WHAT SMALL AND GROWING BUSINESSES NEED TO SCALE UP

The Case for Effective Technical Assistance

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SPRING IMPACT

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THANK YOU

We thank our peers and the participating organizations who offered their insights and feedback in contribution to this research.

Letter from the Argidius Foundation

When we conducted our first country ecosystem mapping (of Guatemala in 2014), we noticed that the vast majority of business development services were targeted at businesses at their ideation or early stage of development. This prompted the question, 'Who helped them to grow and scale?'

'It must be the investors,' we thought. Whereas this is true, we failed to find truly robust models of consistently delivering the technical assistance (TA) small and growing businesses need to scale. There appeared to remain many barriers to effective provision; and an inadequate ecosystem of TA providers with the right specialism to help both entrepreneurs and investors deliver.

This prompted us requesting Spring Impact and Numbers for Good to look, together with entrepreneurs, investors and TA providers, at what those barriers might be and how better we collectively, including donors, might address them going forward.

The result is this report that we trust both provides practical recommendations and prompts further investigation of this challenging, and necessary, space if we are to deliver growing businesses that reduce poverty and build a more inclusive and sustainable economy.

As a donor, we remain committed to this space and with others building a more flourishing ecosystem of support and look forward to the ongoing conversation, and work, that this report enables.

Nicholas Colloff,
Executive Director, Argidius Foundation

Letter from Spring Impact & Numbers for Good

What does it take to scale up impact and profit?

That was the question we asked ourselves when we began this research. We weren't looking for a neat answer, but rather the start of a journey. Our aim was to initiate a wider dialogue in the sector, while introducing some recommendations to potentially test in the market. At Numbers for Good and Spring Impact, our focus is on helping socially-focused ventures scale their impact in a more strategic and sustainable way. We believe in the power of business to drive positive social and environmental change, and we know that small and growing businesses (SGBs) are the heart of this change.

Being an SGB in a developing economy is already challenging: talent acquisition, currency fluctuations, slim profit margins, changing political landscapes, and lower negotiating power with suppliers are a few of the issues SGBs have to tackle every day. It is a testament to the ingenuity, skill and tenacity of these organizations that despite this, there are thousands of successfully operating SGBs across the globe, with increasing numbers in developing economies.

This report looks at how we can support SGBs to scale their success. *What technical, practical and material assistance is needed to help SGBs scale so more people are positively impacted?*

Our hope is that this report isn't just an interesting read, but rather a practical roadmap, and a call to action. We hope you'll join us on the long, challenging, but exciting journey ahead and join the conversation.

The Numbers for Good and Spring Impact team

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1. EXECUTIVE SUMMARY

Introduction

Small and growing businesses (SGBs) are viewed as one of the most promising avenues for economic development and poverty alleviation across emerging and mature economies.[1] Through the growth of quality jobs and the provision of goods and services locally, SGBs help lift families and communities out of poverty and create larger-scale socioeconomic prosperity. Yet, given the context in which they operate, SGBs face a host of barriers to sustaining growth and rarely scale to new markets.

We believe supporting SGBs to scale is a critical component of driving inclusive socioeconomic growth. Yet despite a growing ecosystem of technical assistance (TA) to support their transition to sustainable and scalable businesses, SGBs struggle to access, manage, or absorb scale TA effectively. The body of research conducted on TA, SGBs, and scale has expanded in recent years, yet there remain significant gaps in our understanding of how to design and deliver high quality scale TA for SGBs.

The SGB Technical Assistance Landscape

The TA market has grown in recent years to the scale of a sector and covers a spectrum of activities including investment readiness, financial systems, strategy and operational support. TA is provided through various delivery modes with cohort-based trainings common at the early stages of SGB development and more customized approaches used at later stages of SGB development.

Although TA can support efforts to scale, most TA lacks a structured, systematic, and strategic approach to maximizing the SGB's potential for scale. The common challenges to scale can be characterized as a lack of scale-related tools and knowledge, access to human and financial capital, and a lack of connections to local suppliers/vendors, supply chains, implementation partners, and consumer markets. In addition to these challenges, there is a lack of understanding regarding what it takes for SGBs to be scale-ready and scale, and thus how to best support SGBs for effective scale. In short, while SGB TA has come a long way, when it comes to supporting SGBs to scale, limited market connections, underdeveloped TA ecosystems, and lack of proven approaches to executing scale TA persist.
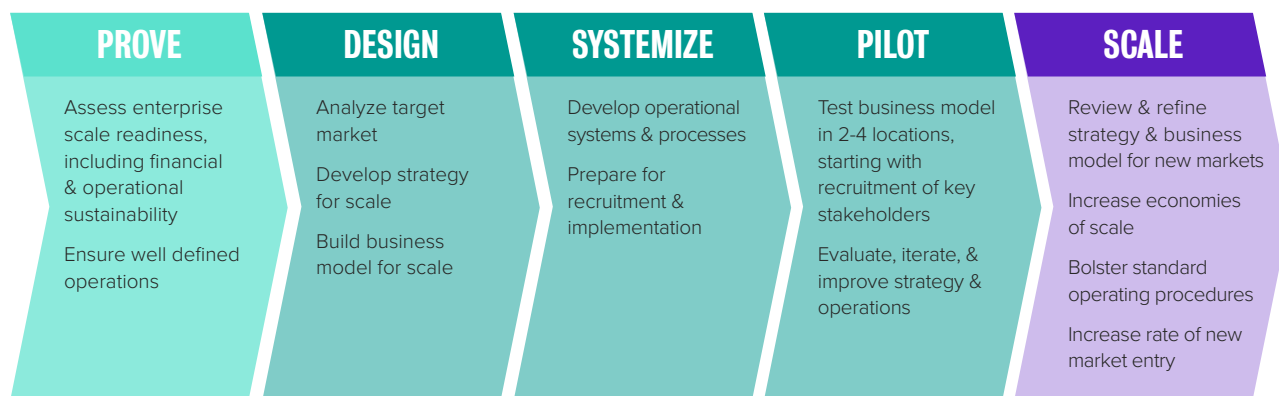
Scaling Process

Spring Impact and Numbers for Good have used the Five Stages of Scale, in Figure 1 below, to frame the report and set the foundation of what scale entails. For this research, we focus on replication when referencing scale.[2] We start with an assessment of when an SGB is ready to pursue scale, to designing, codifying, testing, and improving a strategy and business model before moving on to further scale.

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[1] BCtA, UNDP Kenya, KEPSA and SIB, New Horizons (2017): 'Accelerating Sustainable Development through Inclusive Business in Kenya'. As cited in ANDE, (December 2017): 'State of Measurement in the SGB Sector' Page 23. Inclusive businesses are considered a subset of SGBs.

[2] We define replication as the process of taking an organization, product, service, or a set of core principles to other geographic areas or markets, or leveraging others to do so.

Figure 1: Spring Impact's Five Stages of Scale

PROVE	DESIGN	SYSTEMIZE	PILOT	SCALE
Assess enterprise scale readiness, including financial & operational sustainability Ensure well defined operations	Analyze target market Develop strategy for scale Build business model for scale	Develop operational systems & processes Prepare for recruitment & implementation	Test business model in 2-4 locations, starting with recruitment of key stakeholders Evaluate, iterate, & improve strategy & operations	Review & refine strategy & business model for new markets Increase economies of scale Bolster standard operating procedures Increase rate of new market entry

Source: Spring Impact

In the first stage, Prove, scale-readiness is assessed in detail. In Design, the second stage, SGBs develop their strategic goals for scale, as well as their business model to enter new markets. The third stage, Systemize, consists of codifying the operations of the model and any supporting systems. In Pilot, the fourth stage, the focus is on testing and improving the strategy and business model. The final stage, Scale, focuses on increasing the rate of scale: bolstering economies of scale, standardizing operations further, and quicker iterations on the business model.

We recognize that the three stages, Design, Systemize and Pilot are iterative and that creating and responding to feedback loops is a critical determinant of success in the pursuit of scale.

Barriers

We found common themes among the barriers that hindered access to and engagement with effective scale TA. About 30% of our SGB interviewees had not received scale TA, although most of them desired it. Of those that received scale TA, there were a number of issues that limited the potential for impact, many of which were echoed by the investor experience. We identified seven main barriers to accessing and receiving effective scale TA:

Most SGBs and their stakeholders lack a systematic and strategic approach to scale and have a limited understanding of the activities, skills, and resources required at each stage of the scale process.

Assessing an SGB's real scale-related needs is often under resourced and not well understood resulting in poor TA provider selection, inappropriate scopes of work, delivery models, duration, and deliverables.

Limited understanding of the local context and knowledge of the SGB's operations on the part of TA providers leads to ineffective TA engagements.

Little provision of TA further along the scale journey into implementation *(Pilot and Scale Stages).* None of the SGBs we interviewed had received TA at these stages despite SGB demand and this being part of the TA offering for many of the investors interviewed. This highlights the gap in access to TA between those who are securing later stage investment and those who are not.

Many SGBs do not have the capabilities and capacity to effectively absorb scale TA. This includes capabilities such as codifying operations or stakeholder management to capacity of the staff's time to engage and implement scale TA.

SGBs generally lack funding to pay for scale TA and to implement recommendations that arise from scale TA. Though investors would like to provide more scale TA directly to their investees, the investors interviewed state that capacity constraints prevent their additional involvement and support.

Scaling to new markets relies on connections to local suppliers, implementation partners, supply chains, and other peers, but SGBs struggle to find TA providers that can sufficiently navigate and access these networks.

Recommendations

We believe there are ways SGBs, funders, scale TA providers, and other intermediaries can overcome these barriers and enable broader access to, and absorption of, effective scale TA. The five recommendations below offer a high-level description, while the report dives into the practical and tactical ways each stakeholder can contribute towards implementing the recommendations.

Approach scale early: Stakeholders should approach scale early. SGBs can budget for the necessary funding for scale TA, while funders can approach scale TA in a customized and holistic manner for each SGB.

Start with deeply understanding the SGB's scale needs: A deep understanding of the SGB's scale needs is a prerequisite to designing effective scale TA. TA providers can take steps to improve their needs assessment of the SGBs and co-design the scope of engagement with the SGB, while SGBs can allocate time to identifying their scale TA needs prior to engaging providers.

Plan scale strategically and systematically: For SGBs, this means moving from an opportunistic mindset to a strategic and systematic one and accounting for staff capacity and capabilities to better engage and execute scale TA. Funders can incorporate standard approaches to scale assessment and support for SGBs. TA providers can use a more robust methodology, such as the Five Stages of Scale, to improve depth of support and maximize the potential impact of scale TA.

