NETWORKING WORKS: Peer-to-peer business networks help Small and Growing Businesses grow revenues and create jobs

APRIL 2019

argidius

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Small and Growing Businesses (SGBs) are a large and important part of the economy in emerging markets

Small businesses are important contributors to economic growth in emerging markets. The IFC estimates that 21 million small and medium-sized enterprises (SMEs) currently operate in emerging markets.[1] SMEs have long been recognized as important engines of job growth—in emerging markets, in particular, they are believed to create nearly 60% of new jobs.[2] Many development actors recognize the potential of businesses in this category to help drive more inclusive growth. Microenterprises are not considered in this report as their growth potential is limited compared to SMEs, despite their large numbers in most emerging markets.

Small and growing businesses (SGBs) are a category of small and medium-sized businesses characterized by high growth potential. SGBs are a diverse segment of commercially-viable enterprises with the potential and ambition to grow. They represent a unique segment due to their leading role in creating new jobs, driving innovation, and delivering needed goods and services, especially to lower-income consumers in emerging markets.

SGBs drive development across a number of different areas[3]

Drive inclusive growth

- Create a wider range of goods and services that can improve lives of the poor
- Deliver them in innovative ways, often to marginalized and/or lower-income groups
- Solve local development issues

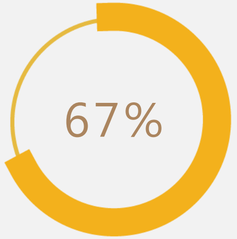
Create more equity

- Create quality jobs
- Hire local talent
- Contribute taxes
- Purchase from local suppliers

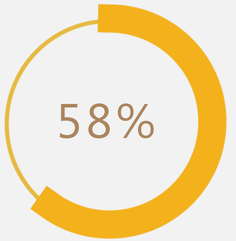
Foster innovation

- Create jobs in remote or rural areas and poor communities (multiplier effect)
- Can increase empowerment for marginalized groups
- Provide a powerful source of autonomy and self-confidence (i.e., evident in women)

Contributions of SMEs to emerging market economies



Estimated contribution of formal and informal SMEs to GDP[4]



New job creation in low-income countries due to growth in small businesses[2]

1. IFC defines SMEs as registered businesses with fewer than 300 employees; SMEs can be further distinguished from microenterprises that have fewer than five employees. "Interpretation Note on SMEs," IFC (2012); "MSME Finance Gap" IFC (2017). 2. Ayyagari, Meghana, Asli Demirguc-Kunt, and Vojislav Maksimovic. "Who Creates Jobs in Developing Countries?" Small Business Economics 43, No. 1 (2014). 3. "Why SGBs," ANDE (2019); accessed at http://www.whysgbs.org/whataresgbs. 4. Teima, Ghada, Alexander Berthaud, Miriam Bruhn, Olympia De Castro, Mukta Joshi, Melina Mirmulstein, and Andrea Onate. "Scaling-up SME Access to Financial Services in the Developing World." World Bank Group (2010); World Bank Group, 2010 as referenced in "Small and Medium Enterprise Program Five Years in Review 2011-2016," Innovations for Poverty Action (2016).

There are four different SGB segments and each plays a distinct role in economic growth and job creation

The Aspen Network of Development Entrepreneurs (ANDE) identifies Small and Growing Businesses (SGBs) as commercially-viable businesses with five to 250 employees that have significant potential, and ambition, for growth. Typically, SGBs seek growth capital from $20,000 to $2 million.[1]

THERE ARE FOUR DIFFERENT SEGMENTS OF SGBS.

Each of these four families makes distinct contributions to the economy and has different business capabilities and growth potential.[2]

SEGMENTATION VARIABLES*

Used to divide SGBs into groups facing similar financing needs

- Market growth and scale potential
- Product or service innovation profile
- Entrepreneur behavioral attributes

HIGH GROWTH VENTURES

- Disruptive business models and targeting large addressable markets
- High growth and scale potential, and are typically led by ambitious entrepreneurs with significant risk tolerance

NICHE VENTURES

- Create innovative products and services that target niche markets or customer segments
- Entrepreneurs who seek to grow, but often prioritize goals other than scale

DYNAMIC ENTERPRISES

- Operate in established “bread and butter” industries - e.g., trading, manufacturing, retail, and services
- Deploy existing products / proven business models; seek to grow through market extension/ incremental innovations
- Moderate growth and scale potential

LIVELIHOOD-SUSTAINING ENTERPRISES

- Opportunity-driven, family-run businesses that are on the path to incremental growth
- May be formal or informal, and operate on a small scale to maintain a source of income for an individual family
- Replicative business models, serving highly local markets or value chains

1. “Definition of SGBs,” ANDE Research Initiative, available online (2019). 2. “The Missing Middle: Segmenting Enterprises to Better Understand their Financial Needs,” Collaborative for Frontier Finance, Omidyar Network, DGGF (2018).

The number of organizations that support SGBs in emerging markets is growing rapidly

ENTREPRENEURS IN EMERGING MARKETS FACE ACUTE CHALLENGES…

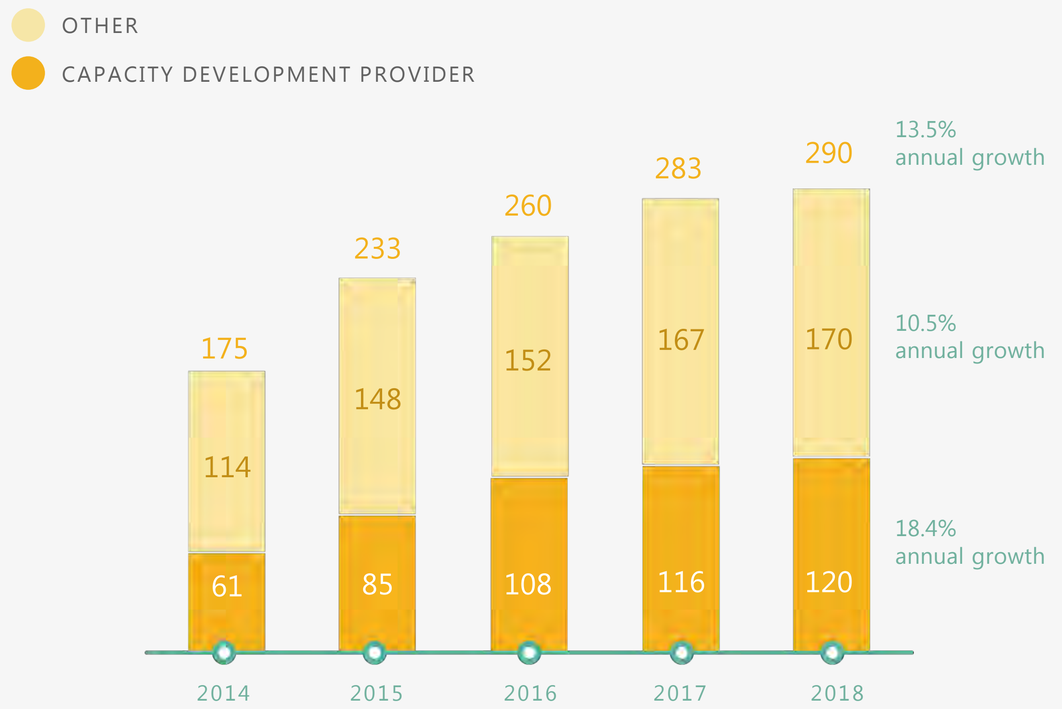
Entrepreneurs everywhere face common challenges such as access to talent, markets, and finance. In emerging markets, where the need for inclusive growth is especially important, these challenges can be particularly acute. Entrepreneurship rates are higher by some measures in emerging markets[1] yet barriers persist in the entrepreneurial ecosystem, often resulting in a lower probability of business success. These systemic barriers include government bureaucracy, misallocation of talent, low adoption of technology, and lack of financing, among many others.

… BUT THE SUPPORT SYSTEM TO ENGAGE, ENCOURAGE, AND CULTIVATE SGBS IS EXPANDING.

An increasing number of corporations, foundations, and governments are supporting SGBs.[2] At the same time, incubators, accelerators, technical assistance providers, investors, impact funds, and other entities are engaging with SGBs in innovative ways, in some cases by employing new financing tools that address the distinct needs of the four SGB families and the finance gap they face.[3]

ORGANIZATIONS THAT SUPPORT SGBS

ANDE Members by category (2014-2018)[4]



1. "Accelerating Impact for Entrepreneurs: Lessons Learned from TechnoServe's Work with SGBs in Central America," Emory, TechnoServe (2017). 2. "State of the Small and Growing Business Sector," ANDE (2016).
3. "The Missing Middle: Segmenting Enterprises to Better Understand their Financial Needs," Collaborative for Frontier Finance, Omidyar Network, DGGF (2018). 4. ANDE

Recent evidence on how to best support the growth of SGBs is promising, and more lessons learned need to be shared

EVIDENCE ON HOW TO BEST HELP SGBS IS COMPELLING, BUT STILL NASCENT

While there is extensive research on how to promote and support entrepreneurship more generally in emerging markets, studies on the distinct characteristics of SGBs and the effectiveness of SGB support interventions are more limited in scope and number.[1] New research on SGB growth is compelling, but more studies are needed to better understand the specific requirements of SGBs and to examine the different types of interventions that offer support to this diverse category of business.

OPPORTUNITIES EXIST TO TRANSLATE EMERGING KNOWLEDGE INTO A BROADER SET OF LESSONS LEARNED

There are numerous studies that demonstrate that specific intervention types have the potential to have significant positive impact on SGB growth in specific circumstances. The challenge for organizations that support SGBs is to determine what insights can be taken from these success stories that may have broader applications.

SGB needs	Types of support [2]
Capital	Investment
Labor	Talent identification and development
Efficiency	Management training and support
Demand	Market linkages

Delivery methods	• Skill development, trainings, workshops • Mentoring and coaching • Advisory and consulting • Networks, knowledge exchange • Entrepreneurship ecosystem information

What can we learn from the available evidence and success stories that exist today to help SGBs reach their full potential?

