, financial management, knowledge management, change management, and process certifications. This could be delivered through one-to-one sessions with experts, or training sessions prepared by your team, by other experts or by certification experts/consultants.

#### Coaching and mentoring

You might need to connect the IB up with other field experts, IB owners and seasoned entrepreneurs who can serve as coaches and mentors to the IB.

#### Peer-to-peer learning

Run events in which IB owners can share knowledge, evaluate relevant case study presentations, and conduct site visits to other IBs and companies. Also, hold group training and group coaching sessions on specific topics, such as leadership and change management.

#### Partnerships and networks

Encourage the IB to sign up to different professional networks and to attend conferences and events related to their scaling strategy. Help them to initiate and create partnerships.

#### Investment capital

If the IB needs new sources of capital, evaluate the options for securing investment from other impact investor funds, socially conscious venture capital funds, angel investor networks and philanthropic funders.

### CASE STUDY: THE UNREASONABLE INSTITUTE OPENS UP ITS PLAYBOOK

In 2010 the Unreasonable Institute (UI) launched a pilot programme to support 10 to 15 companies. However, in order to bring its model to scale, UI changed its focus and, instead, sought out teams around the world that would be able to serve as local experts and support the entrepreneurs directly. These local teams or 'Lab Teams' would allow UI to reach more entrepreneurs, crowdsource best practices globally, launch labs for testing its scaling model and connect teams up with each other worldwide.

To better equip the Lab Teams with appropriate and efficient resources to deliver on all these goals, UI developed its own 'Playbook', which gathers all the training material, curricula and tools designed in-house over the years by UI and also provides access to the organisation's own software. However, to ensure the Playbook would be properly understood and employed by the local teams, UI hired an independent translator who ensured the translated version was coherent and used practical language. Gathering all the relevant information, training materials and tools was no easy task, as much of it had not been documented or updated and was not owned by a single team member.

For further information, visit ► [The Unreasonable Institute website](#)



**BOX  
6**

### Scaling challenges faced by inclusive businesses

According to EY (formerly Ernst & Young), “it’s not luck that makes a market leader”. It takes vision, resilience, teamwork, innovation, passion, leadership, integrity, quality, customer focus and flexibility, and the overcoming of many different challenges, such as:

1. **Acquiring and managing customers** – To become their target sectors’ and customers’ supplier of choice, IBs need to: develop approaches for understanding customer needs and measuring and understanding customer satisfaction; increase marketing and sales investments; identify opinion leaders in their target sectors; understand customer buying decisions and behaviours; develop account management strategies for their most profitable and high-impact customers; establish processes for the co-creation of products and services with targeted customers; and adopt new technologies to improve how they communicate with and serve their customers.
2. **Staff recruitment and retention** – IBs need to manage the people aspects of their scaling plan by evaluating their management team’s skills and experience against changing business needs, attracting professional managers where needed, identifying the next generation of leaders in the workforce, and developing and regularly reviewing pay and incentive structures to attract and retain the best candidates. In addition, IBs need to manage staff turnover by developing retention and succession plans for key staff.
3. **Managing finance** – In most cases, implementing scaling plans requires obtaining expansion capital. IBs would need to reset growth targets, update business plan and capital requirements, review capital structure to diversify risk, review the costs/benefits of funding options, and negotiate and secure funding. Moreover, IBs would need to manage the expansion capital as well as expand their finance and treasury capabilities, manage investor and market communication, align tax strategy to business goals, maintain compliance with funding agreements, and identify and monitor critical finance and operating metrics.
4. **Operational effectiveness** – IBs need to develop a scalable operational and governance infrastructure. This can be accomplished by: reviewing the IB’s structure, operations and supply chain to maximise efficiency and effectiveness; ensuring that systems and processes are scalable, support rapid growth and are externally focused; reviewing core competencies and evaluating outsourcing opportunities; developing inventory management approaches; enhancing approaches to quality control and operational reliability; developing a governance structure that regularly reviews strategy and monitors performance; developing key performance indicators and supporting processes; ensuring important information is documented, verified and managed; developing an approach to capture and share knowledge across the organisation; developing a long-term view of operations; and managing costs across expanding operations.
5. **Alliances and acquisitions** – Building strategic partnerships is vital for any IB determined scaling activity. Early on, the focus is likely to be on alliances. Success depends on understanding which organisations – government, private sector or civil society – are truly mission-critical, and developing clear, mutually-beneficial partnership propositions and relationship management strategies. Later on, growth may be best served by adding acquisitions to alliances. IBs will need to define what sort of acquisitions will allow them to extend into new markets, customer segments or product groups, and develop a strategy for finding potential targets. Once a potential acquisition has been identified, IBs will need to conduct tailored due diligence, ensure that risks are identified and assessed, select the right third-party support to make the acquisition, ensure exit plans are in place for investors and founders, and focus on the vital post-merger integration of systems, people and cultures.