Scale is an iterative process: tailor support accordingly and incorporate sustainability: SGBs can assess scale priorities and available internal and external resources, and work with funders to incorporate feedback loops as they scale. Funders can develop timelines and resources that reflect the SGB's needs to build in feedback loops and support the governance of TA projects to ensure value. For TA providers, we recommend developing exit plans with the SGB so that the SGB is equipped to engage and implement the TA expertise in the long term.

Bolster the scale TA ecosystem: Bolster the scale TA ecosystem by developing networks and creating and distributing knowledge and tools related to scale TA. We suggest funders share resources for sourcing vetted providers and increasing knowledge on best practices. TA providers can help identify and recruit local suppliers and implementation partners, while intermediaries can build a more objective directory for SGBs and funders or connecting and facilitating more SGB engagement specifically around scale. To improve knowledge and tools, TA providers can develop and promote a value proposition for why TA increases social and financial returns to de-risk investments. Intermediaries can build awareness and consensus on the best practices to scale SGBs successfully, and facilitate linkages to high-quality TA providers as well as SGB peers.

Best Practices: Early Indicators of Effective Scale TA
Through our research we found a few best practices, which though not yet widely used, can be built upon and promoted to drive more effective scale TA.

1. TA engagements should be structured to create long term relationships with providers, through tailored engagements that are typically four months or longer. This allows for flexibility in the timing of each project, eliminates the necessity to relearn the complexities of the SGB and rebuild working dynamics and is thus conducive to higher quality scale TA.

2. There should be a diverse range of scale TA delivery modes (from cohort-based work to individualized support) and providers (such as global consultancies or mentors) to meet a wide range of SGB needs.

3. A combination of adequate on-site support supplemented with ongoing remote support that is responsive to the needs and capacity of the SGB is a promising format.

Conclusion

Our insights build upon the existing body of knowledge on TA, SGBs, and scale by exploring the current state of the scale TA market for SGBs. We have found that although scale TA is growing more prevalent, there are large gaps and barriers that stunt its efficacy and thus the scale efforts of SGBs. Based on these considerations, we have put forth recommendations that each stakeholder—SGB, funders, TA provider, or intermediary—can use to improve the scale TA ecosystem. By collectively building and supporting a stronger ecosystem for SGBs to scale successfully, we create the potential to drive significant economic growth and social change.

2. INTRODUCTION

What are SGBs?

Small and growing businesses (SGBs) are commercially viable entities with the potential to generate shared prosperity in emerging and mature economies across the globe. SGBs are distinct from the broader group of micro, small, and medium enterprises (MSMEs) in their ambitions and potential to scale.[3]

SGBs strive for financial sustainability and in the process, create social impact, often increasing access to critical goods and services for underserved communities. It is no surprise that a thriving ecosystem has emerged around them, consisting of philanthropic and venture capital as well as a host of non-financial support providers and intermediaries. For example, in 2016, 62 members of the Aspen Network of Development Entrepreneurs (ANDE)— a global network of organizations supporting SGBs in developing economies— supported over 91,000 SGBs with $162M USD of capacity development services.[4]

Why is Scaling SGBs Important?

Every $1 USD invested in small and growing businesses generates $13 USD in the local economy.[5] As promising vehicles for sustainable development, SGBs have the potential to transform economic development and access untapped markets valued at approximately $5 trillion USD. This might be done through SGBs scaling[6] their businesses to reach the estimated 4.5 billion new customers located in 92 developing countries and emerging markets. For this research, we focus on replication when referencing scale. Replication is the process of taking an organization, product, service, or a set of core principles to other geographic areas or markets, or leveraging others to do so.

Across the development sector, many agree on the potential benefits of SGBs reaching significant scale. In fact, according to United Nations Development Program Kenya, among others, scaling SGBs can catalyze progress towards achieving the Sustainable Development Goals (SDGs).[7,8] Beyond these goals, SGBs are job creation engines—in Colombia SGBs represent only 8% of the country's total number of businesses but were responsible for creating 45% of net new jobs over a period of three years.[9]

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[3] ANDE (2016): "State of the Small and Growing Business Sector, 2016 Impact Report".

[4] ANDE (2016): "State of the Small and Growing Business Sector, 2016 Impact Report".

[5] SEAF analyzed data on growing small and medium enterprises (SMEs), the average profile of which meets our definition of SGBs. Small Enterprise Assistance Funds, (2011): 'Impact Beyond Investment: SEAF's 2011 Development Impact Report'. As cited by ANDE: http://www.whysgbs.org/sgbs-and-development/

[6] There are many strategies or ways to scale. We define scale as increasing revenue and/or impact exponentially as resources are added incrementally. For this research, we focus on replication when referencing scale, defined as entering new markets.

[7] Inclusive businesses are considered a subset of SGBs. Business Call to Action, United Nations Development Programme Kenya, KEPSA and SIB, New Horizons: Accelerating Sustainable Development through Inclusive Business in Kenya, 2017. As cited in ANDE, (December 2017): 'State of Measurement in the SGB Sector' Page 23.

[8] The Aspen Network of Development Entrepreneurs (AND), which is dedicated entirely to supporting SGBs, provides numerous examples of businesses making strides toward the SDGs in all corners of the world. ANDE: 'Mapping the Ecosystems' http://www.whysgbs.org/mapping-the-ecosystem/

[9] Endeavor uses the term "scaleup companies" to refer to SGBs. Endeavor, (2013): 'The 8-45 Report'.

However, there is unfulfilled potential when it comes to SGBs reaching significant scale. As the need to create more jobs grows, SGBs need access to markets, talent, funding and support to continue making vast impact.

Report Overview

The objective of this report is to identify best practices and provide actionable recommendations related to providing scale technical assistance (scale TA) to SGBs.

This report presents our analysis and recommendations around scale TA for SGBs, funders, technical assistance practitioners, and other intermediaries. We endeavor to put these recommendations into practice by working with SGBs, TA practitioners, funders, and other intermediaries to test and evaluate the optimal delivery modes for effective scale TA for SGBs.

Our report is developed based on a combination of primary and secondary research.

The primary research consists of over 50 remote interviews[10] with a heavy focus on SGBs and the entities that fund them. In total, we interviewed:

20 SGBs

22 impact investors and other funders

11 TA providers

2 SGB intermediaries

All interviewees were asked similar questions about their plans for scale, experience with TA, experiences with scale TA, and other challenges related to scale more broadly. Almost all interviews were with individuals in leadership positions, including executive directors and chief operating officers. Where those roles were not available, interviews were conducted with staff members dealing with strategy or products. All responses have been anonymized. Although not all SGBs are focused on social impact, all the SGBs interviewed for this report have clear social and profit motives.

The secondary research consists of a literature review, which was global in scope and not limited to any specific social or business focus, or sector.

[10] Full list of interviewees in Appendix 3.

3. THE SGB TECHNICAL ASSISTANCE LANDSCAPE

Building a business is a challenging endeavor in any environment, particularly in economies where supportive ecosystems are lacking and market gaps are common. A good product or service, an experienced entrepreneur with strong execution capabilities and financial capital, while necessary, are not always sufficient conditions for sustaining a business, let alone scaling one.

Technical assistance (TA) provided to SGBs has grown to the size of a "sector" or "ecosystem" over the past decade[11] in an effort to drive deeper support for SGBs. TA covers a broad spectrum of activities and deliverables with increasing complexity as the SGB develops. At the very early stages, investment readiness, and product development are key priorities, with investment readiness defined as business planning, financial modelling, and strategic planning. Accounting and financial systems are key early stage needs with many later stage investors struggling to deploy capital to promising enterprises because of poor financial controls.

At the later stages, TA is predominately needed for business operations and strategy support. There is also a greater emphasis on support with implementation as opposed to just advisory support. Impact measurement and environmental, social and governance advisory also feature heavily, largely driven by the reporting requirements of funders. Other examples of TA include support with human resources, internal policies, and industry specific skills enhancement.[12]

The mode of delivery for TA correlates to the developmental stage of the enterprise. In their recent report, "More than Money: Mapping the Landscape of Advisory Support for Inclusive Business", Caroline Ashley et al identified the key TA providers at each stage of enterprise development.[13] At the early stages, technical assistance is dominated by cohort-based training supplemented with some one-on-one mentoring. In the later stages, support is much more customized and tends to be delivered by teams with higher levels of specialization. The structured TA provision detailed in the graphic below is supplemented at every stage by access to advisors and support networks, although there is less market facilitation of informal networks at the later stages.
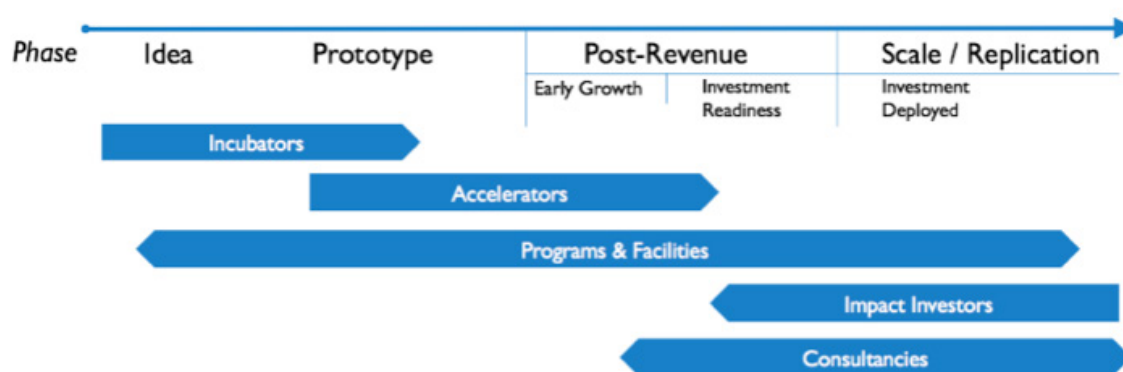
[11] USAID, Ashley Insight, Endeva, (2017): 'More than Money: Mapping the landscape of advisory support for inclusive business'

[12] GIIN and J.P. Morgan (2015): 'Annual Impact Investor Survey'

[13] USAID, Ashley Insight, Endeva, (2017): 'More than Money: Mapping the landscape of advisory support for inclusive business'

Figure 2: TA Providers as Defined in the USAID Report, 'More Than Money'

Source: USAID, Ashley Insight, Endeva, (2017): 'More than Money: Mapping the landscape of advisory support for inclusive business'

There is little structured scale-related technical assistance ("scale TA") available to SGBs. Although much of the current TA supports and, in many cases, drives scale, it is rarely directly focused on maximizing scale.