1. "A Research Agenda for the SGB Sector: Summarizing the Current Evidence and Research Needs," ANDE, Argidius, IGC (2018) 2. Framework adapted from "A Research Agenda for the SGB Sector: Summarizing the Current Evidence and Research Needs," ANDE, Argidius, IGC (2018).

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Enablis Senegal and CEED Moldova have similar models for helping SGBs grow and drive economic growth

	CEED Moldova	Enablis Senegal
MISSION	Drive economic growth by developing, connecting, and mentoring entrepreneurs to strengthen their businesses—enabling them to create jobs and accelerate economic prosperity	Stimulate wealth and job creation by identifying and empowering promising aspiring and emerging entrepreneurs
PROGRAM AREAS	• Training and personalized learning • Mentoring and coaching programs • Networking opportunities	• Peer support • Training • Coaching • Mentoring • Networking
CUMULATIVE # OF MEMBERS	79	223
MEMBER YEARS OF EXPERIENCE (2017)	3+ years: 69% 1-3 years: 26% <1 year: 5%	3+ years: 73% 1-3 years: 24% <1 year: 3%
MEDIAN REVENUES (2017)	$128,483 USD	$81,504 USD

Source: Enablis Senegal, CEED Moldova, third-party evaluation of Enablis Senegal's 2017 activities

Enablis Senegal's and CEED Moldova's network-based approaches to supporting SGBs have had significant impact

Argidius Foundation believes that CEED Moldova and Enablis Senegal are examples of the type of impact that business networks can have on SGBs

1

Significant
REVENUE GROWTH

- Median revenue growth of members has been high. Revenue growth has been broad-based and higher than the OECD definition of high-growth firms over a several-year period.

2

Efficient
JOB CREATION

- Job creation has been efficient on a per-member basis. Both organizations are creating new permanent jobs at a higher rate than benchmarks.

3

COST-EFFECTIVE
in terms of support costs and unlocking additional revenue for members

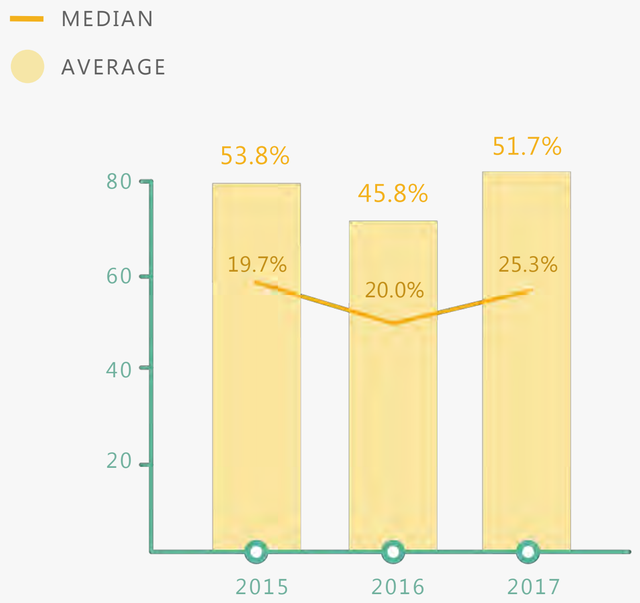
- Costs are low on a per-member basis and grants are helping to generate additional revenue at a high multiple. Both organizations keep costs per member low and have been successful at leveraging donor funding to increase revenues.

The median revenue growth of Enablis Senegal members is higher than the official definition of a high-growth firm

enablis Senegal

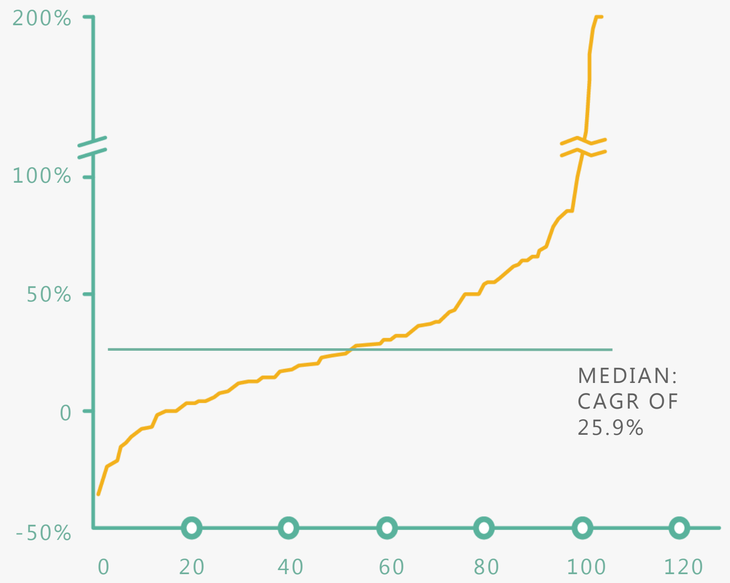
The median annual revenue growth of Enablis Senegal members was 20% or above in the first three years of operations

Annual revenue growth of members



The median annualized revenue growth has been nearly 26%, higher than the OECD definition of high-growth firms[1]

Compound Annual Growth Rate (CAGR)[2] by member[3]

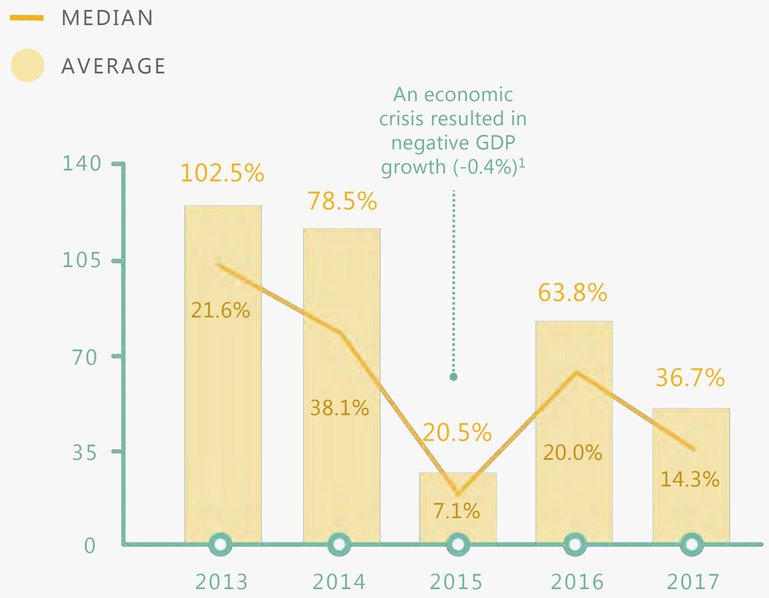


Source: Enablis Senegal. Note that not all members reported revenues for all years.
1. The OECD defines high-growth firms as all enterprises with average annualized growth greater than 20% per year, over a three-year period, and with ten or more employees at the beginning of the observation period (*OECD-Eurostat Manual on Business Demography Statistics 2007).* 2. Compound annual growth rate (CAGR) is the constant rate of growth over a time period. CAGR dampens the effect of volatility and enables comparison when businesses have been participating for different lengths of time. The median CAGR gives a sense of how the business portfolio is performing, and is distinct from standard averages, which can be distorted by outliers. The time periods of analysis were different for each firm and ranged from two to three years. 3. The top and bottom five performers were removed from this analysis.

Most CEED Moldova members can also be defined as high growth since the median annualized revenue is over 20%

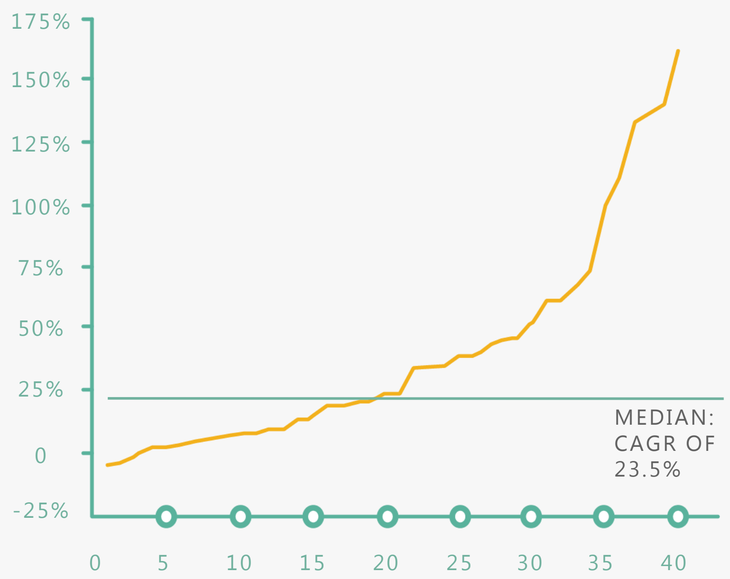
CEED Moldova members have grown significantly every year, even during an economic crisis when GDP shrank

Annual revenue growth of members (2013 – 2017)



CEED Moldova's members are growing at nearly 24% per year on a compounded basis, higher than the OECD definition of a high-growth firm

Compound Annual Growth Rate (CAGR)[2] by member[3]



Source: CEED Moldova. The averages are variable in part due to small sample sizes (~30 members) and outlier firms.

1. World Bank. 2. The OECD defines high-growth firms as all enterprises with average annualized growth greater than 20% per year, over a three-year period, and with ten or more employees at the beginning of the observation period (*OECD-Eurostat Manual on Business Demography Statistics 2007).* 2. Compound annual growth rate (CAGR) is the constant rate of growth over a time period. CAGR dampens the effect of volatility and enables comparison when businesses have been participating for different lengths of time. The median CAGR gives a sense of how the business portfolio is performing, and is distinct from standard averages, which can be distorted by outliers. The time periods of analysis were different for each firm and ranged from two to five years. 3. The top and bottom three performers were removed from this analysis.