For further information, visit the ► [EY website](#)



### Online resources for STAGE 5

Corridors for Shared Prosperity - IFC World Bank Group - available at: <http://www.ifc.org/wps/wcm/connect/30589480472ffabc84fbec57143498e5/Corridors+for+Shared+Prosperity.pdf?MOD=AJPERES>

Ernst & Young - available at: <http://www.ey.com>

Growing prosperity - Bain & Company - available at:  
[http://www.bain.com/Images/REPORT\\_Growing\\_prosperity.pdf#page=15](http://www.bain.com/Images/REPORT_Growing_prosperity.pdf#page=15)

The Unreasonable Institute website - available at: [www.unreasonableinstitute.org](http://www.unreasonableinstitute.org)

<b>STAGE 6:</b>	<b>Test and adapt the scaled inclusive business</b>
<b>Overview</b>	After the processes, tools, documentation and any additional information on the IB model are ready and consistent with the scaling approach, you can start to support the implementation of the approach. For this stage, you and the IB will develop an action plan and a tailored support package that meets their specific needs and impact quality. A specific set of key performance indicators (KPIs) should be defined to measure success and mitigate implementation risks, including ensuring the financial sustainability and technical support required for a successful scaling. For this stage, both you and the IB need to establish decision-making and communication processes as well as learning and iteration loops. Likewise, you will both need to set specific targets and also feedback mechanisms for making adjustments and changes to the approach in a timely manner. This might lead to looping between stages 5 and 6 based on the set of assumptions on how the IB can scale. Test these assumptions as quickly and cheaply as possible, and then revert back to stage 5 for those assumptions that were not validated during testing.
<b>Why important</b>	As the IB settles into working on its scaling, unexpected challenges will begin emerging in all kinds of areas. If you can address these while also maintaining a focus on the bigger picture, the IB will be much better placed to focus its energies on your mutually agreed key goals
<b>Complexity level</b>	Low
<b>Time requirement</b>	Three to eight months minimum
<b>Key resource</b>	► Growing prosperity: developing repeatable models to scale the adoption of agricultural innovations



## Steps to Follow

### A. Test the scaled IB

- Review and identify the key assumptions of the goals for the scaling activity based on how relevant they are to its success.
- Establish testing and measurement mechanisms for each key assumption.

#### Things to consider:

- Only focus on assumptions that are key to successful scaling.
- Establish initial, midpoint and final target results for the key assumptions of the scaling approach, tied to a specific social impact and budget objectives.
- Activities to validate assumptions should be performed as quickly and cheaply as possible, using testing techniques like 'smoke tests', interviews, and minimum viable products (MVPs).
- Be prepared to revert back to a previous stage if, during the testing stage, certain assumptions prove to be invalid.

## B. Adapt the scaled IB based on the results from the testing

- Based on the results of the testing activities, review aspects of the scaled IB and make adaptations where required.