Scale readiness—the prerequisites for effective scaling—and scaling support are less well understood. This is despite the well documented challenges to scale which include:

1. **Access to human capital:** With limited talent pools and competitive markets, it is difficult to recruit, hire, and retain employees, especially middle management with the right skills for approaching and managing scale.

2. **Access to appropriate capital:** This is particularly true when considering the funding required for scale preparation and implementation are very capital intensive.

3. **Eco-system challenges:** These include lack of access to local suppliers and vendors, implementation partners, consumer markets, and secure supply chains.[14]

4. **A poor understanding of what scale means and entails,** resulting in an unstructured approach to scale.

[14] Local suppliers support central functions such as supply chain management or legal support. Implementation partners are entities that are given the authority to operate or distribute the SGB's service or product (in part or whole) in a new market on behalf of the SGB. Not all SGBs will have implementation partners, but it is applicable to specific business models such as franchising or licensing.
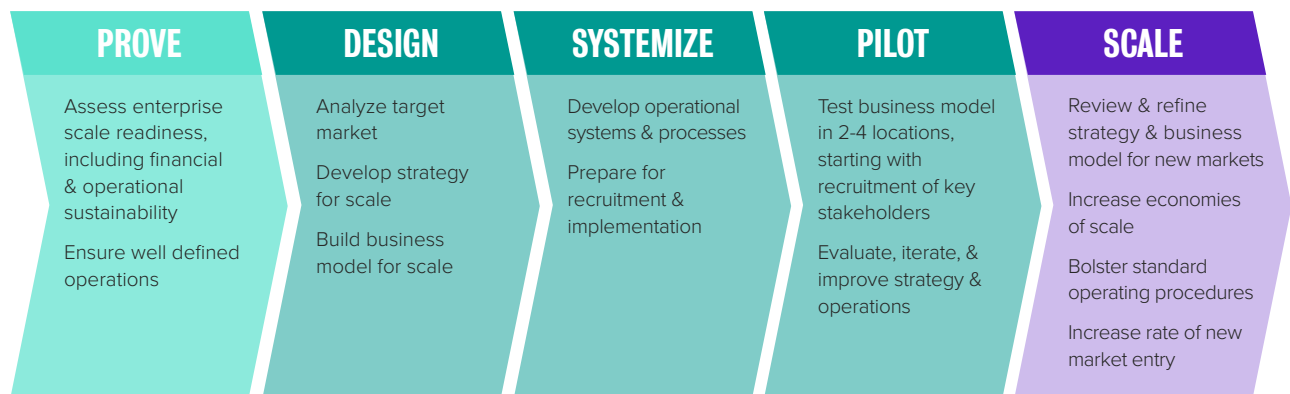
4. SCALING PROCESS

To better understand what scale TA entails, it is helpful if we first establish a common understanding of the scaling process. There are many scaling frameworks and tools that exist to the public. For the purposes of this report, we will leverage Spring Impact's Five Stages of Scale framework, developed from research and on-the-ground work scaling social ventures, which formed the foundation of much of this research and is highlighted in Figure 3 below.[15, 16] This methodology has contributed to the wider body of knowledge around scale and social replication.[17]

While organizations pursue scale at different points in their lifecycle, the preparation for scale most often begins post-revenue, after an organization has demonstrated a sound operating model.[18] The process starts with assessing whether or not the enterprise is ready to scale and continues through implementation in new markets. The framework for scale below has been modified specifically for the scale requirements of SGBs, bolstered by our research and Spring Impact's past experience working with SGBs. Scaling is not a linear process; in fact, many SGBs pursue the following activities concurrently, most commonly by iterating on their business model and materials while expanding to new locations.[19]

Figure 3: Spring Impact's Five Stages of Scale

PROVE	DESIGN	SYSTEMIZE	PILOT	SCALE
Assess enterprise scale readiness, including financial & operational sustainability Ensure well defined operations	Analyze target market Develop strategy for scale Build business model for scale	Develop operational systems & processes Prepare for recruitment & implementation	Test business model in 2-4 locations, starting with recruitment of key stakeholders Evaluate, iterate, & improve strategy & operations	Review & refine strategy & business model for new markets Increase economies of scale Bolster standard operating procedures Increase rate of new market entry

Source: Spring Impact

1. **Prove:** This stage involves evaluating if the SGB is ready for scale. This includes an assessment of the financial and operational sustainability of the business model, the need and market for delivery in new geographies, and whether operations are well defined and developed for delivery while ensuring quality at scale. If applicable, this stage also includes standardized ways of measuring social and/or environmental impact.

[15] Spring Impact normally refers to this framework as their Five Stages of Social Replication. For the purposes of this report, we call it the Five Stages of Scale, given "scale" refers to "replication" in this report.

[16] Spring Impact's systematic Five Stage approach is further detailed in its open source Social Replication Toolkit, which has assisted organizations to better understand and approach scale.

[17] Spring Impact (as ICSF) has been cited in recent reports published by USAID and Giz.

[18] A post-revenue company is an organization that has begun to generate sales and is now working through stages of efficiency and scale.

[19] In this report, "business model" refers to the specifics of how the SGB will take the product or service to a new market as they scale, whereas "operating model" refers to the operations within the existing market.

2. **Design:** The Design Stage focuses on developing the SGB's strategy for scale and corresponding business model. This includes outlining clear business objectives, what the target markets are, the timeframe for doing so, and key performance indicators (KPIs). This stage also entails a deep understanding of the target markets, especially external environmental factors and the target customer, including preferences and purchasing power. The following are additionally developed: market positioning, potential channels for delivery, the profile of potential partners, the cost structure needed for delivery of the product or service at scale, pricing strategy, governance structures, and branding and marketing plans and other details specific to how the SGB will operate in new geographies. Through building out these specifications, the ultimate goal of this stage is to identify the appropriate business model the SGB will use to deliver its product or service at scale. As shown in Figure 4 below, the potential business models are represented on a spectrum of flexibility to control, with Dissemination approaches the most flexible for working with others to spread the product or service, and Wholly Owned approaches the most controlled by the SGB.[20]

Figure 4: Spectrum of Business Models for Scale
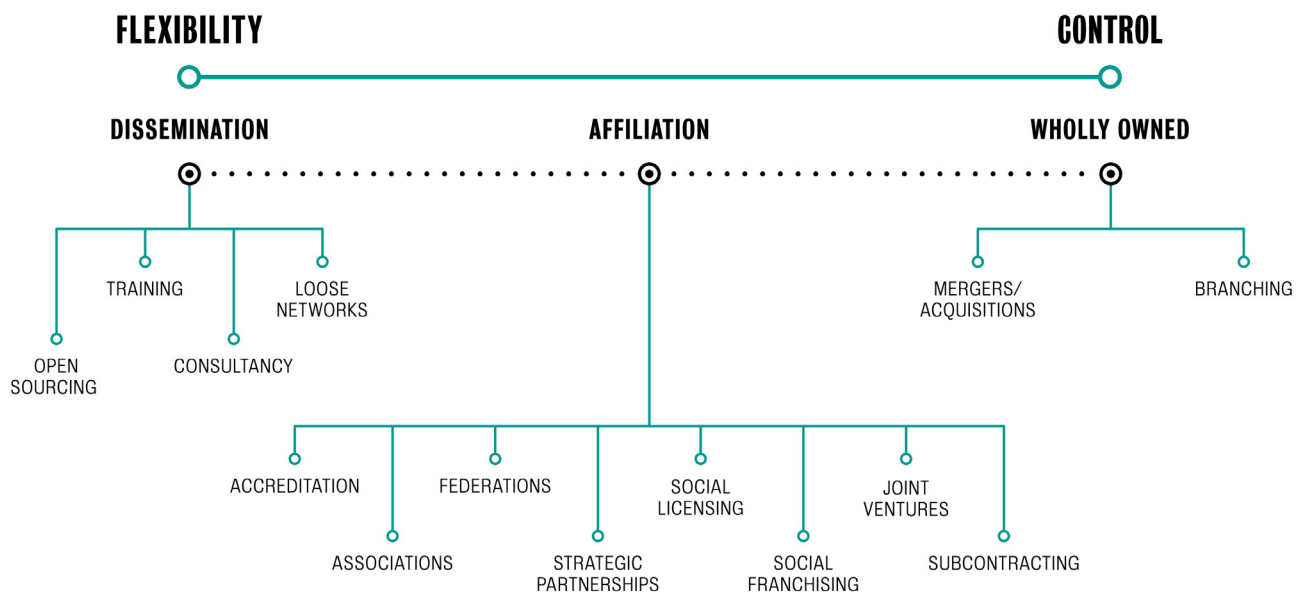
Source: Spring Impact

3. **Systemize:** The Systemize Stage focuses on developing the systems and standardizing and codifying the processes that underpin the business model designed in the previous stage for scale. This includes the creation of internal systems (e.g. management information system, sales tracking, etc.) and collateral

[20] Each of the business models for scale listed in Figure 4 is further detailed in Spring Impact's open source Social Replication Toolkit, which has assisted organizations to better understand and approach scale. https://toolkit.springimpact.org/Home

such as operations manuals, standard operating procedures, and training materials. In this stage, SGBs also need to build out various critical structures such as legal frameworks, and recruitment procedures.

4. **Pilot:** In the Pilot Stage, the focus is on executing against the strategy and testing the business model and corresponding systems and materials—developed in the Design and Systemize Stages— in a few new locations. The objectives are to assess strategy assumptions as well as to improve upon the business model and supporting documentation. Each pilot entails feedback loops to evaluate systems, collect and analyze learnings, and iterate or pivot on the strategy and business model accordingly. This stage serves to prevent and address issues prior to introducing the SGB to greater levels of scale.

5. **Scale:** The fifth and final stage—after improvements have been made in the previous stage—the Scale Stage is focused on entering new markets and establishing operations quicker, more efficiently and effectively while beginning to leverage economies of scale. This entails entering new markets at an increased rate, collecting data from each location, and bolstering standard operating procedures in a more streamlined, continual basis. The scale strategy is reviewed and refined, and the business model is iterated for each new market. For instance, SGBs might need to upgrade technology and business systems, or adjust marketing strategies to accommodate changing demands and new contexts.

5. BARRIERS

Our research confirms that there is very little structured and targeted scale TA currently being delivered, partly because there exist a set of barriers preventing SGBs from accessing and effectively utilizing it. 70% of the SGBs interviewed report receiving some type of scale TA but many detailed the barriers preventing SGBs from effectively utilizing scale TA or continuing to build on the scale TA provided. Most of the scale TA was received in the earlier stages of scale, to help assess scale readiness (Prove Stage), design strategies and business models for scale (Design Stage), as well as to codify operations (Systemize Stage). Unfortunately, no scale TA was reportedly provided in the later stages of scale (Pilot Stage and Scale Stage).