Both CEED Moldova and Enablis Senegal have created new jobs more efficiently than other types of interventions

The two organizations collectively have created over 700 new full-time jobs since their founding

Full-time jobs created

ENABLIS SENEGAL
2015-2017

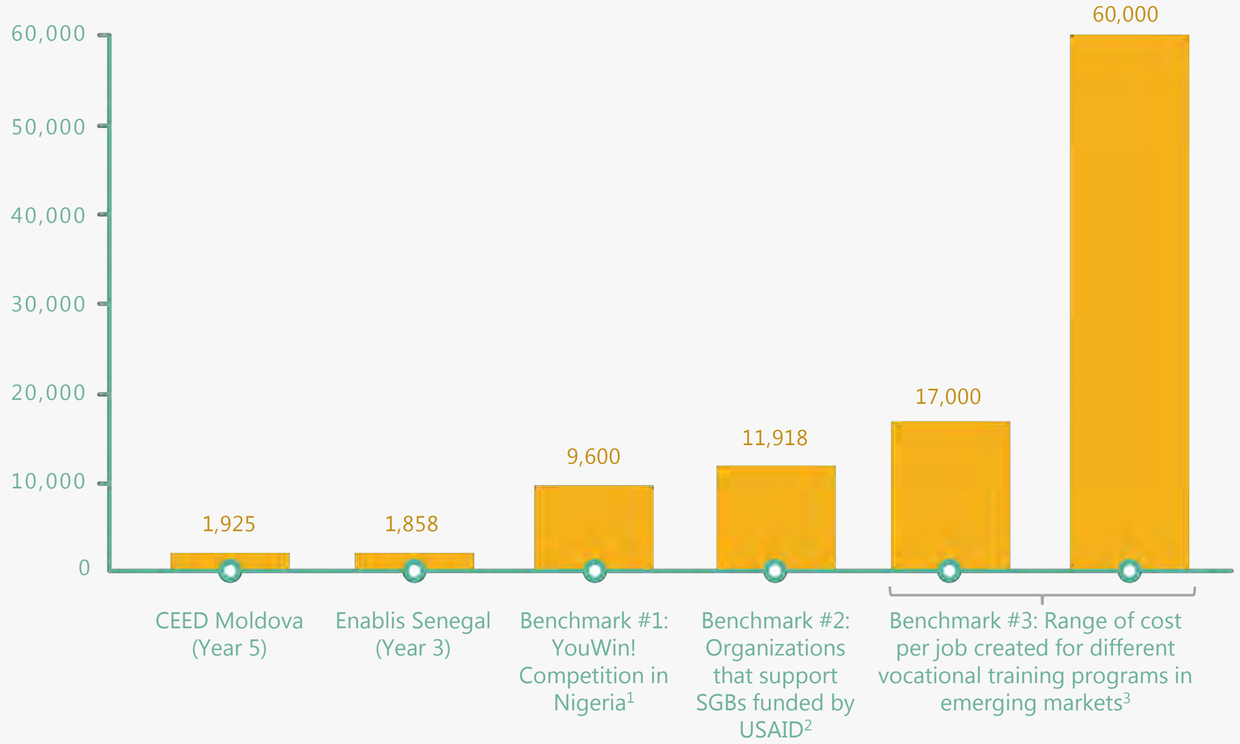
322

CEED MOLDOVA
2013-2017

380

…and have done so at a relatively low cost

Cost per full-time job created (USD)

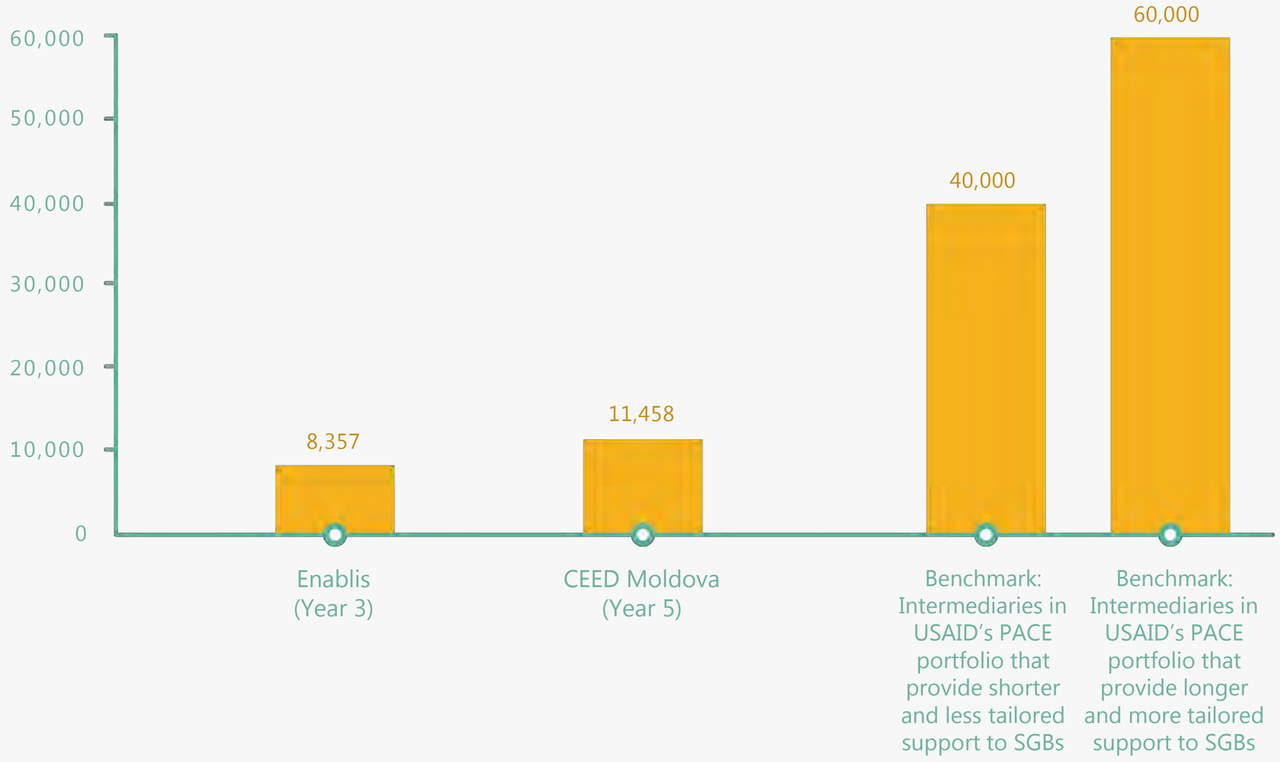


Source: Argidius Foundation, CEED Moldova, Enablis Senegal, 2017 third-party evaluation of Enablis Senegal's activities
1. The cost per job created from this competition has been well studied and used as a benchmark for other initiatives (McKenzie D. "Identifying and Spurring High-Growth Entrepreneurship: Experimental Evidence from a Business Plan Competition," American Economic Review, 107(8):2278-2307 (2017). 2. Benchmark data comes from the USAID report "Accelerating Entrepreneurs: Insights from USAID's Support of Intermediaries," USAID (2018) and represents the average cost per job created across a range of USAID-supported intermediaries but the distribution was quite significant, from USD $3,867 to $31,121 of donor investment per job. 3. McKenzie D. "How effective are active labor market policies in developing countries? A critical review of recent evidence," The World Bank Research Observer, 32(2):127-154.

Both organizations have significantly lower costs per SGB served compared to other intermediaries

CEED Moldova and Enablis Senegal spend four to seven times less money per member than other programs that support SGBs

Cost per enterprise (USD)

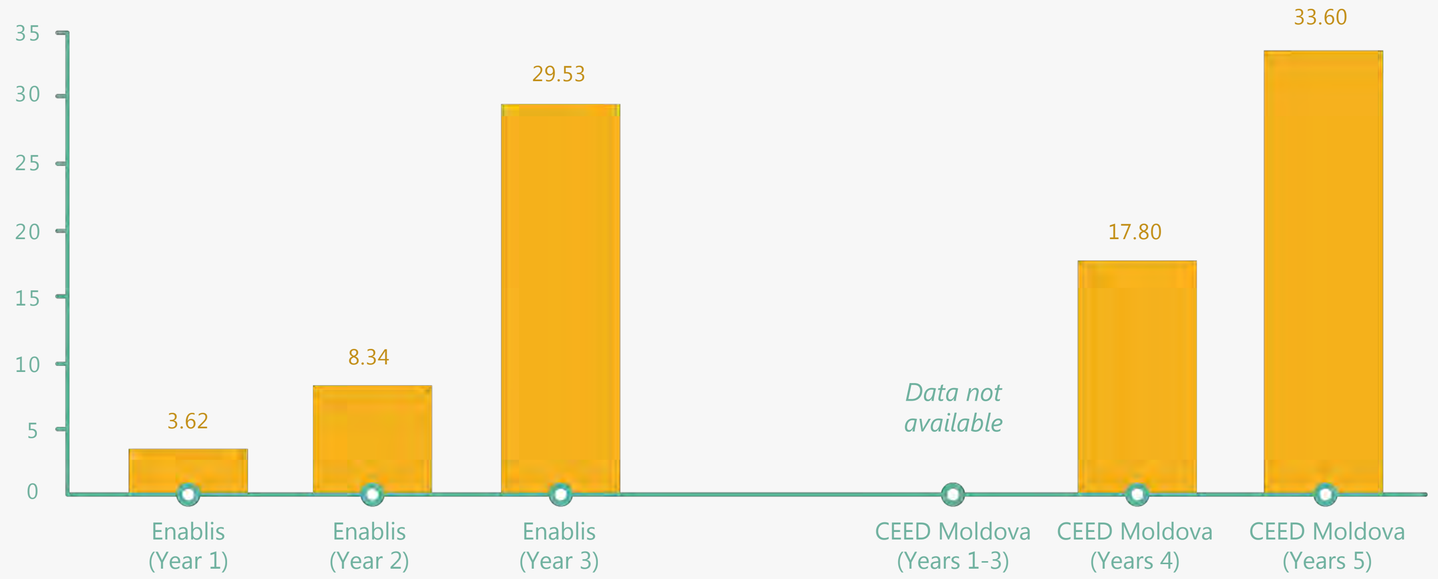


Source: Argidius Foundation; "Accelerating Entrepreneurs: Insights from USAID Support of Intermediaries," USAID (2018).
Note: For the benchmarks, USAID found that the support cost per business ranged from $40,000 to $60,000, but stated that further validation is necessary due to the challenges of comparing cost data across intermediaries. The upper range of $60,000 also varied significantly depending on the intensity of support.