### Things to consider:

- Ensure regular reporting and measurement, and regularly review the key assumptions and measurements.
- Make sure to re-evaluate your scaling plan after six months of implementation and testing. This will enable you to identify any potential risks or if there is a need to revert back to a previous stage, especially when the scaling involves moving into a new country or trialling replication in a new market segment.



### Support package

#### Technical and organisational expertise

During this stage the IB may require additional support on topics like strategy, financial management, operations management, distribution and logistics, social impact, and monitoring and evaluation. This could be provided through one-to-one sessions with experts and/or training sessions delivered by your team or other experts.

#### Coaching and mentoring

You might need to connect the IB up with other field experts, IB owners and seasoned entrepreneurs who can serve as mentors to the IB.

#### Peer-to-peer learning

Arrange for regular cohort events and group training sessions, which provide IB owners with forums to share their experiences in testing their IB scaling. This will allow them to learn from each other's experiences and adjust their IB accordingly.

#### Partnerships and networks

Encourage the IB to sign up to different professional networks and to attend conferences and events related to their scaling strategy.

#### Investment capital

If the IB needs new sources of capital, evaluate the options for securing investment from other impact investor funds, socially conscious venture capital funds, angel investor networks and philanthropic funders.



## CASE STUDY: INCLUSIVE BUSINESS ACCELERATOR'S TOOLS FOR FOSTERING INCLUSIVE BUSINESS

Led by the BoP Innovation Center (or BoP Inc.), the Inclusive Business Accelerator-IBA aims to promote inclusive business and link it up with institutional donors seeking inclusive business opportunities. It provides business support through a four-phase process: initiate, incubate, invest and accelerate.

As part of its inclusive business accelerator, IBA deploys two toolkits for bringing on inclusive businesses:

- The Inclusive Business Toolkit, which includes a business model canvas and tools for customer segmentation, marketing and distribution, financial planning and risk analysis.
- The Inclusive Innovation Toolkit, which is employed to identify opportunities for innovation and to develop, implement and fund innovation processes. It includes tools for market assessment, human-centred design, rapid prototyping and crowdfunding.

Moreover, IBA has established training and certification programmes for its tools, so that organisations can get the best results from using them.

For further information, visit the ► [Inclusive Business Accelerator](#)



### Online resources for STAGE 6

Growing prosperity – Bain & Company – available at:

[http://www.bain.com/Images/REPORT\\_Growing\\_prosperity.pdf#page=15](http://www.bain.com/Images/REPORT_Growing_prosperity.pdf#page=15)

Inclusive Business Accelerator – available at: <https://iba.ventures/>



# FOLLOWING UP ON THE SCALING

**STAGE 7:** Conclude the scaling support

<b>Overview</b>	Once the IB is operating at scale, the support programme can be brought to a close. However, even though the programme has ended, you will need to continue with monitoring and evaluation. As the IB graduates from your support programme, you may want to connect it up with external auditors, compliance agents or observers who can help to ensure the scaling results are sustained and surpassed, or with any other partners who can provide ongoing support until the IB is sufficiently ready to move forward on its own.
<b>Why important</b>	Your programme’s alumni, on the one hand, will require a minimal level of ongoing support and, on the other, can become ambassadors for the programme, showcasing your results. Feedback from alumni will often provide you with the most important learning for shaping your programme’s next iteration.
<b>Complexity level</b>	Low
<b>Time requirement</b>	Less than one month, plus additional follow-on monitoring and light-touch support



**Steps to Follow**

**A. Determine whether and what additional financial and non-financial support is required**

- After evaluating the implementation of the scaling approach, recommendations gathered at the review points, and feedback from the IBs, assess the need for any additional financial or non-financial support.

**Things to consider:**

- Allocate some staff resource for providing scaled IBs with a minimal level of assistance following the closure of the programme.
- If any IBs need additional investment or have proven to be highly scalable, make arrangements for them to pitch to potential investors or funders.