From the research seven themes emerged regarding the barriers preventing SGBs from sourcing, receiving, and absorbing effective and efficient scale TA, which are detailed below.

Figure 5: Barriers to Effective Scale TA
Source: Spring Impact and Numbers for Good

#1: Lack of a systematic and strategic approach to scale

#2: Inadequate & inaccurate scale-related needs assessment

#3: Limited understanding of the local context & SGB's operations

#4: Limited TA support in implementation

#5: Insufficient SGB capabilities and capacity

#6: Insufficient and unproven scale TA financing

#7: Poor linkages and support networks

Barrier #1: Lack of a systematic and strategic approach to scale

Most stakeholders in the SGB ecosystem do not have clarity on what is needed to scale an SGB in a strategic and systematic way. There is no singular understanding of the scale process, the skills and resources required at each stage, and the external support that is needed. Having clarity on the process needed to reach scale in a systematic way will help SGBs understand their needs, ensure their activities are aligned with their strategy, and prioritize the resources needed to operate at scale.

Only a quarter of SGBs interviewed have received support assessing their scale readiness (Prove Stage) early on in their path to scale.[21] Of these, the primary form of Prove Stage scale TA is a one-off in-depth assessment. Still, many TA providers do not help in assessing scale readiness at all, but instead choose to support SGBs that have already proven readiness. The major gap being that there is a need for assessing scale-readiness before starting to prepare for scale. One SGB that received follow-on assistance in later stages of scale explains, "When I was applying for programs and grants I had to prove our business' [scale] readiness. Our business was operational at that point, and I had to use evidence from our model to convince providers of our potential."

Similarly, many SGBs particularly spotlight a dearth of customized approaches around developing the scale strategy (Design Stage). Currently, scale TA in the Design Stage tends to utilize group formats though SGBs we spoke to find more value in a customized approach in this stage compared to non-customized approaches, especially as strategy and business modeling support calls for a more nuanced and bespoke methodology.

Barrier #2: Inadequate and inaccurate scale-related needs assessment

Across all SGB stakeholders, there is a lack of common understanding of how to properly assess an SGB's scale needs. One of the key challenges when identifying needs is determining priorities and ascertaining the underlying issue in a cost effective manner. Assumptions are not always clearly articulated and validated resulting in solutions or interventions that are not fit for purpose. The research shows that insufficient time is spent on assessing the scale-related needs of an SGB resulting in poorly defined scopes of work and inappropriate provider selection. This later leads to misaligned expectations and frustration when the engagement does not meet an SGB's or funder's requirements. A number of investors we spoke to have invested in diagnostic tools to help address this challenge, however these are not always accessible to SGBs and may be hard for them to navigate without support.

Scale TA is not often approached within the context of the SGBs lifecycle and thereby often reduces the effectiveness of many scale TA engagements. For example, if scale TA needs are determined during an investment process there is a tendency to drive TA towards filling gaps rather than leveraging opportunities, which can limit the potential of scale TA. Additionally, most SGBs suffer their greatest resource crunch immediately prior to an investment raise. This pressure on capacity limits their ability to make internal investments that they would otherwise have. While TA could, and in many cases does, plug these gaps, it may not be the best value solution and may not encourage the development of the internal capacity that is needed in the long term. Some of the funders we interviewed suggest that giving the enterprise time to absorb capital prior to identifying persistent

[21] This figure was calculated from 5 SGBs out of 20 total interviewed.

issues helps them ensure TA does not supplant capacity that is best built internally. Finally, there is a lack of common understanding amongst the multitude of funders, board members, and other advisors to a single SGB regarding the SGB's TA needs. This lack of a common understanding can cause management attention to be split across projects and can result in poor TA outcomes or the failure to adopt TA recommendations.

💡 Barrier #3: Limited understanding of the local context and SGB's operations

Given the level of customization needed for an effective scale TA engagement, success largely hinges on the TA provider's understanding of two key elements: the SGB's operations, and knowledge of the target market. Many SGBs feel that this combination of deep "internal" and "external" expertise is difficult to find. One SGB explained, "SGBs in developing markets, particularly those with social aims, have incredibly complex and unique models that are more difficult to execute against than traditional business models." To help the scale TA provider understand the context, the SGB needs to commit sufficient time to explain their business model and context, taking time away from day to day operations.

SGBs described receiving ineffective support from TA generalists when specialized expertise is needed for scale.[22] Some scale TA providers' ability to deliver support effectively falls short of SGBs' expectations, as their scale TA approach is not grounded in sector expertise and local market knowledge. For example, one SGB received financial support from a private foundation over several stages of scale including developing a strategy to expand their services within a developing market. The SGB did not use the strategy produced from the engagement, attributing the failed recommendations to the TA provider's limited knowledge of and familiarity with the SGB's complex supply chain. In the SGB's words, "Unless you really understand [the] supply chain, it's hard to add scalability."

Quick case: Undermining SGB leadership and *'pushing'* TA

One SGB with a leadership team comprised of over 150 years of combined sector experience felt defensive when shareholders connected them to global consultancies who in their view did not spend enough time to acknowledge and understand their unique socially driven model, the market gaps, and context-specific challenges they encountered while scaling. In summarizing their feelings, the SGB leadership expressed that, "It's especially problematic when the consultancy's input is given more weight than our own (by shareholders)." This SGB's sentiments are echoed across interviewees. While SGBs want access to knowledge experts in their fields, they also want to work closely with those who can contextualize their advice.

[22] What qualifies as technical expertise varies among individual SGBs, from market research to optimizing software systems to finance and fundraising.

Barrier #4: Limited TA support in implementation

The majority of SGBs that have received scale TA had done so in the Prove, Design and Systemize Stages of scale, while no SGBs reported receiving scale TA in the later Pilot or Scale Stages. Pilot Stage support may involve testing the market in a few new locations, examining the roll out of the business model in these new locations against a progress plan with KPIs for success, using a monitoring and evaluation framework to collect data on the pilots, and refining overall operations including documentation developed during the Systemize Stage in preparation for expanding beyond the pilots.[23, 24] There is demand from SGBs for external assistance in these stages, when SGBs face challenges as they test out their scale strategies, business models, and adapt to meet rapidly changing markets. When asked, 89% of SGBs indicate they would like TA support to pilot their operations, and 86% indicate they would like TA support in reaching greater scale.

SGB desire for scale TA

Scale TA seems to be highly valued amongst participants who received support primarily in the Design and Systemize Stages of scale, and strongly desired amongst those who had not. This desire is expressed across all Five Stages of the Scale process.

When asked, a majority of SGBs that had not accessed scale TA say that scale TA at some stage would be helpful to their business. While none of the SGBs interviewed had received scale TA for the Pilot or Scale Stages, these stages represent 23% and 17% of scale TA desired by SGBs, respectively.

Figure 6: Scale TA Desired by Stage
n=35 responses for desired scale TA [20 respondents in total, each could provide more than one answer]

PROVE	DESIGN	SYSTEMIZE	PILOT	SCALE
11%	23%	26%	23%	17%
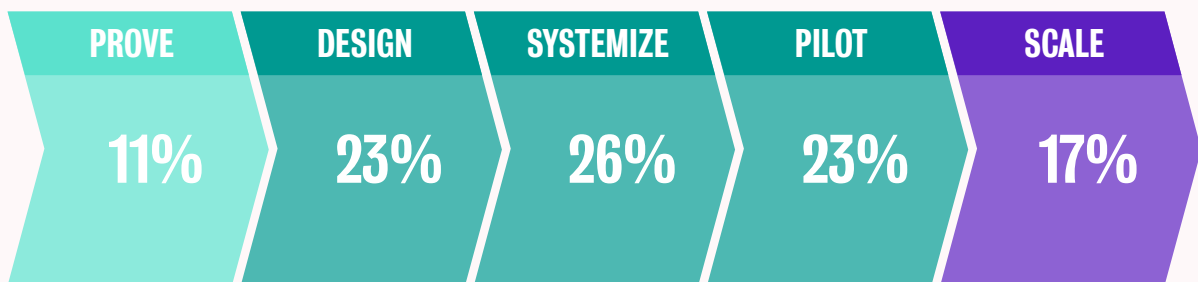
Source: Spring Impact and Numbers for Good

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[23] Additional details around what Spring Impact considers aspects of scale TA in the Pilot Stage can be found in Appendix 4.

[24] Not all participants desire scale TA in every stage of scaling, and not all scale TA received was highly valued.

Barrier #5: Insufficient SGB capabilities & capacity

Our research shows that an SGB's ability to effectively absorb, or implement, scale TA, is insufficient. When recounting the scale TA they have received, SGBs pointed to the lack of internal capacity required to execute scale TA projects as a limiting factor for optimizing effective scale TA. It is clear that SGBs have limited staff time—at the leadership, mid-management, and junior staff levels—to divert from daily operations towards engaging with TA providers and then later implementing recommendations.

In parallel, many SGBs lack the right capabilities and skillsets needed to effectively absorb scale TA. These include scale-specific strategic thinking on the part of the leadership team, and document-writing skills on the part of staff to systemize operations as necessary to manage, internalize, and then carry forward scale TA engagements and recommendations.

One such example of this was found in the Systemize Stage where SGBs said they want support with systemizing and documenting processes necessary for scale. This type of scale TA usually centers on developing and standardizing core operations, such as quality control systems, standard operating procedures, or developing legal agreements. This stage requires dedicating significant human capital, yet not all SGBs are able to dedicate funding or other internal resources to Systemize Stage type projects.[25] Though ideal, documenting processes as early as possible to eliminate inefficiencies and focus resources on more complex challenges is not always feasible for capacity-constrained SGBs.

Barrier #6: Insufficient and unproven scale TA financing

Financing for scale TA covers a spectrum ranging from pro bono services that are donated in-kind, to sponsored TA which is partially or fully subsidized, to entirely market based projects funded by the SGB.