Grants have helped unlock additional member revenues at a high multiple, especially in later years

SGB members of both networks have generated 30 times in additional revenues compared to the total cost of networks

Return on Total Investment (ROTI)[1]



Source: Argidius Foundation; third-party evaluation of Enablis Activities in 2017
1. Return on Total Investment (ROTI) is the sum of incremental revenues (calculated by considering the net change in annual enterprise revenue for the years following an intervention, compared to the annual revenue prior to the intervention) divided by the total cost of assistance from all sources.

There is emerging evidence that peer-to-peer networks increase revenues for SGBs

Peer interactions have been shown to drive revenue growth, especially over time

DESCRIPTION

- A major study with nearly 3,000 small- and medium-sized businesses in China found that firms that had structured monthly meetings in peer groups increased sales by 8-10% relative to a control group[1]

- Members who had spent at least six months in Enablis Senegal's network in 2016 had 9% higher revenue growth than members who had spent less than six months (22% vs. 13% on average)[2]

What key success factors help CEED, Enablis, and similar organizations to cost effectively help their members increase revenues and create jobs?

1. Cai, J. and A. Szeidl. "Interfirm Relationships and Business Performance," The Quarterly Journal of Economics, 133(3):1229-1282 (2017). 2. Peformance audit report of the activities and results of Enablis Senegal (2016).

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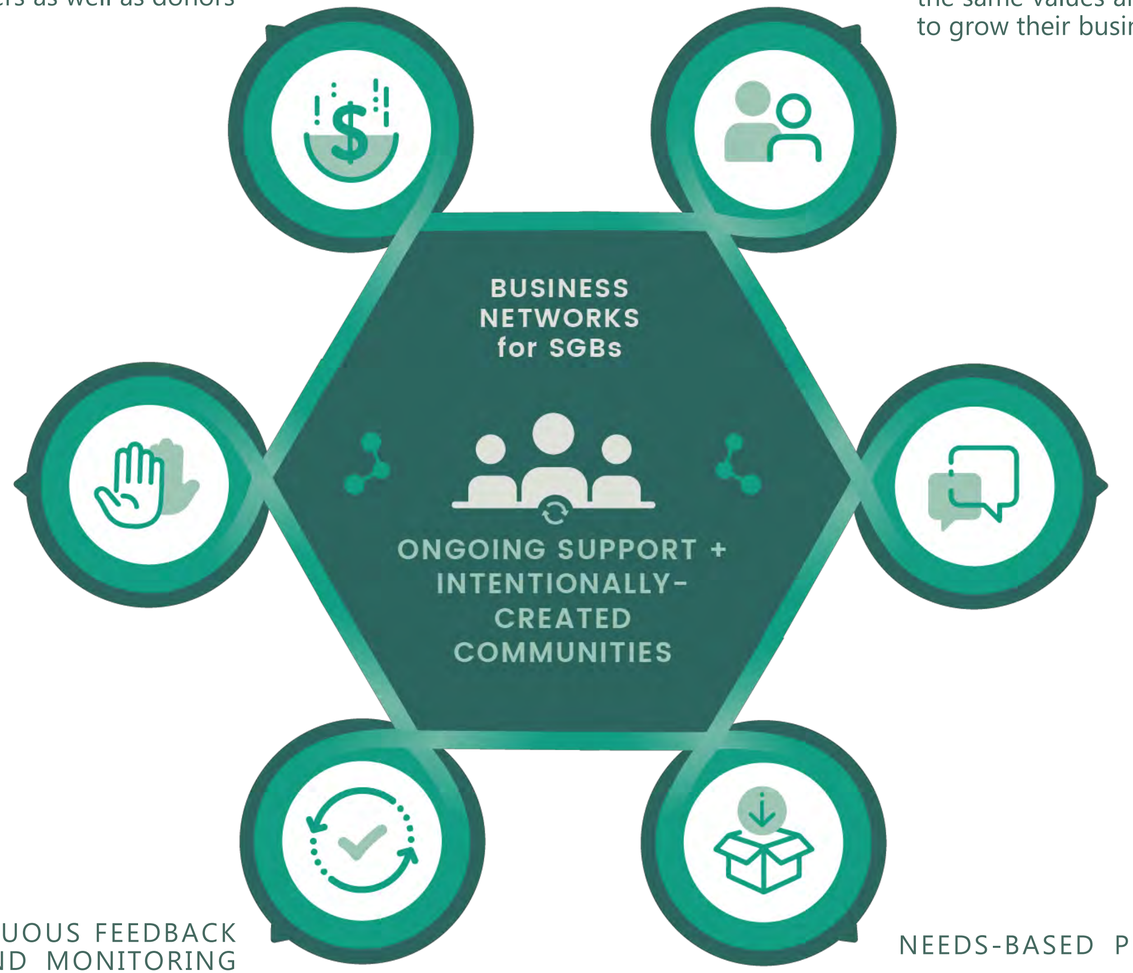
CEED and Enablis have a unique and high-impact model because of six interconnected success factors

DIVERSE SOURCES OF INCOME

Income comes from members and local partners as well as donors

SELECTIVE MEMBERSHIP

Members are diverse but share the same values and motivated to grow their businesses



PROACTIVE TRUST-BUILDING

The organization proactively builds and maintains trust among members

ENGAGED SUPPORT TEAM

Staff build and maintain relationships as well as facilitate connections

CONTINUOUS FEEDBACK AND MONITORING

The organization is continuously learning from members through feedback

NEEDS-BASED PROGRAMING

Peer-to-peer support and development plans that are tailored to specific needs of entrepreneurs

Enablis Senegal is a member-driven organization that uses its membership to execute on the key success factors

WHAT ENABLIS SENEGAL DOES

SELECTIVE MEMBERSHIP

- **Selects entrepreneurs, not enterprises**. Enablis Senegal recruits entrepreneurs who want to grow as people and share values such as passion, ambition, and openness to learning and sharing. Potential members must meet certain minimum business criteria but these are not the basis for admission into the network.
- **Finds new members through existing members**. Over three-quarters of new members are referrals from existing members who are also involved in selection decisions.

CONTINUOUS FEEDBACK & MONITORING

- **Collects feedback after every activity.** Enablis Senegal administers a very short survey to members after every single event in order to learn and improve future programming.
- **Uses a third-party to assess annual performance**. Enablis Senegal hires a third party every year to interview at least 80% of members and review annual performance. All findings are shared directly with members who provide feedback during an annual evaluation workshop.

ENGAGED SUPPORT TEAM

- **Recruits and manages third-party relationships.** Local staff maintain relationships with external coaches, trainers, volunteers, mentors, and others who can help support members.
- **Maintains quality control.** Local staff focus on providing quality control for training, education, and network events.
- **Facilitates connections.** Support staff help connect members with peers and experts who can help them.

PROACTIVE TRUST-BUILDING

- **Focuses on integrating new members.** Enablis Senegal recognizes that building trust takes time, and so spends a lot of time with each new member to ensure that they feel welcomed and are well integrated.
- **Uses trust-building techniques**. Enablis uses specific types of icebreakers and exercises to build trust among members.

NEEDS-BASED PROGRAMMING

- **Provides mix of personalized and group services.** Enablis Senegal provides personalized services such as one-on-one coaching and mentorship programs along with group trainings based on business stage.
- **Facilitates peer-to-peer support.** Members can get help, advice, and/or business connections from other members who have expertise or are facing similar challenges.

DIVERSE SOURCES OF INCOME

- **Works with a range of stakeholders.** Enablis Senegal engages with a range of actors on different income-generating activities. For example, members pay annual fees, development organizations sponsor fee-for-service projects, and local businesses and citizens contribute funds through partnerships and in-kind donations.

CEED Moldova also has a clear strategy for how to execute on each success factor in ways that leverage its members

WHAT CEED MOLDOVA DOES

SELECTIVE MEMBERSHIP

- **Selects entrepreneurs, not enterprises**. CEED Moldova recruits entrepreneurs based on values such as openness to learning and a willingness to help others, in addition to business characteristics.
- **Builds a diverse community.** CEED Moldova creates a purposely diverse membership by sector and business stage.

CONTINUOUS FEEDBACK & MONITORING

- **Collects feedback continuously from members**. Local teams frequently and proactively seek out the feedback of local members on key program activities.
- **Reviews feedback locally, regionally, and globally.** Managers at all levels review member feedback constantly, including at an annual global staff retreat.

ENGAGED SUPPORT TEAM

- **Recruits well-connected staff with learning mindsets.** CEED Moldova recruits local staff who are well-connected to the entrepreneurial ecosystem (and not just the development ecosystem) or are entrepreneurs themselves and also want to learn alongside SGB entrepreneurs.

PROACTIVE TRUST-BUILDING

- **Models trusting behavior for new members on Day 1.** CEED Moldova sets clear expectations about member commitments from the very beginning and models the kind of behavior it expects members to exhibit (e.g., talking openly about both successes and failures).