**Online resources: Example platforms that connect up investors and ventures (and also supporters)**

- ▶ Impact Space
- ▶ Gust
- ▶ Artha
- ▶ Impact Connect
- ▶ Enable Impact



## B. Conclude the scaling support and programme

- Once the scaling approach is completed, or an established milestone or pre-determined deadline has been reached, conclude the support and prepare a report on the implementation of the scaling approach and its outcomes.
- Provide the IBs with information on the ongoing support they can receive from you and other organisations once the programme has closed.
- Organising a closing event is highly recommended in order to showcase the progress your participants have made and to promote the programme to possible future applicants.
- Hold a debriefing session with participants to establish what was valuable to them and what could be improved next time around.

### Things to consider:

- Get IBs to commit to a follow-up approach that requires them to provide updates and progress reports for a further 12 months.
- If the cohort has developed a strong group dynamic, organise catch-up sessions after one to two months.
- Consider using this cohort as mentors for future participants.
- Take time to review and report on successes and learning before launching the next programme.

## C. Measure performance after the programme completes

### Things to consider:

- Continue to track your KPIs on a regular basis – e.g. 3, 6, 12 and 24 months after the programme has finished. If possible, it is recommended to keep track of your IB alumni for up to five years after their graduation from the programme.

### Online resources: Example platforms that connect up investors and ventures (and also supporters)

- ▶ Enterprise Solutions to Scale (p.42)

### Areas of support

#### Technical and organisational expertise

During this stage the IB may require additional support on topics like financial management, fundraising and revenue strategy, and investment readiness. This could be delivered through one-to-one sessions with experts, training sessions prepared by your team or other experts, or pitching rehearsals.

#### Coaching and mentoring

You might need to connect the IB up with other field experts, IB owners and seasoned entrepreneurs who can serve as mentors to the IB.

#### Peer-to-peer learning

Arrange and facilitate (if possible) alumni networks, so that IB participants can stay in touch with each other. You can also schedule networking events and cohort reunions on a monthly, quarterly or annual basis, held either in person or virtually.

#### Partnerships and networks

Encourage the IB to sign up to different entrepreneurs' networks and to participate in sector conferences and events (which you can also attend). Get the IBs to build relationships with different universities, as university research centres may be interested in supporting the IB and its students can be recruited as interns or to work on specific projects. IBs should also register with local and national chambers of commerce, which will generate additional contacts and potential partnerships.

#### Investment capital

Evaluate the options for securing investment from other impact investor funds, socially conscious venture capital funds, philanthropic angel investor networks, commercial banks and multilateral institutions.





## CASE STUDY: LGT VENTURE PHILANTHROPY ON PORTFOLIO CONTROLLING AND REPORTING

As part of its support approach, LGT Venture Philanthropy (LGTVP) offers portfolio controlling and reporting services for a period of between five and ten years. These services include continuously supporting and participating in management meetings, sharing know-how, and connecting its portfolio companies up to broader local, national and international networks. Each investment manager looks after an average of five investments, spending a minimum of 0.5 days per week with each portfolio company. The portfolio company is required to prepare monthly reports, quarterly key performance indicator reports and an annual report.

LGTVP conducts post-investment monitoring to assess the business's performance and outlook, any potential risks and whether any further capabilities are required. It also assesses the depth and scale of the impact created by each portfolio company. Moreover, LGTVP assigns an experienced professional through its LGT Impact Fellowship Programme to work with the portfolio company for around one year to focus on a specific area of the business.