The majority of reported Design and Systemize Stage scale TA engagements are facilitated through pro bono support. Across the board, SGBs recognize that suitable, high quality TA often comes at a cost and are willing to pay for some portion of scale TA. However, many SGBs are not in a financial position to pay the full market cost of scale TA and as a result, are more likely to seek support from readily available pro bono services that do not fully address their needs.
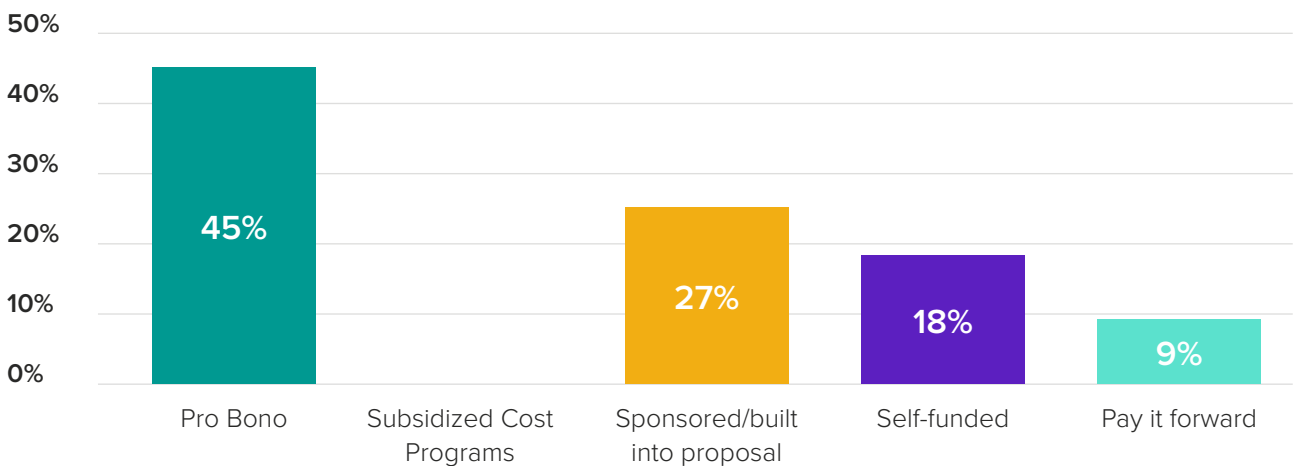
[25] Additional details around what activities scale TA might entail can be found in Appendix 4.

Figure 7: Funding Details for Design and Systemize Stage Scale TA Engagements

Funding Details for Design Stage Scale TA Engagements
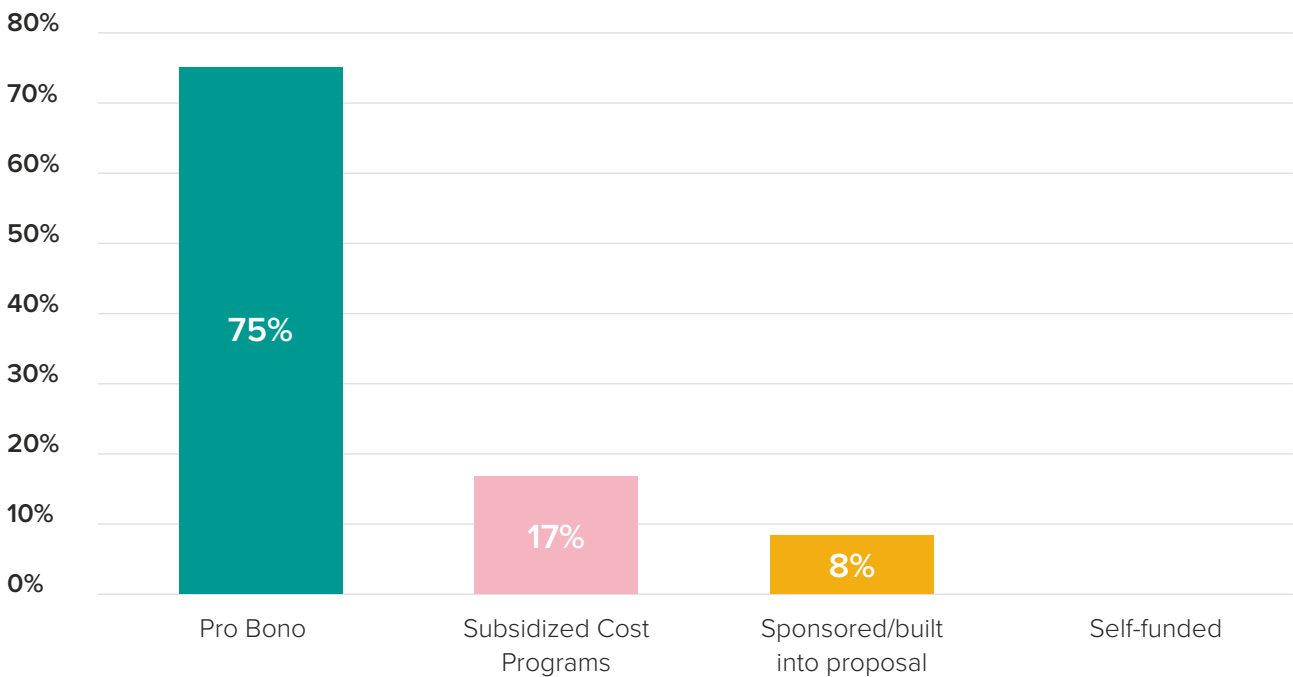
Funding Details for Systemize Stage Scale TA Engagements

Percentages have been rounded to the nearest integer.
Source: Spring Impact and Numbers for Good

Additionally, several SGBs attribute the fact that they have never accessed scale TA to funding restrictions. Even when SGBs decide they need scale TA, funders do not necessarily prioritize those needs, pitting earmarked funding for specific purposes against scale funding.

Despite funding being a consistent challenge across stages of scale, the latter Systemize, Pilot, and Scale Stages especially lack consistent sources of patient and unrestricted capital to help SGBs move from scale preparation to execution.

While some investors are experimenting with repayable grants or low-cost debt for TA, this mechanism does not yet have a track record of repayment. The only example of TA being fully absorbed into the operating model is for early stage debt funders however, they are focused on investment readiness rather than scale. Equally SGBs are not factoring funding for scale TA into their investment raises as they don't know what an appropriate level of funding looks like nor that they can include it.

In addition to a lack of external funding for scale TA many investors lack the internal resources to provide the degree of scale TA they would like for their investees. When asked how much of their team's time is spent delivering TA, few investors estimated more than 20%, although none tracked the time spent on advisory services. Pressure on management fees and the amount of time consumed sourcing deals, left little spare capacity for TA. That said, most investment managers do not have deep specialized sectoral knowledge and are more equipped to offer higher level strategic, financial, or business advisory services. One investing firm even pulled back from offering TA as they felt it was not their specialization and there were others in the market better equipped to fill this gap.

Barrier #7: Poor linkages and support networks

Finding vetted TA providers is often dependent on an SGB's personal networks, or even chance. Several intermediaries have committed efforts to facilitating connections between SGBs and TA providers, however a majority of these efforts center on early stage businesses, and none has risen as the premier go-to resource for SGBs pursuing assistance with scale. These efforts include USAID's Global Accelerator Learning Initiative (GALI), ANDE's website dedicated to SGBs, and Catalyst for Growth's platform for SMMEs.[26, 27, 28] Despite the existence of these discrete channels, SGBs thinking about scale struggle to find TA providers with a proven track record in delivering value, therefore relying on their networks, which can be limiting. One interviewee said, "All the support I've received or seen, for the most part seems to be happenstance. People are accessing opportunities through previous funders, personal recommendations and connections rather than through a structured or formal process."

[26] USAID's Global Accelerator Learning Initiative (GALI) leverages public-private partnerships with over 40 incubators, accelerators and seed-stage impact investors to positively impact entrepreneurs' future revenue earned, investment raised, and jobs created. USAID, (2017): 'Insights from USAID's Support for Small and Growing Businesses'

[27] With the support of the Citi Foundation, ANDE created a website dedicated to SGBs, including a compilation of projects that map the entrepreneurial ecosystem of actors supporting entrepreneurship and SGBs. ANDE: 'Mapping the Ecosystems' http://www.whysgbs.org/mapping-the-ecosystem/

[28] Catalyst for Growth (C4G), a non-profit in South Africa founded by JP Morgan Foundation and Dalberg Global Development Advisors, developed a platform to connect TA providers, the SMMEs they serve, investors, and buyers of TA to better help SMMEs become investment-ready. C4G uses the term business development support (BDS) to the type of TA it facilitates. Catalyst for Growth: http://www.catalystforgrowth.org/

Scaling to new geographies often amplifies an SGB's challenges securing routes to markets. When scaling, SGBs speak about the need to identify local suppliers to support central functions such as supply chain management or legal support, as well as implementation partners—entities that are given the authority to operate or distribute the SGB's service or product (in part or whole) in a new market on behalf of the SGB.[29] These relationships are crucial to implementing scale TA recommendations, but SGBs do not always have a clear way of scouting and establishing these connections on their own, often turning to external resources for assistance. Data from GALI shows that entrepreneurs highly prioritize accelerator programs' potential to connect them to a network of "potential partners and customers,"[30] while more developed SGBs turn to scale TA as early as the Design Stage to help clarify the process of connecting with key stakeholders.

Quick case: Support in identifying new partners

One agriculture-focused SGB from the research needed to test the feasibility of their business model, which relied on recruiting different types of implementation partners to deliver their product to end consumers. This SGB enlisted TA provider support to investigate who these partners would be, establish the qualifications to evaluate such partners, and determine if they exist in the local market in order to move forward. Once they received this support, the SGB felt confident in their approach.

Some of the best TA comes from peers who speak from experience and can offer knowledge and insights. SGBs express a desire for more candid and frequent engagement with other SGBs that have gone through similar paths to scale. Even after being connected, SGBs seek out coordinated efforts to engage with peers. These types of opportunities are more prevalent for early stage SGBs but tend to diminish as SGBs go further on their scale journey.

Without exception, the funders we interviewed struggle to source TA providers that can deliver high-quality support. Many have made significant investments in building databases of providers. Sourcing providers, maintaining databases and gathering enough feedback to determine the highest quality providers is challenging and resource intensive for any single investor. One investor has opened their network to companies outside of their portfolio in response to this challenge, thereby creating a valuable service for the sector and driving economies of scale.

[29] While most SGBs work with suppliers and vendors to reach their markets, not all SGBs at scale involve working with implementation partners. This concept is applicable to SGBs pursuing certain models such as franchising or licensing.