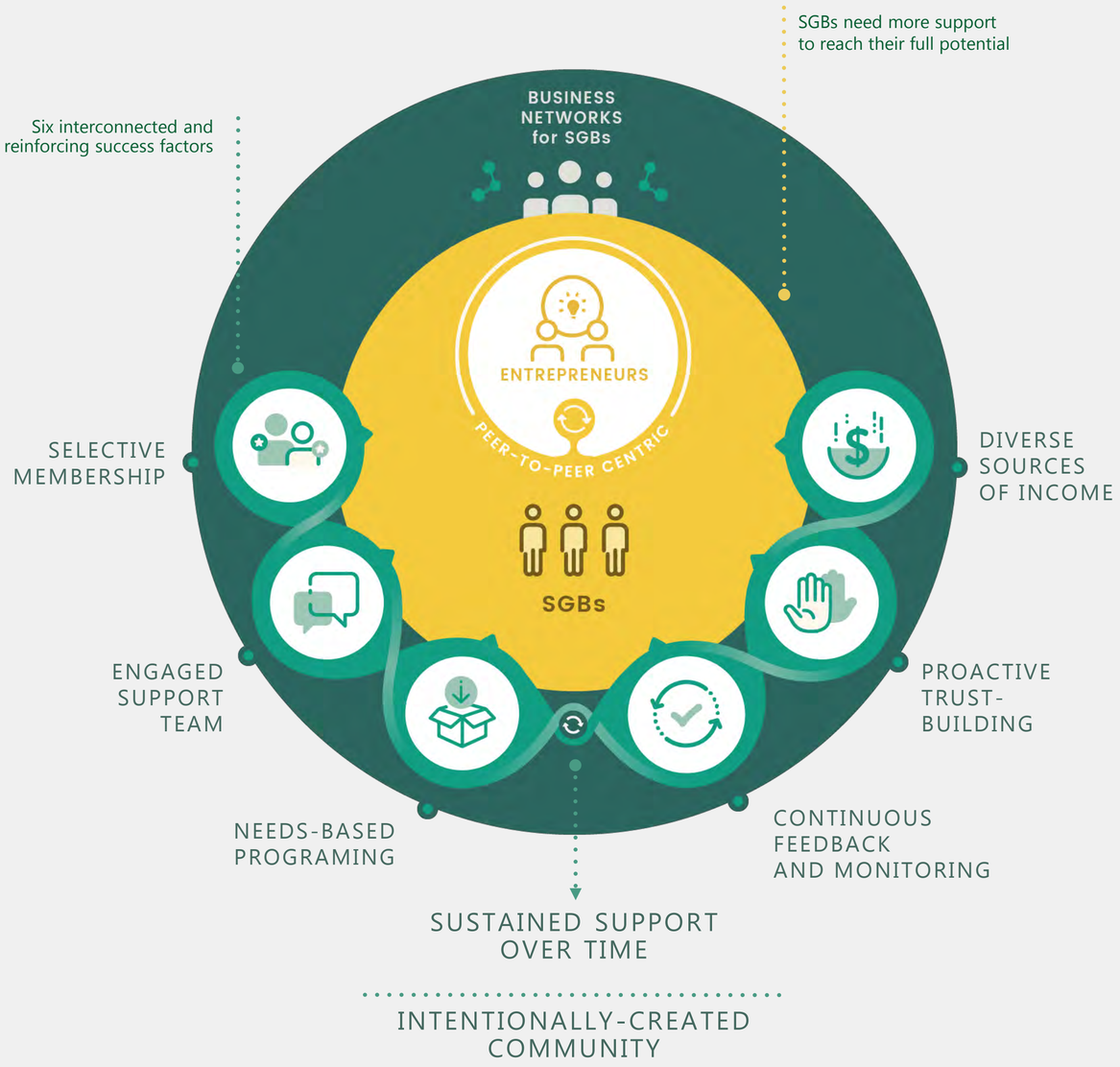
NEEDS-BASED PROGRAMMING

- **Segments new members into different program types.** After an initial assessment, CEED organizes members into distinct groups based on their needs. Members are also segmented based on their position within the company (e.g., founder vs. senior manager).
- **Creates people-centric development plans.** Development plans are entrepreneur-centric and not business-centric. Dedicated account managers also help monitor and assess progress vs. goals.

DIVERSE SOURCES OF INCOME

- **Charges membership fees.** Members pay an annual fee to belong to the network.
- **Looks for local partners.** Similar to CEED field offices in other regions, CEED Moldova looks to generate revenue through partnerships with local companies.

The impact of business network organizations like CEED and Enablis help drive more inclusive growth



SGBs ARE CONNECTED TO PEERS, MENTORS, AND BUSINESS PARTNERS

BETTER EQUIPPED ENTREPRENEURS:
More informed, connected, inspired, and motivated

MORE ACCESS TO FINANCE:
Stronger business cases and more sources of funding

BETTER BUSINESS DECISIONS:
More relevant business knowledge

MORE MARKET LINKAGES:
Access to potential clients and partners

IMPACT

GROWING AND MORE RESILIENT SGBS DRIVE MORE INCLUSIVE GROWTH IN EMERGING MARKETS

- LARGER REVENUES
- MORE JOBS CREATED
- COST EFFECTIVE PROGRAMS

Effective business networks choose new members based on an individual's values, not the success of his or her business

SELECTIVE MEMBERSHIP

Business networks recruit and select members—primarily SGB entrepreneurs, but also coaches, mentors, and others—based on values such as openness to learning and sharing, commitment to their venture, and passion.

Key insights in selective membership

Making membership decisions by focusing mostly on SGB entrepreneurs' values, and not their businesses, results in stronger networks.

HOW ENABLIS SENEGAL SELECTS MEMBERS

SGB entrepreneurs must meet specific business requirements to be able to join the Enablis Senegal network, but the application process focuses much more on getting to know each entrepreneur as a person.

For example, SGB entrepreneurs that want to join the network must normally have a minimum amount of revenues, at least one year of operations, and high potential for growth. However, the interviews center much more around questions such as who their role models are, whether they are members of other social organizations, and if they would leave their business if they received an attractive job offer from a more established enterprise.

"Personal stories are important because they are a great way to get to know someone," explains Ousmane Ndoye, Director of Operations at Enablis Senegal. "So we use them to evaluate whether someone will be a good fit with our membership."

Personal stories are a great way to get to know someone, so we use them to evaluate whether someone will be a good fit with our membership.

Ousmane Ndoye

Director of Operations at Enablis Senegal

Selecting new members for the network depends on other key success key factors

Making membership decisions by focusing on SGB entrepreneurs' values, and not their businesses, results in stronger networks. Leading business networks for SGBs have lengthy selection processes that place greater emphasis on the entrepreneur than on the performance of his or her business. While business networks do look at business metrics as part of a new membership application (e.g., revenue, number of employees, years in market), questions designed to get to know entrepreneurs as people ultimately determine whether a given entrepreneur is a good fit. This means network organizations devote a significant amount of time to evaluating each potential new member, at the expense of considering a larger group of applicants. However, there is broad evidence to suggest that this approach results in better outcomes. For example, after analyzing the outcomes of more than 400 different companies that had participated in a major business development program in Central America, Technoserve found that an entrepreneur's profile, skills, and experiences were better determinants of success than were a business's sector or stage of development.[1] These findings help explain why business networks look to identify and recruit new members who are already well known to existing members.

Key interactions between selective membership and other success factors

Engaged support team:
- Staff work with current members to identify and recruit new members
- Staff help determine if a potential member shares the same values as the network

Diverse sources of income:
- Members pay membership fees, which help peer-to-peer networks diversify their income

SPOTLIGHT: Endeavor's Selection Process

Endeavor, an organization that supports a highly-selective group of entrepreneurs globally, uses a multi-step selection process to find potential members for its network. This process includes proactive research and outreach by Endeavor staff, recommendations from existing Endeavor entrepreneurs, and multiple rounds of screenings and interviews. Endeavor also works to build a diverse community of individuals of all ages, regions, industries, and educational backgrounds who all share the same passion for high-impact entrepreneurship.

1. "Accelerating Impact for Entrepreneurs: Lessons Learned from TechnoServe's Work with SGBs in Central America," Emory, TechnoServe (2017).

Effective business networks hire staff who intrinsically can support and relate to SGBs as well as the broader ecosystem

ENGAGED SUPPORT TEAM

Peer-to-peer business networks have a people-based model and consequently hire support staff who can build long-term relationships with SGB entrepreneurs as well as mentors, coaches, and technical assistance providers. Business network staff also draw on their own networks to help build and strengthen the community, especially in the organization's first few years.

Key insights in engaged support team

- Business networks hire staff who are deeply networked in the entrepreneurial community and can relate strongly to entrepreneurs
- Business networks are increasingly looking for local staff and board members with entrepreneurial experience
- Just as critical as entrepreneurship experience, however, is the ability to build lasting relationships with members and advisors

HOW CEED HIRES STAFF FOR NEW COUNTRIES

CEED invests a lot of time to ensure it has the right country director in place before it even begins to plan how to build a business network in a new market.

"Our country work really is all about the director," says Anne Park, Director, Strategy & Development for CEED Global. "We look for people who have personally run a business, understand the challenges entrepreneurs face, and bring to the position their own relationships with entrepreneurs and small business associations. Experience running a major donor-funded development program is a plus, but is not sufficient on its own."

After recruiting the country director, subsequent hires focus on finding people who are eager to learn and trusted by the country director. Constant learning for all staff is important since everyone is encouraged to attend the same events and trainings as the entrepreneurs—which helps staff to better understand member needs, build credibility and trust, and provide more effective support.

We look for people who have personally run a business, understand the challenges entrepreneurs face, and bring to the position their own relationships with entrepreneurs and small business associations.

Anne Park

Director, Strategy & Development for CEED Global

Engaged support teams build strong individual relationships and increasingly have entrepreneurship experience

Business networks hire staff who are deeply networked in the entrepreneurial community and can relate strongly to entrepreneurs. When starting a new business network in a new region or country, business networks often spend months or years assessing the gaps in the current entrepreneurial landscape to ensure that the network is providing support to address an unmet need. This process requires recruiting a country director with deep knowledge of the local entrepreneurial ecosystem. As the country director is also responsible for recruiting the network's first members, it is critical that she or he have strong connections to the local small business organizations and the entrepreneurship community more broadly.