For further information, visit ► [LGT Venture Philanthropy](#)



## Online resources for STAGE 7

Example platforms that connect up investors and ventures

- Impact Space – available at: <http://impactspace.com/about>
- Gust – available at: <https://gust.com/>
- Artha – available at: <http://www.arthaplatform.com/>
- Impact Connect – available at: <http://impactconnect.asia/>
- Enable Impact – available at: <http://www.enableimpact.com/>

LGT Venture Philanthropy – available at: [www.lgtvp.com](http://www.lgtvp.com)

Enterprise Solutions to Scale – Shell Foundation – available at: [http://www.shellfoundation.org/ShellFoundation.org\\_new/media/Shell-Foundation-Reports/shell\\_foundation\\_enterprise\\_solutions\\_to\\_scale\\_2010.pdf](http://www.shellfoundation.org/ShellFoundation.org_new/media/Shell-Foundation-Reports/shell_foundation_enterprise_solutions_to_scale_2010.pdf)

## RECOMMENDATIONS AND CONCLUSIONS

### Important things to remember

- Make sure you have a comprehensive and solid understanding of the IBs you want to support to scale up, as this will help you build a successful programme and an effective outreach strategy.
- As you work through the testing and implementation of the scaling approach with your IBs, many changes will need to be made to the approach. For this reason it is important to be flexible, iterative, and available to solve issues in a timely manner.
- Continuously reflect on the successes and failures of your programme, and also get your key partners involved in these ongoing reviews. Capture learning regularly, both during and after the programme.

### Sustainability, a prerequisite for scaling and replication

With many social ventures, particularly those supplying BoP markets, time and effort is needed to overcome the obstacles to achieving financial stability and to tackle challenges including establishing new distribution channels, navigating multiple stakeholder demands (funders, beneficiaries, customers and governments) and/or working with markets that have little or no disposable income. As these businesses strive to become financially sustainable, they have limited capacity to reach scale and replicate in other regions, sectors or markets. Proof of concept, sustainable operations and strong track records are key for attracting the additional funders and strategic partners that are critical for consolidation, growth and any potential expansion and replication.

### Big potential, small scale

Millions of social ventures and inclusive businesses start up every year, but only a few thousand receive the support they need to accomplish their vision and implement a clear programme for achieving scale. Although the potential for impact may be within their reach, some social entrepreneurs struggle to identify the key factors that will enable them to achieve scale and replicate. Furthermore, while social franchising and other forms of replication have received some attention, these concepts have not yet been widely adopted or well developed. Nowadays more and more impact finance is coming on stream that needs to be matched up with scalable inclusive businesses, but these remain in short supply. As such, the potential for creating impact at scale is immense, but major gaps still exist in the ecosystem.

### More data and evidence is needed

As only a few scalable models have been identified to date, there is very limited data and evidence available on the key success factors for reaching scale. In addition, there is insufficient quantitative data to support the definition of best practices and their dissemination, which is hindering the creation of guidelines, toolboxes and procedures for the social entrepreneurship sector.

This handbook represents a major step towards solving these challenges. This practical and user-friendly handbook will hopefully provide IB entrepreneurs, their supporters and intrapreneurs with the grounding they need to identify key success factors and analyse the areas of business models requiring particular attention when scaling or replicating. It also references and provides access to tools and methods that contribute to ensuring successful implementation.

## ABBREVIATIONS

ANDE	Aspen Network of Development Entrepreneurs
BcTA	Business Call to Action
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung German Federal Ministry for Economic Cooperation and Development
BoP	Bottom of the Pyramid
CSO	Civil Society Organisation
DIY	Development Impact and You
ESEN	Escuela Superior de Economía y Negocios
FTE	Full-Time Equivalent
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GSEN	Global Social Entrepreneurship Network
HR	Human Resources
IB	Inclusive Business
IBAN	Inclusive Business Action Network
ICSF	International Centre for Social Franchising
ICT	Information and Communications Technology
JICA	Japan International Cooperation Agency
KPI	Key Performance Indicator
LGTVP	LGT Venture Philanthropy
MoU	Memorandum of Understanding
MSME	Micro, Small and Medium-sized Enterprises
MVPs	Minimum Viable Products
NGO	Non-governmental Organisation
PPP	Purchasing Power Parity terms
PSD	Private Sector Development
SF	Social Franchising
TOCO	Theory of Change Online
UI	Unreasonable Institute
UNDP	United Nations Development Programme
VPO	Venture Philanthropy Organisation
YSB	Yunus Social Business