[30] GALI and The Entrepreneurship Database Program at Emory University (June 2017): "2016 Year-End Data Summary". Page 8.
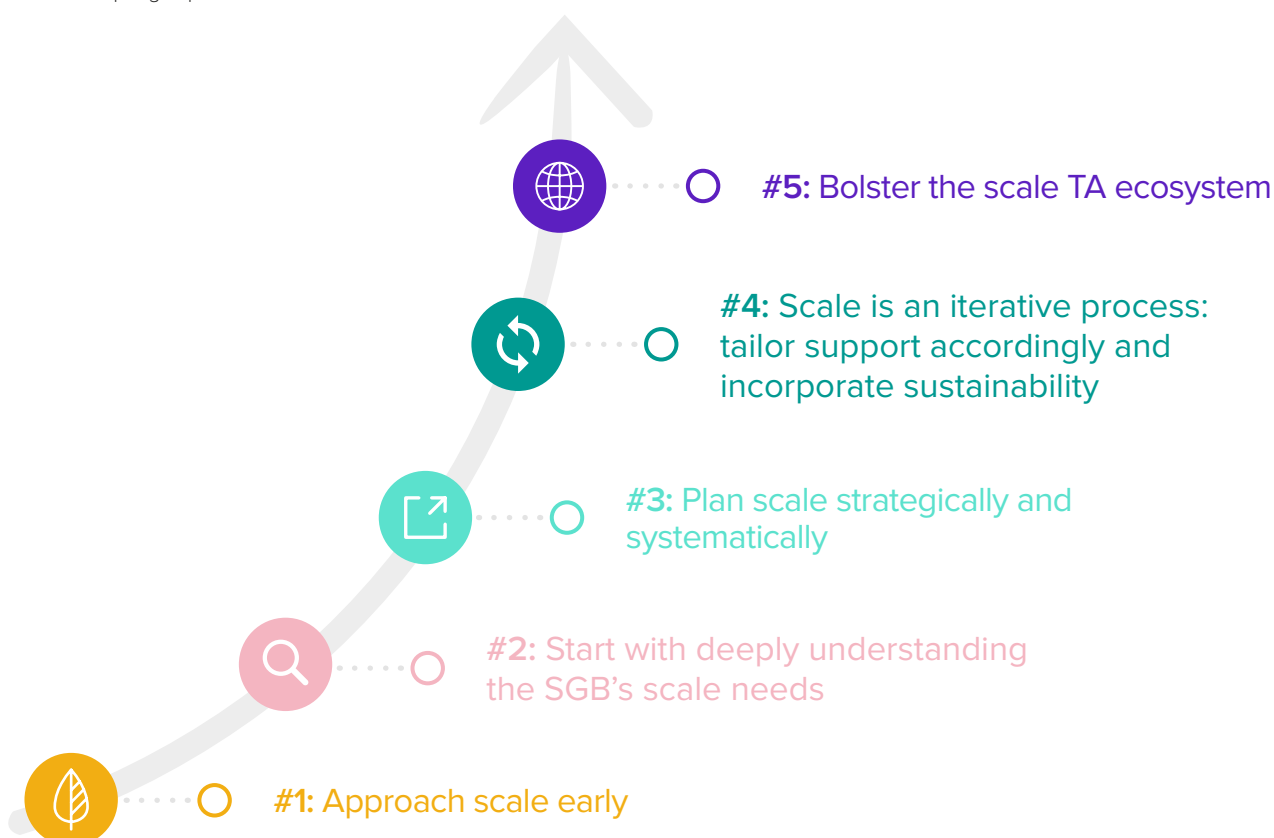
6. RECOMMENDATIONS

The barriers highlighted in the previous section help highlight the systemic challenges preventing SGBs from accessing and absorbing the support they need to scale. While the barriers may seem intractable, we believe there are steps that can be taken in the near and long term to help begin the process of overcoming, or eliminating, these barriers. Below are our recommendations for removing them.[31]

Figure 8: Recommendations for Effective Scale TA

Source: Spring Impact and Numbers for Good

#5: Bolster the scale TA ecosystem

#4: Scale is an iterative process: tailor support accordingly and incorporate sustainability

#3: Plan scale strategically and systematically

#2: Start with deeply understanding the SGB's scale needs

#1: Approach scale early

Recommendation #1: Approach scale early

As the barriers illustrate, SGBs face a lot of challenges on their road to scale. It's a difficult endeavor, and planning for scale from the outset will help prepare and de-risk the journey.

For SGBs we recommend thinking about scale from the beginning and preparing accordingly. Practically, this means accounting for and building in the necessary funding for scale TA and TA absorption when raising investments or grants. For the SGBs that did pay for TA, these funds came from pockets of unrestricted funding. In cases where they need to raise funds separately, it often takes months or even years to access. With the majority of funders acknowledging the importance of getting an SGB to scale, and the added value of scale TA, building scale TA into a raise will help smooth the scale

[31] We believe a number of recommendations can address multiple barriers for multiple stakeholders (e.g. funders and SGBs).

process. Additionally, we recommend partnering with TA providers to understand the costs and timeframe of TA prior to a fundraise, then incorporating a plan as to how funding will be allocated and what the key performance indicators (KPIs) will be.

Potential risks for SGBs to consider include a lack of available resources as more funding will be needed prior to the scale model being proven.

Potential risks for funders to consider include using overly prescriptive methodologies that are not responsive to SGB operating conditions.

For funders, we recommend approaching scale TA in a holistic way customized to the needs of each individual SGB. Funders don't need to become scale experts but bolstering internal capabilities and capacity to incorporate scale readiness and analysis into the diligence and monitoring processes will help gain a baseline understanding across a portfolio of SGBs, helping to align SGBs and funders. At the earlier stages of SGB development, discrete, one-off projects can have a large impact on the viability or investment readiness of a venture. As the venture grows, it becomes more complex, needing more nuanced approaches and support that by nature is more multifaceted and iterative.

Potential key performance indicators (KPIs) for this recommendation include an increase in explicit funding raised for TA and TA absorption, early in a raise, and the revenue growth multiplier, calculated as post-TA annual revenue growth over pre-TA annual revenue growth.

🔍 Recommendation #2: Start with deeply understanding the SGB's scale needs

Having the time, capacity, and capabilities to clearly identify, understand, scope, and execute against scale needs is a consistent barrier hindering SGBs on their journey to scale.

For SGBs, we recommend they identify the needs, or even prospective needs for scale TA, identify the appropriate TA provider accordingly, and co-develop the scope of a TA engagement. It might be helpful to start framing the potential scale needs based on whether they are internal (e.g. scale readiness, strategy development, operations build out, etc.) or external (e.g. target market assessment, partner linkages, etc.). Practically, we recommend the following steps for the SGB:

• Identify the SGB's scale needs by seeking to understand where it is on their scale journey utilizing a framework like the Five Stages of Scale and what is required within the stage.

- Conduct internal assessments of what, if any, scale-need areas require external TA versus areas that can be executed internally with existing capabilities and capacity.

- Start to consolidate its understanding of the target market (if identified) and the potential gaps in its knowledge that a specialized TA provider may be able to provide.

- Assess TA providers based on needs identified that will not be addressed 'in-house' and the type of scale TA (e.g. consultancy, online, cohort training).

- During the TA engagement development, the SGB should co-design the engagement with the selected TA provider while aligning expectations for activities and outcomes. The role of co-designing the engagement with the TA providers (and sometimes funders) is critical in aligning expectations for activities and outcomes. SGBs should consider the desired working dynamic, timeframe, time commitment, activities and deliverables that will help define a targeted scope of work. In addition, SGB teams should identify which individuals from the SGB team should be involved based on expertise at particular points in the process.

Potential risks for SGBs to consider include an incorrect needs assessment by the TA provider or SGB.

Quick Case: Combination of local context knowledge, co-creation, and flexible working relationship highly valued

One SGB hired a local consulting firm to develop an open source toolkit to help others replicate their work at scale. A large private foundation funded the project, for which the firm conducted interviews and collaborated with the SGB program operations team in person for 20-40% of the project, and remotely for the remainder. Over the course of 6 months, the firm helped the SGB publish an open source toolkit, test it out with clients, and make adjustments to it based on their learnings. The ability of the SGB to choose its own support provider, the contextual knowledge of the local consultancy, and the ability to support the SGB in person for a portion of the time all contributed to the success of the TA engagement.

This TA support was very helpful for the SGB—they internalized a wealth of knowledge about consolidating and streamlining operations, and reducing risk. Later, when the SGB wanted to reach the next order of magnitude of scale, the SGB decided to apply the approach and the lessons learned from the original TA engagement to complete the work in-house. The first TA engagement set a solid foundation to support greater scale.

We recommend TA providers improve their needs assessment of the SGBs and co-design the scope of the scale TA engagement with the SGB accordingly. Even if the TA provider offers an abundance of experience and expertise, if the needs assessment is not aligned and the scoping is done incorrectly, the engagement will not deliver the desired outcomes. We encourage TA providers to consider the following:

- Assess which stage, utilizing a framework like the Five Stags of Scale, the SGB is in and developing the scope accordingly – ensuring prior stage work is sufficiently developed.

- Review the strategy and operations of the SGB, this may include both remote and on-site support, to better understand what is being scaled and what challenges may arise. i.e. what are the largest challenges currently? What are the skills gaps in staff currently? What are the key drivers of success that needs to be scaled?

- Engage with the right SGB staff: ideally this includes the leadership and those managing the scale process on a day to day basis. Get a holistic picture of the business and ensure the key staff are involved and that there is buy in for the project.

- Identify who from the TA provider team would be best suited for this SGB based on the assessment.

- Define expected working dynamic, time commitment, timeframe, activities and deliverables with the SGB that will outline a targeted scope of work. Define

Potential risks for TA providers to consider include differing opinions on what is needed between the SGB, funders, and the TA provider.

Recommendation #3: Plan scale strategically and systematically

Arguably the most consistent barrier is the lack of approaches, knowledge, and tools to plan for scale in a strategic and systematic way.

For SGBs, we recommend three critical, and inter-related items:

- Move from an opportunistic mindset to a strategic and systematic mindset about the scale journey using a framework like the Five Stages of Scale. Being purely opportunistic can lead to SGB teams that are not aligned in aims, improper assessments about what is needed and when, and wasted resources on activities that do not lead to the desired scale goals. SGBs can set measurable scale-oriented goals and follow structured frameworks like the Five Stages of Scale to properly assess and plan their scale TA requirements. The SGB can better understand what their needs are and when they will need it, the level of commitment and resources required, and what may be needed from TA providers. This helps the SGB plan to

raise the necessary funds, use the plans to guide daily decision-making across the team, and allocate resources in a focused manner.

- Account for and allocate staff capacity to better engage and execute scale TA. From both funders and SGB perspectives, improper SGB staff resourcing has contributed to disappointing engagements and unsuccessful outcomes. Preparing for scale takes time and is often mistakenly treated as an add-on task for staff to tackle on top of their normal responsibilities. SGBs should integrate staff capacity planning for scale into the wider SGB priorities and lines of business. Different levels of staff play different roles when scaling and assessing when each should be engaged is just as important. For example, leadership usually plays a large role in shaping the initial goals and strategy, but mid-level staff might be more involved in supporting the execution of the TA.