Business networks are also increasingly looking for local staff and board members with entrepreneurial experience. Evidence shows that organizations managed by former entrepreneurs are more effective than those run by people without entrepreneurial experience.[1] This entrepreneurship experience does not always need to exist at the leadership level; support staff or even board members with entrepreneurship experience can help ground the organization in the daily experiences of SGBs. For instance, the Enablis network includes Board members who are also entrepreneurs.

Just as critical as entrepreneurship experience, however, is the ability to build lasting relationships with members and advisors. These relationships enable local staff to effectively build trust, assess needs, provide support, and make relevant connections.

Key interactions between engaged support team and other success factors

Selective membership:
- Support teams help determine the fit of potential new members

Needs-based programming:
- Local staff understand entrepreneur needs, help develop individualized plans, and facilitate connections

Continuous feedback and monitoring
- Local staff collect feedback from members

Proactive trust building
- The support team helps build trust by organizing specific activities

SPOTLIGHT: Alterna's SGB Support Team

Alterna, a center for social innovation and entrepreneurship based in Guatemala, uses a local multidisciplinary team to support social entrepreneurs via their "cultivation" methodology. The cultivation process differs from accelerators or incubators in the breadth and continuity of the specialized services it offers, starting with pre-revenue enterprises. By cultivating 150+ social enterprises from a variety of sectors and growth stages each year, Alterna´s team is able to provide customized support, leveraging extensive learnings across a wide array of context-specific entrepreneurial challenges.

[1] "Fostering Productive Entrepreneurship Communities: Key Lessons on Generating Jobs, Economic Growth, and Innovation," Endeavor Insight, Bill and Melinda Gates Foundation (2018).

Effective business networks continually assess and match the individual needs of SGBs to different resources within the network

NEEDS-BASED PROGRAMMING

Business networks assess the specific needs of members upfront and then work with them to create individualized development plans, reassessing and updating the plans on an ongoing basis. This open-ended, tailored approach to building skills and knowledge helps entrepreneurs to recognize and address their specific needs. Evidence shows that this kind of individualized plan supported by mentorship and peer-to-peer support is effective in helping SGBs grow.

Key insights in needs-based programming

- SGBs with better business practices grow more quickly
- Business networks provide SGBs with a sustained and individualized development plan that changes as needs evolve
- Individualized support for business or personal skills development has been shown to produce significant impact compared to other intervention types
- Engaging with peers and mentors improves business performance

HOW ENABLIS ASSESSES MEMBER NEEDS

Enablis Senegal assigns dedicated coaches to work with new members in the first two weeks of their joining the network. These coaches focus exclusively on understanding all aspects of the business as well as the entrepreneur's own skills. After the assessment, the coach creates a development plan that typically lists the top five priority areas for development. Enablis Senegal staff then work with the member to map where Enablis can help, where fellow members can help, where partners can help, and where outside help may be needed.

"This process is critical for figuring out how best to support each entrepreneur," explains Ousmane Ndoye, Director of Operations at Enablis Senegal. "At the end of the assessment and planning process we have a picture about where the member should focus his or her energies."

Evidence shows that the different components of development plans such as individualized support help SGBs grow

NEEDS-BASED PROGRAMMING

SGBs with better business practices grow more quickly, but not all business practice training programs are effective. For small firms in emerging markets, better business practices are highly correlated with higher productivity, sales, and profits, as well as greater resilience.[1] However, the effectiveness of business practice training programs for SGBs can be highly variable, and the specific needs of SGBs can be vastly different depending on their stage, industry, and specific knowledge gaps, among other factors.

Business networks provide SGBs with a sustained and individualized development plan that changes as needs evolve over time. Business networks work with their members to individualize their learning experience after assessing their specific needs—which often differ from what the SGB believed before joining the network. This approach allows each entrepreneur to focus at any given time on a different mix of network offerings—including peer meetings, learning workshops, and networking and mentoring events (on business or personal development topics)—that address these needs, and do so in a way that remains continuously aligned with his or her goals. Business networks also intentionally and carefully design member cohorts to maximize the potential impact of interactions.

Individualized support for business or personal skills development has been shown to produce significant impact compared to other intervention types. Emerging evidence shows that some of the tactics that have been effective for business networks are working in other settings as well. For example, while many organizations that support SGBs report that business leaders are often reluctant to pay for consultants, providing more customized trainings has been shown to increase production levels and new job creation at a significantly lower cost than other types of interventions—despite the higher upfront expense.[2] In some instances, the effects of these trainings can still be observed up to ten years after the inverventions.[3]

Research also suggests that focusing on building up an entrepreneur's self-confidence—another important aspect of many business networks' models, given their greater focus on the individual than the business—can be more effective than skills trainings alone.[4]

Technical knowledge is very important, but the technical knowledge you provide needs to address the real and specific challenges facing an entrepreneur at a specific moment in time.

Ibrahima Ba

Executive Director, Enablis Senegal

1. McKenzie D. and C. Woodruff. "Business Practices in Small Firms in Developing Countries," Management Science, 63(9):2967-2981 (2017). 2. Bruhn M., D. Karlan, and A. Schoar. "The Impact of Consulting Services on Small and Medium Enterprises: Evidence from a Randomized Trial in Mexico," Journal of Political Economy, 126(2):635-687 (2018); McKenzie D. "Identifying and Spurring High-Growth Entrepreneurship: Experimental Evidence from a Business Plan Competition," American Economic Review, 107(8):2278-2307 (2017); "Catalyst for Growth Annual Report," JP Morgan, USAID, Dalberg (2018). 3. Bloom N., A. Mahajan, D. McKenzie, and J. Roberts. "Do Management Interventions Last? Evidence from India," World Bank Group Policy Research Working Paper 8339 (2018). 4. See, for example, Shankar A., M. Onyura, and J. Alderman. "Agency-Based Empowerment Training Enhances Sales Capacity of Female Energy Entrepreneurs in Kenya," Journal of Health Communication, 20:sup1, 67-75, DOI: 10.1080/10810730.2014.1002959 (2015).

There is emerging evidence that peer support and mentorship—both core elements of business networks—help SGBs grow

NEEDS-BASED PROGRAMMING

Engaging with peers and mentors improves business performance. Peer interactions have been proven to drive growth and impact for SGBs. For example, researchers have found that small businesses that share information in structured monthly meetings improved their sales by 8 – 10% relative to a control group,[1] and accelerator programs that place more emphasis on exposing entrepreneurs to each other have higher growth.[2] This improved performance is due in part to businesses in the same industry or region sharing tactical information regarding trading partners and customers, and also sharing experiences with different management practices.

Importantly, however, network members also learn from each other when they are at different stages of growth and in different industries. For example, programs that include SGBs from different sectors seem to produce better outcomes than sector-specific ones,[3] and entrepreneurs who interact with other entrepreneurs who have grown their business to scale are more successful than those who do not.[4] To this latter point, entrepreneurs seem to be much more willing to consider and value advice from a fellow entrepreneur – especially a successful entrepreneur whom they may view more as an informal mentor—than a business consultant without entrepreneurial experience.

The formal mentors that business networks provide to members also help SGBs become more resilient and grow. For example, studies on mentorship have shown that profits can increase significantly when a local mentorship is active (although not after),[5] and that businesses with international mentors are more likely to "pivot" their business model,[6] which suggests increased resilience. The effects that mentors can have on a business can vary based on multiple variables such as the geographic proximity between mentor and mentee, the amount of time spent together, and the structure of the mentorship program.[7]

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[The initial needs assessment] is critical for figuring out where the entrepreneur needs help. At the end of this process we have a picture about where the member should focus his or her energies.

Ousmane Ndoye

Director of Operations at Enablis Senegal

1. Cai J. and A. Szeidl. "Interfirm Relationships and Business Performance," The Quarterly Journal of Economics, 133(3):1229-1282 (2017). 2. "Accelerating Startups in Emerging Markets: Insights from 43 Programs," Emory, SEG, ANDE, Deloitte (2017). 3. Catalysts for Growth 2018 Impact Report. 4. "Fostering Productive Entrepreneurship Communities," Endeavor Insight (October 2018). 4. See, for example, "Accelerating Impact for Entrepreneurs: Lessons Learned from TechnoServe's Work with SGBs in Central America," Emory, TechnoServe (2017). 5. Brooks W., K. Donovan, and T.R. Johnson. "Mentors or Teachers? Microenterprise Training in Kenya," American Economic Journal: Applied Economics, 10(4): 196–221 (2018). 6. Anderson S.J., R. Chandy, and B. Zia. "Pathways to Profits: the Impact of Marketing vs. Finance Skills on Business Performance," Management Science (2018). 7. "Accelerating Impact for Entrepreneurs," Emory, TechnoServe (2017).

Needs-based programming works only when the right members, support team, and feedback are in place

NEEDS-BASED PROGRAMMING

Key interactions between needs-based programming and other success factors

Selective membership:
- Network members facilitate needs-based learning through connections with other members, mentors, and experts

Engaged support team:
- Support staff help match member needs with different resources within the network

Continuous feedback and monitoring:
- Members help shape network programs by collecting and incorporating member feedback

SPOTLIGHT: Impact Hub's New Programs for Members

Impact Hub, a global community of impact-driven entrepreneurs with over 100 locations around the world, recognized years ago that the strength of its community was a key differentiator. In recent years, it has further strengthened its offering by implementing new programs for entrepreneurs that are designed to drive more peer interactions. For example, new programs in some Impact Hub locations segment members into small learning cohorts that are focused on similar social or environmental issues. Importantly, Impact Hub designed these new programs based on the direct feedback of members.
"We aren't trying to only design programs based on needs of enterprises but also strengthen and grow our communities through those programs," explains Petr Skvaril, Global Partnerships Director for Impact Hub.