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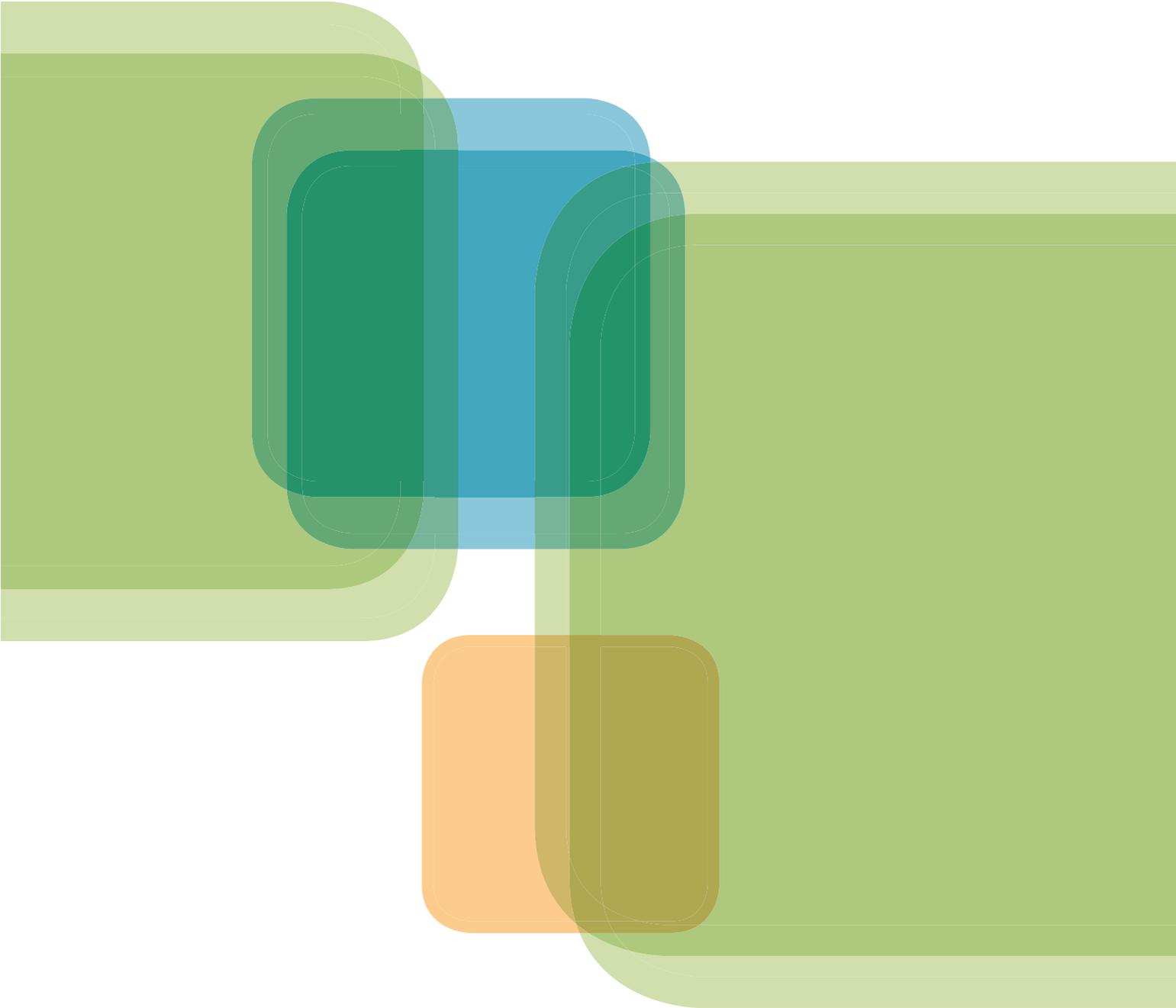
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