- Bolster staff capabilities to better engage and execute scale TA. The SGB must ensure it has the right skills internally to absorb and execute the TA recommendations. Key leadership will likely need to have scale-related strategic thinking capabilities while more mid-level staff will require more nuanced operational capabilities (e.g. writing standard operating procedures or stakeholder engagement). Identifying these gaps when scoping issues with a TA provider, and then hiring new staff or training existing staff to build the required skills will position the team for receiving and executing TA effectively.

Potential risks for SGBs to consider include:

- Insufficient resources and time to invest in the upfront planning.
- A lack of knowledge, experience, and expertise to develop a sound scale strategy.
- Pressure on ongoing operations allocation of staff is improperly assigned.
- Risk of re-assignment to roles they do not want.

For funders, we recommend bolstering due diligence processes and content prior to an investment in a more structured, and ideally, standardized way. This would potentially incorporate aspects of the Five Stages of Scale, to not only assess what stage a potential investee is in, but also develop foresight on what the potential scale needs of the investee may be in the months and years to come, thereby beginning to co-design a 'scale development plan' with the SGB. Post-investment, we recommend funders continue to check in on scale progress against previously agreed up milestones related to the 'scale development plan.'

Potential risks for funders to consider include a lack of resources to implement new methods of diligence and scale TA support.

TA providers often assist with various aspects of the scale process, but many of these engagements are disconnected from one another, which can diminish the quality and overall impact of the TA. For TA providers, we recommend evaluating the scale TA process from top to bottom, identifying gaps in TA knowledge, tools, and depth of support to provide a more holistic and strategic approach to scale. SGBs understand that scaling is difficult, but lack guidance on how to scale, what is required, and when. Grounding scale TA in a rigorous framework will help the TA provider and SGB develop all the elements required within each stage. By framing the existing TA provided within a systematic, tested methodology like the Five Stages of Scale, SGBs and providers can be better aligned on the objectives, roadmap, and content required within the different stages as detailed below. Within each of the Five Stages of Scale, providers can improve upon their existing knowledge and tools, and increase scale TA value for SGBs.

- **Prove Stage:** Many TA providers do not work with SGBs within the Prove Stage but only engage after an SGB is ready for scale. At minimum, we recommend referring the SGB to practical tools to help them determine whether they are ready to prepare for scale. For example, this could be a list of criteria or a set of questions that assesses the SGB's business model, such as Spring Impact's Replication Readiness test.[32]

- **Design Stage:** Understanding and developing the customized scale strategy of the SGB (i.e. reviewing the mission, assessing the target market needs and context, developing scale goals and objectives, etc.) is the starting point for setting up effective TA as it is the guide to all of the operational aspects developed thereafter. The strategy and business model should be tailored to the needs of the SGB and the target market. Building in this level of support will ensure the provider understands the SGB's business and the local context sufficiently to inform the strategy and model, while periodically revisiting and improving the strategy and business model in the Pilot and Scale Stages.

- **Systemize Stage:** Given the intensive resources required and the current barriers SGBs face when systemizing the necessary processes, we recommend providers offer differing levels of support to SGBs in this stage depending on the complexity of the model, capacity and capabilities of the SGB, and provider expertise. For example, a less-intensive engagement may include a framework for how to structure materials, understand minimum requirements, and a guide for how the SGB will continue to build and iterate the materials beyond the engagement.

- **Pilot Stage:** Based on our research, there is a dearth of TA support for SGBs in the Pilot Stage. No matter how sound the scale strategy, business model, and

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[32] Spring Impact developed a Replication Readiness test that provides an initial assessment of whether the organization is ready to replicate or areas for further improvement. http://toolkit.springimpact.org/

systems may be once pilot implementation begins, the SGB will need to incorporate learnings to iterate, adapt, and improve the business model, and potentially pivot the strategy. Our research shows that SGBs desire support in this stage. More specifically, providers can help SGBs improve the strategy and model, when to do this, and how, based on evaluating new market operations. Providers can support SGBs in the Pilot Stage by identifying and linking the SGB to local suppliers and implementation partners. Additionally, providers can support SGBs in the Pilot Stage as they monitor, evaluate, and refine the systems and materials that are in place.

- **Scale Stage:** Similarly, there is a lack of TA in the Scale Stage although there is a desire for it. In the Scale Stage, TA providers can help review and refine the strategy, and begin developing a more aggressive scale strategy for accelerated growth. In addition to the strategy, and continued improvement of the model and materials, providers can lend expertise in identifying and potentially developing technology, people management, finance systems that are needed to support the significant increase in market size the SGB will realize when scaling.

Potential risks for TA providers to consider include the significant upfront investment from the TA provider to reframe and bolster existing TA support.

Recommendation #4: Scale is an iterative process: tailor support accordingly and incorporate sustainability

The scale journey for SGBs is an iterative process and will reflect the unique challenges and opportunities of each enterprise. In an ideal world the Five Stages of Scale would be followed sequentially, though in practice it is often non-linear, with parts of multiple stages being executed concurrently, or in differing order. The sequencing of the middle three stages of scale in particular – Design, Systemize, and Pilot – will vary from SGB to SGB.

For SGBs, we recommend assessing priorities within the context of market opportunities and the available internal and external resources. Scaling involves significant iteration as execution helps to gather market data, fueling potential revisions to the scale strategy, the business model and systems, and the next pilot. Ensuring effective feedback loops throughout the process is critical to ensuring success. Additionally, we recommend SGBs and TA providers incorporate feedback loops as SGBs move from Design and Systemize, into Pilot and Scale.

Figure 9: The Five Stages of Scale are often concurrent and drive powerful feedback loops

| PROVE | DESIGN | SYSTEMIZE | PILOT | SCALE |
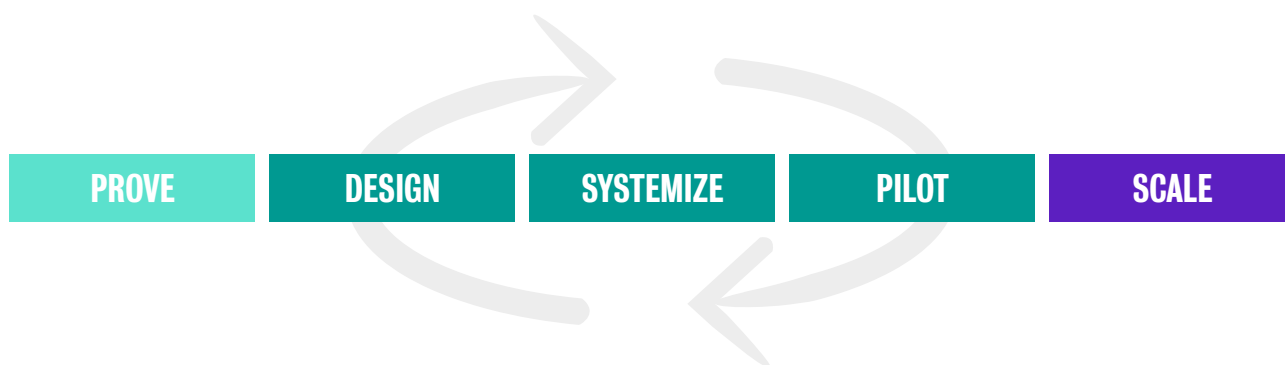
Potential risks for SGBs to consider include internal capacity and capabilities constraints.

For funders, we recommend being more liberal when determining timelines to reflect the challenges ventures face when scaling and the need to build in feedback loops in order to iterate and refine. The concept of patient capital has been an important one in developing the ecosystem for SGBs and social enterprises more broadly. That said, over the years it has become clear that the definition of patience may need revision, with a more generous timeline applied, and new forms of funding models. This is equally true when considering scale TA and several key lessons emerged from our research that influence these recommendations:

• TA funding needs to be spread over the life of an investment to ensure effective absorption. This enables the enterprise to allocate sufficient resources and management attention to the TA and allows projects to be designed to reflect the venture's evolving commercial paradigm.

• Building in time to create feedback loops underpins TA success. For scale TA, much of the work will require interaction with customers and the broader market. Understanding the market cycles for a service or product will therefore help ensure the requisite information can be gathered and fed back to the TA providers.

• Post-TA planning is critical to driving long term value and needs to be incorporated into timelines. One of the best indicators of success for any TA project is the number of recommendations that are adopted by the enterprise and/or the maintenance and growth of any measures implemented by the TA providers. To enable this, it is important to think about post project planning. This may include the building of enterprise capacity to take on the work of the TA providers or the scheduling of post project check ins to support sustainability of the TA recommendations.

• Ensure effective project governance, one of the investors we spoke to uses an oversight committee to track the progress of scale TA projects. The committee

comprises the investor, the TA provider, senior leaders from the SGB and the key project coordinator from the SGB. Regular formal check ins allow changes to be made to the scope if the project is failing or if there has been a change in operating conditions.

- Cultivate a willingness to course correct and accept failure early. The research showed that many of the projects that ultimately failed were run to completion despite early warning signs.

Finally, we recommend that funders continue to experiment with different funding models. Grants and subsidized funding play an important enabling role in the scale TA market and will continue to do so. That said, some commercialization of TA budgets could go a long way in increasing access to scale TA for SGBs at the right time.

Potential risks for funders to consider include resource-constrained SGBs that choose not to engage TA, and low repayment and higher risk.

Quick case: Raising funds for scale TA

One SGB from the research with a presence in five countries has received pro bono TA, but has also secured funding specifically to sponsor scale TA projects for building capacity in public relations and marketing. Now that they have grown to a significant presence, they have begun to raise funds specifically to support their scale activities by allocating unrestricted funds to pay for similar professional scale TA services.

To build sustainability and capabilities within SGBs, we recommend TA providers develop TA 'exit plans' with the SGB to continually bolster SGB capabilities, so SGBs can effectively engage, absorb, and sustain TA expertise in-house in the long term. TA providers can offer coaching and tools that will support staff in the long term without the assistance of TA providers. For example, governance frameworks and financial models may be difficult tools for an SGB to initially develop but with the proper training can be adjusted and easy to use on an ongoing basis. Providers can build institutional knowledge by training up multiple SGB staff members and documenting the process, so as to avoid losing expertise with attrition. Ending TA engagements with an exit plan can entail, but is not limited to:

- Clear documentation of the content, process and outcomes of the engagement that SGB staff can refer to.

- Embedding a clear 'roadmap' for what is needed for the SGB operationally with clear milestones for future stages.