We aren't trying to only design programs based on needs of enterprises but also strengthen and grow our communities through those programs.

Petr Skvaril
Global Partnerships Director for Impact Hubl

Business networks remain relevant by continually evaluating and adjusting programs using member feedback

CONTINUOUS FEEDBACK AND MONITORING

Business networks are continually collecting feedback from members as well as metrics about their business performance and then using that information to learn and drive both strategic and tactical changes to their programs.

Key insights in continuous feedback and monitoring

- It is difficult (though critical) to measure objectively the impact of programs intended to help SGBs grow
- Business networks collect feedback frequently from members in a variety of ways
- Business networks change their programming constantly based on member needs

HOW ENABLIS MEASURES AND EVALUATES ITSELF

Enablis Senegal uses a third-party evaluator to independently evaluate the organization's programming every year. This assessment includes measuring member satisfaction, member skills development and networking widening perceptions, financial performance, and whether or not Enablis Senegal met its annual objectives, among many other factors. As part of this process, the evaluator collects financial information from members, attempts to interview every member of the network, and presents the preliminary findings to members for their feedback before finalizing the report.

The assessment and recommendations are presented to the members in a workshop who, with Enablis staff, then build an action plan to implement them.

Network programs are delivered and modified based on the feedback of members

It is difficult (though critical) to measure objectively the impact of programs intended to help SGBs grow. Collecting business metrics from members is relatively straightforward, but assigning causality is not—small sample sizes, variable data quality, and lack of control groups all present challenges. Moreover, an entrepreneur's satisfaction with a program does not always correlate with its impact, and sometimes can even correlate negatively.[1]

Business networks collect feedback frequently from members in a variety of ways. Like many organizations that support SGBs, business networks regularly measure the business performance and satisfaction levels of their members. However, business networks go a step further. Not only do they collect feedback more frequently than do other types of organizations—from asking members to rank specific training sessions immediately upon completion to undergoing more extensive year-end reviews, often performed by a third party—they also conduct one-on-one interviews and organize management meetings specifically around the issues that surface.

Business networks change their programming constantly based on member needs. While there is little peer-reviewed evidence on the effectiveness of organizations that are more nimble with their programming, one thing is clear: many impact evaluations show limited to no impact of business trainings on the outcomes of small businesses.[2] As a result, business networks realize that the onus remains not only on themselves to rigorously measure the impact of their own programming, but also quickly discard approaches that are not working and strengthen those that do.

Key interactions between continuous feedback and monitoring and other success factors

Needs-based programming:

- Members help shape programs by providing ongoing feedback

Proactive trust building:

- Higher quality feedback comes when members trust each other and network staff

SPOTLIGHT: Alterna's Open-Ended Support for SGBs

Alterna does not have fixed start and end dates for its entrepreneurial support programs. Alterna offers a series of entrepreneurial support services designed to accompany entrepreneurs regardless of the stage in which they find themselves. Once an entrepreneur has passed through an Alterna service, Alterna leverages its monitoring and evaluation process to track entrepreneur growth and needs in order to provide targeted support at the right time. Depending on the needs of the entrepreneur, Alterna offers combinations of its own support programs, access to markets, seed stage financing, and connections to its extensive network of industry experts and outside investors.

1. "Accelerating Impact for Entrepreneurs: Lessons Learned from TechnoServe's Work with SGBs in Central America," Emory, TechnoServe (2017). 2. "Small and Medium Enterprise Program Five Years in Review 2011 – 2016," Innovations for Poverty Action (2016).

Business networks proactively create the conditions for trust among members by using specific strategies and tactics

PROACTIVE TRUST BUILDING

Business networks proactively build trusting communities so that information flows more freely, and also so SGB entrepreneurs are comfortable asking for help. Studies on the importance and impact of getting entrepreneurs to collaborate with one another support the value of efforts to foster and maintain a trusting environment.

Key insights in proactive trust building

- SGBs are often reluctant to share information that can make trainings more effective
- Emerging evidence suggests that deeper levels of trust within business networks can lead to better outcomes for entrepreneurs
- Business networks are using a number of specific techniques to deepen trust in the network and among members

HOW CEED BUILDS TRUST

CEED uses specific strategies and tactics to build trust with and among entrepreneurs starting on Day 1. For example, the first event for new members typically features a speaker—often a fellow entrepreneur—who describes a failure that he or she may not want to talk about in a more public setting.

"What we want to do in these first meetings with new members is really model the kind of behavior we want to see," explains Jovan Madjovski, CEED Global Regional Manager. "By sharing something that the speaker may not like to see in public we are demonstrating that we have a trusted environment, and also encouraging members to open up about their own challenges."

What we want to do in these first meetings with new members is really model the kind of behavior we want to see

Jovan Madjovski

CEED Global Regional Manager

Studies have shown than increased levels of trust leads to better business outcomes for entrepreneurs

SGBs are often reluctant to share information that can make trainings more effective for them. Concerns about sharing knowledge with competitors or exposing gaps in their own abilities can deter entrepreneurs from providing information that would make it easier for business networks to help them. These barriers are particularly problematic when an entrepreneur's self-identified need is only a symptom of a different problem that requires deeper analysis to identify. In the words of one business network leader, "An entrepreneur may say they need X, but they really need Y and you don't know that until you have a trusting relationship with them."

Emerging evidence shows that deeper trust leads to better outcomes. Recent evidence suggests that entrepreneurs that are more deeply engaged with peers and mentors have better outcomes. For example, firms with multiple founders generally do better than firms with just one because collectively they have more of the personal characteristics that are correlated with successful companies.[1] Moreover, entrepreneurs that receive mentorship or investment from an entrepreneur who has led a company to scale are more likely to be successful.[2] Conversely, a lack of trust may cause business owners to hire staff from a small pool of people with whom they are already familiar (for example, friends and relatives), thus limiting their likelihood of finding the best available talent. In fact, one study showed that firms located in higher-trust regions, or multinationals headquartered in higher-trust countries, have more decentralized decision-making processes and are therefore able to grow larger.[3]

Business networks use specific techniques to deepen trust. Business networks help create a trusting environment by screening for values such as openness when recruiting members. Beyond this, they employ specific tactics such as sharing sensitive information themselves when opening a meeting in order to model what behavior they expect from members.

Key interactions between continuous feedback and monitoring and other success factors

Selective membership:
- Members who have similar values tend to trust each other more

Feedback and monitoring
- Higher quality, open feedback comes from members when they trust each other and support staff
- SGBs have a voice in network improvement which builds a perception of belonging

Diverse sources of income:
- Members who trust the network are more willing to pay membership fees

SPOTLIGHT: How Vital Voices Builds & Maintains Trust Among Members

VITAL VOICES GLOBAL PARTNERSHIP

Vital Voices—an organization that identifies, provides training for, and invests in women leaders around the world—proactively builds trust in various ways within its global communities. First, it looks to current members who already have a trusting relationship with the organization to refer potential new program participants whom they also trust. Second, Vital Voices encourages new program participants to share their challenges of being women leaders, a process that frequently prompts other program participants to open up about their own experiences. Third, the organization ensures that women are connected with one another after their programs, fellowships, or in-person trainings conclude, so that women can personally follow up with one another to share additional challenges, achievements, and other lessons learned along the way. These approaches have helped create a virtuous circle of trust and community of support; the more members hear about each other's stories, the more they open up to one another.

1. Alabduljader, Nawaf, "New Venture Team Personality and New Venture Success," The George Washington University, ProQuest Dissertations Publishing, 10752487 (2018). 2. "Small and Medium Enterprise Program Five Years in Review 2011 – 2016," Innovations for Poverty Action (2016). 3. LaPorta et al (1997) show that the 25 largest publicly traded firms are larger in countries with higher levels of trust, measured by responses to the World Value Survey generalized trust question. Leaven and Woodruff (2007) show that Mexican firms with better contract enforcement are larger. Boehm and Oberfield (2018) show that firms in Indian states where courts function better are larger and less vertically integrated, and Acemoglu, Johnson, and Mitton (2009) show a similar pattern using cross-country data.

Business networks develop a diversified set of income streams over time that include member and local partner fees

DIVERSE SOURCES OF INCOME

Business networks reduce their reliance on single donors over time by generating income from members, local partners, and development actors.

Key insights in diverse sources of income

- Financial sustainability is a key challenge for many organizations that support entrepreneurs, including business networks operating in emerging markets
- Business networks diversify their funding sources as their network grows so they are less dependent on large donors

HOW CEED AND ENABLIS DIVERSIFY THEIR INCOME

CEED and Enablis are both reducing their dependence on single sources of funding.

Enablis Senegal generates income from fee-for-service projects for development agencies, membership fees (including a recent increase in the annual membership fee by 50%), a fundraising gala, and in-kind contributions from local businesses and the alumni community. Implementing programs for development organizations now accounts for nearly half of total income, a proportion that appears likely to increase in coming years.

CEED generates income mostly from partners, members, and donors. For the region that includes Slovenia, Macedonia, and Kosovo, the breakdown in 2018 was approximately 30% partners, 40% members, and 30% donors. There can be significant differences among countries where CEED operates, however, especially when the organization is either ramping up or ramping down large development projects.

Business networks diversify their income over time by working with different stakeholders, including charging membership fees

Financial sustainability is a key challenge for many organizations that support entrepreneurs, including business networks operating in emerging markets. Many organizations that support SGBs depend heavily on donor funding; even in the US, Europe, and Canada, most accelerators rely on a mix of private and public funding, or alternative forms of income such as corporate sponsorship, corporate partnership, and charging for mentorship and office space.[1] For business networks in emerging markets, the challenge of financial sustainability can be more acute due to a smaller pool of funders as well as the need to provide consistent, year-round, multi-year support to their members.

Business networks diversify their funding sources as their network grows in order to reduce their dependence on single donors. Business networks are generally highly dependent on donors during the first few years of building a brand, network, and set of programs within a given market. Once established, however, business networks can begin to collect income from different actors—for example, members contribute annual membership dues, local partners can be charged a fee to connect with leading entrepreneurs, and development agencies may be willing to pay business networks to undertake specific projects. While business networks will likely need ongoing donor support, especially if the organization's mission includes working with lower-income entrepreneurs, diversifying income streams provides business networks with a buffer against unexpected shocks and also helps donor funds go further. Moreover, in addition to generating needed income, there is evidence that charging fees increases attendance rates at trainings[2] and therefore creates a richer member experience.

Key interactions between diversifying income and other success factors

Selective membership:
- Members contribute to the network's sustainability through membership fees and in-kind contributions

Engaged support team:
- Staff members often participate in fundraising and actively look for alternative sources of funding for the network

Proactive trust building:
- Members who trust the network are more willing to promote diverse activities with income generation potential

SPOTLIGHT: Village Capital's Licensing Model

Village Capital, an entrepreneur support organization that has operated globally for the last 10 years, licenses best practices, curriculum, and program management tools to accelerators and incubators around the world. Called VilCap Communities, this initiative offers training on how to design programs, customizable tools to lead programs more effectively, and a supportive peer network to share resources and perspectives across geographic divisions. The goal of this initiative is twofold: i) to assist Village Capital's mission of democratizing entrepreneurship by offering proven approaches and support to geographic areas and stages of entrepreneurship that Village Capital is not able to reach directly and ii) to support efforts toward self-sufficiency by charging small licensing fees to VilCap Communities participants. To date, the initiative has supported over 40 accelerators, incubators, and other ecosystem builders worldwide

1. "Global Accelerator Report 2016," Gust (2016) 2. Ubfal, Diego. "A Small Fee for Business Training Improves Course Attendance," Bocconi University (2019), accessed at: https://www.knowledge.unibocconi.eu/notizia.php?idArt=20331

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1 The role of SGBs in economic growth

2 Organization spotlight: The impact of Enablis Senegal & CEED Moldova on SGB growth

3 The key success factors of business networks for SGBs

4 Implications for funders, ecosystem builders, SGB-support organizations, and SGBs

Various actors have a role to play in strengthening business networks for SGBs

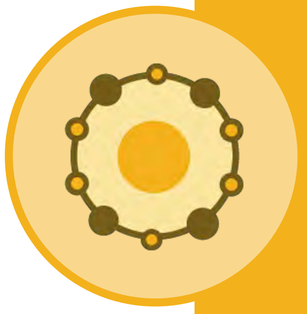
STAKEHOLDERS

FUNDERS

- Funders can strengthen peer-to-peer business networks by providing direct catalytic support and by analyzing and objectively sharing their success stories and lessons learned

SGB-SUPPORT ORGANIZATIONS

- Organizations that support SGBs can strengthen their programming by building out their network capabilities and/or partnering with business network organizations



ECOSYSTEM BUILDERS

- Ecosystem builders can help create the necessary infrastructure, spaces, and events where SGBs can learn about peer-to-peer business networks.
- Ecosystem builders can also help these business networks establish partnerships with other SGB-support organizations

SGBs

- SGBs can strengthen business networks by joining the network as engaged members or advisors, recognizing that while business networks can help them grow, they also need to be committed to helping their peers

Funders should pay attention to business networks that support SGBs and consider the case for investment

FUNDERS

1	2	3	4

Funders should learn more about organizations that focus exclusively on building peer-to-peer networks for SGBs. Many organizations that support SGBs have programs with network-like components but few are focused exclusively on building peer-to-peer support networks, and fewer still incorporate the six key success factors. Organizations that build and operate these kinds of peer networks can be highly impactful, but may also be less visible than those that pursue other types of interventions. Peer network organizations also are not always found in the development sector.

Funders should collect evidence on business networks for SGBs to better understand when and how they drive impact. Business networks can have significant impact but more understanding is needed on how they help SGBs and why SGBs join them. Funders should collect both quantitative and qualitative evidence in order to understand how these networks operate and develop the business case for either investing or not investing in them.

Funders should consider financially supporting business networks for SGBs due to their impact and cost effectiveness. Business networks can drive more impact at a lower cost than other types of interventions, especially once the network is well established. Total costs are often low because members can find the resources they need within the network and the staff required to operate the network is relatively small. Income from members, local partners, and fee-for-service programs also helps donor funding go farther.

Funders should promote linkages between business networks and other organizations that support SGBs. Business networks facilitate interactions not only among members of their own network but also the business and development community more broadly. For example, joining a business network can be a logical next step for an entrepreneur after graduating from an accelerator program. Organizations that offer trainings for small businesses, meanwhile, can use business networks to reach SGBs. Funders are well positioned to help facilitate these connections.

Ecosystem builders should help ensure that business networks have a distinct and complementary model

ECOSYSTEM BUILDERS

1	2	3	4

Ecosystem builders should ensure that business networks for SGBs are filling key gaps in local markets. Ecosystem builders should work with business networks to make sure they are addressing an unmet need as well as complementing existing programs. For example, joining a business network may be a natural next step for later-stage SGBs that graduate from accelerators, as well as for SGBs that need longer-term and more specific types of support.

Ecosystem builders should connect business networks to other organizations that support SGBs, including investors and technical assistance providers. Business networks can provide a unique platform for connecting SGBs, and especially high-impact SGBs, to other market players such as investors, technical assistance providers, government agencies, suppliers, potential customers, and others.

Ecosystem builders should help create the infrastructure, spaces, and events where SGBs can learn about peer-to-peer business networks. Ecosystem builders work with a broad spectrum of stakeholders, and may be uniquely positioned to help to promote awareness of, and connections to, peer-to-peer business networks through industry events, communications, and advocacy.

Governments can support business networks by connecting them to relevant information and services—and also by listening to them. Similar to the ways in which funders can connect business networks with other actors, governments can connect network members to government programs such as small business loans, market linkage programs, and information about emerging opportunities. Governments can also learn first-hand from SGB members about how best to improve the enabling environment for entrepreneurs in the country.

Organizations that support SGBs can use the key success factors to strengthen their own network programs

SGB-SUPPORT ORGANIZATIONS

1	2	3	4	5
Organizations can use the key success factors to identify opportunities to strengthen their networks. Questions related to each success factor can help organizations identify potential program improvements. For example, do network members help provide support to other members? Are members organized into groups based on their specific needs, and are they learning from each other? Are former entrepreneurs on staff or in advisory councils? These types of questions can help identify opportunities for strengthening peer interactions and impact.	**Financial service providers can work with business networks to identify and support businesses that need finance to grow.** Many SGB members of peer-to-peer business networks are not only growing quickly, but also aware of their specific finance needs due to the needs assessment they received upon joining the network. Financial service providers can help SGBs, and themselves, but providing financial services to these SGBs.	**Organizations with strong content for SGBs should look to drive more peer-to-peer learnings.** Evidence shows that having the right content is often not enough to drive behavior change in training programs. Peer-based training models can be more effective than classroom-based models due to higher engagement, collective problem-solving, and holding members accountable to each other.	**Organizations with strong networks of SGBs should look to develop more relevant content.** There are many existing SGB networks with strong communities, from business associations to entrepreneurial-support groups, and many have the opportunity to provide training or educational programs to help them grow, either by developing it directly in collaboration with experts and members or partnering with other organizations.	**Organizations should consider building more open-ended support for SGBs.** Many programs that support SGBs are time bound, yet more continuous support can lead to higher levels of member engagement and higher levels of trust. Ongoing support also allows for a more individualized approach given that SGBs will have different needs and goals at different points of a business cycle or at different stages of growth.

SGBs should consider joining business networks because they are a cost-effective way to receive support

SGBs

1	2	3	4

SGBs should consider joining a business network after clearly analyzing both the benefits and commitments. Leading peer-to-peer business networks have been successful because their members are highly engaged. SGBs that are considering whether or not to join a network should analyze not only the specific benefits, but also make sure they are willing commit the time and resources necessary to contribute to the community.

SGBs should learn about the different types of peer support networks available in their regions, both in the development and non-development spaces. Business networks such as CEED and Enablis are well-established players in the development sector, but there are other types of peer-support networks for entrepreneurs and business professionals that may be present in local markets. Examples include the Young Presidents Association (YPO), Metta, Tendrel, Entrepreneurs Organization, and many others.

SGBs can help other SGBs—and themselves—grow by contributing their knowledge to the network. Peer interactions can improve business performance significantly and, as reported by several business networks, SGBs often find that they learn a lot themselves through the process of helping other entrepreneurs.

SGBs should recognize that business networks can be a cost-effective way of getting support, but they are not for everyone. SGB segments such as Niche Ventures and Dynamic Enterprises may need more specialized support in order to grow, and consequently may not benefit substantially from traditional business training programs. Business networks can allow these types of enterprises to find the specific information and people they need "à la carte," without the overhead that comes with a more traditional training program. At the same time, SGBs must invest time and energy into a business network in order for it to be effective for them.

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STAKEHOLDERS CONSULTED

LIST OF ORGANIZATIONS INTERVIEWED		
Agora Partnerships	Endeavor Insights	Pomona Impact
Alterna	Enviu	Small Foundation
AMI	FUNDES	Swiss Contact
Artemesia	GEN	TechnoServe
CEED	Impact Hub	USAID
Cherie Blair Foundation for Women	Lemelson Foundation	Village Capital
Enablis	MEDA	Vital Voices
Endeavor	Polymath Ventures	World Bank Group

ACKNOWLEDGEMENTS

Argidius Foundation aims to help entrepreneurs to build profitable businesses and contribute to the sustainable development of their communities. We do so by improving the effectiveness and reach of small and medium enterprise capacity development services.

We would like to thank Enablis Senegal, CEED Moldova, and our other partners and advisors for their invaluable input in order to make this report possible. We are also especially thankful to Dalberg Advisors for their partnership in developing this report.

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