- Transition plans for the staff that will be taking on the provider's responsibilities or other scale related responsibilities

- Internal communications plans for the SGB that structure scale-related projects

Potential risks for both TA providers and SGBs to consider include a lack of staff capacity and capabilities to ensure effective handovers from the TA providers.

Potential key performance indicators (KPIs) for this recommendation include:

- SGB staff capacity analysis
- Repayment rates, TA fund returns, number of applications made to the scale TA fund
- Successfully evaluated SGB capabilities
- Number of executed milestones

Recommendation #5: Bolster the scale TA ecosystem

It is clear from our research that the scale TA ecosystem is nascent. We believe all stakeholders have a role to play in bolstering the TA ecosystem.

We recommend funders, TA providers, and intermediaries improve the way they provide linkages for SGBs. The market for advisory services is evolving and needs to attract high-quality specialists if effective scale TA is to be more widely delivered. We recommend funders and intermediaries leverage existing networks like ANDE, Global Impact Investing Network (GIIN), and TONIIC, or create new shared resources like common regional databases of scale TA programs and providers, to improve sharing and knowledge of scale TA best practices and existing vetted providers. By sharing resources, creating or leveraging common platforms to connect SGBs with TA providers and facilitating feedback, funders will significantly accelerate the market's development. Existing and new platforms could attract other stakeholders and TA providers by introducing a cost-effective marketplace, and SGBs would not only save time finding providers they would also have data points, in the form of reviews, to help them decide who to hire. Initiatives like GALI, which gathers data from incubators and accelerators globally, could also play an important role by expanding to cover the later stages of scale TA.

For TA providers, we recommend improving and increasing support in identifying and recruiting local suppliers and implementation partners. This can be done by mapping out the targeted local ecosystem for SGBs to ensure they have good potential supply chains and routes to market. This is one of the key struggles during implementation and desired areas of TA provision from SGBs. We recommend TA providers:

- Help SGBs qualify and document the necessary criteria for suppliers and partners in profiles.

- Map the developed criteria against existing potential service suppliers and implementation partners that are already working or in touch with the SGB.

- Conduct local market research of potential suppliers and implementation partners that would fit the profiles.

- Develop a plan for outreach, recruitment, and evaluation of "good fit" suppliers and implementers.

Potential risks for TA providers to consider include difficulty in raising long term resources to build networks.

For intermediaries (non-TA providers), we recommend supporting and improving the TA provider vetting process for SGBs. One of the key barriers to TA from the funder and SGB perspective was a lack of formalized access or mechanisms for finding reputable TA providers. TA providers could provide their updated information, previous clients, any relevant quantitative data, and success stories to an open access directory. This could be supplemented by SGB and funder reviews of their experiences working with the scale TA providers.

Additionally, we believe that intermediaries can play a critical role in coordinating and facilitating SGB peer engagement. Incubators, early stage accelerators, and other peer networks are more readily accessible for start-up stage SGBs but there are few opportunities for formal engagement as SGBs mature and scale. We recommend continuing to provide these forums for engagement, by creating groups based on stage of scale, sector, and/or geography that can formally engage with each other. The groups could share insights, challenges, and resources that are unique to the specific context in which the SGB is scaling. The groups could be bolstered by partnering with a funder for resources or a TA provider for additional guidance.

Quick case: Cohort-based support

One SGB sent a manager level staff member, heavily involved in day-to-day implementation, to attend an incubator course on social franchising that spanned 3 months, meeting in-person for 2 days a month. The group-based curriculum was offered through a graduate school entrepreneurship center and covered concepts such as social replication in-depth. There was a subsidized fee to participate, since an educational institution combined with philanthropic support funded the incubator. The cohort size was around 30

people, mostly comprised of entrepreneurs who started their own businesses. Any "homework" was directly related to running the business, so did not create immense strain on capacity.

The incubator program encouraged peer learning and support. The group learning style was especially valuable to the SGB at the time, and the group of peers still meets even three years later, to share experiences.

We recommend TA providers, and intermediaries improve access to knowledge and tools related to scale TA for SGBs are provided and shared.

We recommend that TA providers develop and promote a value proposition for why TA will lead to increased financial and social returns to de-risk investments. It was acknowledged among the interviewees that TA is helpful and contributes towards financial and social returns for the SGB, however we did not come across any standard or widely accepted method of measuring attributable TA returns. To build on this, we recommend that more action research be put towards developing a compelling value proposition is needed to justify paying for scale TA to convince larger segments of funders. We recommend TA providers develop a long-term analysis of how scale TA improves returns for investors compared with similar SGBs that did not receive scale TA.

For intermediaries, we recommend building awareness and consensus on the process and best practices to scale SGBs successfully. Gaps amongst funders and SGBs included a lack of common understanding on what it takes to scale successfully and knowledge on what has been tried in the past. This prevents SGBs from accessing the appropriate external support they require. We recommend intermediaries with access to a network of SGBs, providers, and funders push to collect and disseminate practical guidance on how to scale with frameworks like the Five Stages of Scale, supplemented with concrete cases and key context experts, while incorporating this guidance into their existing SGB support and curriculum.

Potential risks for intermediaries to consider include:

- Difficulty assessing for high quality TA (SGBs may not be the most qualified to assess this even though they are recipients and closest to the work)[33]
- SGBs and funders are not incentivized to review providers once engagement is finished
- Despite the expressed desire for peer engagement, it might be difficult to get SGBs to contribute and commit time
- Difficult to allocate sufficient time and resources to build awareness

[33] Catalyst for Growth (2017): "An Ongoing Learning Agenda on the Impact of BDS on SMME Performance." Page 7.

Potential key performance indicators (KPIs) for this recommendation include:

- Number of TA providers on the platform
- Number of connections made through the platform
- Number of TA providers highly rated on the platform
- % of SGBs leaving feedback on providers listed on the platform

Consolidated Recommendations

In the table below we have consolidated our recommendations and a short summary of potential activities. We believe more work is needed to explore these recommendations in theory and in practice.

Table 1: Consolidated Recommendations and Potential Activities

#1: Approach scale early	Audience	Potential Activities
	SGBs	Account for and build in the necessary funding for scale TA and TA absorption when raising investments and grants
		Co-design the scope of the TA engagement with the TA provider prior to an investment raise
	Funders	Approach scale TA in a holistic way customized to the needs of each individual SGB prior to investing
		Incorporate scale readiness and analysis into the dilligence and monitoring processes

#2: Start with deeply understanding the SGB's scale needs	Audience	Potential Activities
	SGBs	Conduct assessment of internal and external scale needs
	TA Providers	Assess the needs of the SGBs and co-design the scope of the scale TA engagement with the SGB accordingly

#3: Plan scale strategically and systematically	Audience	Potential Activities
	SGBs	Utilize a more structured and strategic approach to planning for scale, like the Five Stages of Scale
		Allocate staff capacity to better engage and execute scale TA
		Bolster staff capabilities to better engage and execute scale TA
	Funders	Incorporate standard approaches to scale assessment and support for SGBs
		Plan for regular check ins on SGB scale progress post-investment
	TA Providers	Re-evaluate the scale TA process from start to finish, identifying gaps in knowledge and tools, to improve depth of support across all scale stages

#4: Scale is an iterative process: tailor support accordingly and incorporate sustainability	Audience	Potential Activities
	SGBs	Assess scale priorities within the context of market opportunities and the available internal and external resources
		Incorporate feedback loops
	Funders	Increase timelines for scale TA absorption
		Incorporate post-TA planning into timelines for investment
		Experiment with different funding models
		Use an oversight committee to track progress
		Cultivate a willingness to course correct and accept failure early
	TA Providers	Incorporate "exit plans" within the scope and delivery of the engagement with SGBs

#5: Bolster the scale TA ecosystem	Audience	Potential Activities
	Funders	Leverage existing shared resources and platforms, and build where needed
	TA Providers	Bolster internal capabilities to identify and recruit local suppliers and implementation partners for SGBs
		Build value propositions for why scale TA will lead to increased returns
	Intermediaries	Improve assessment of TA providers and provide linkages to high quality, vetted TA providers
		Facilitate linkages to SGB peers
		Initiate 'scale TA best practices' initiative, or incorporate into existing operations and curricula
		Collect and disseminate practical guidance on how to scale with frameworks, concrete cases and key context expert input

Source: Spring Impact and Numbers for Good

7. BEST PRACTICES: EARLY INDICATORS OF EFFECTIVE SCALE TA

Though the body of work delivering scale TA is small, there are some early indicators of best practice which we detail below. We must note that these are early indicators and that we believe much more work and data is needed to confirm and refine these indicators.

Long term relationships with providers, built through targeted & tailored engagements
Our research shows the average length of a scale TA engagement related to assessing SGB scale readiness in the Prove Stage is six and a half months, excluding any ongoing support. Scale TA engagements related to building the scale strategy and business model in the Design Stage run from two months to one year. Typically, support is provided on a part-time basis with varying intensities throughout the engagement. In most stages of scale, SGBs express a preference for targeted quality support that allows for maintaining ongoing relationships with TA providers. In practice, this takes the form of an initial period of getting to know the SGB, its strategy and operations, and current and target market contexts, followed by several projects over a longer period of time. SGBs convey that short-term engagements (four months or fewer) excluding ongoing support had limited depth of impact compared to longer engagements.[34]

Diverse range of scale TA methods and providers to meet a wide range of needs
Most SGBs derive value from TA providers who tailor the mode of delivery to the individual SGB. In general, SGBs benefit from the choice of a diverse range of delivery methods rather than a limited set of options. Among the SGBs interviewed, many have received tailored ongoing guidance to develop their business model for scale through engaging their board and soliciting mentorship from close advisors or professional associations. Several SGBs have participated in curriculum-based programs as part of a cohort that participates in in-person and online trainings to develop business acumen, hone business goals, and a plan for scale. Others have worked with global consultancy firms or international finance institutions to conduct involved written assessments, or have accepted pro bono advising from business school students. Similarly investors cited examples of scale TA projects that involved establishing co-operatives to strengthen supply chains, setting up new factories with the support of highly specialized advisors, and scale TA work to open export routes to SGBs.

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[34] Longer engagements often moved SGBs through multiple stages of scale.

One SGB had a positive experience participating in an incubator program that provides web-based modules around various aspects of developing business acumen and operating models, including developing scale strategy development. These learnings were paired with expert mentorship support

One SGB had a positive experience participating in an incubator program that provides web-based modules around various aspects of developing business acumen and operating models, including developing scale strategy development. These learnings were paired with expert mentorship support to help tailor the materials to the SGB and ensure long-term success. The program, which lasts about one year and utilized a subsidized funding model requiring an investment as "skin in the game" from the SGB, also assisted the SGB with investment readiness.
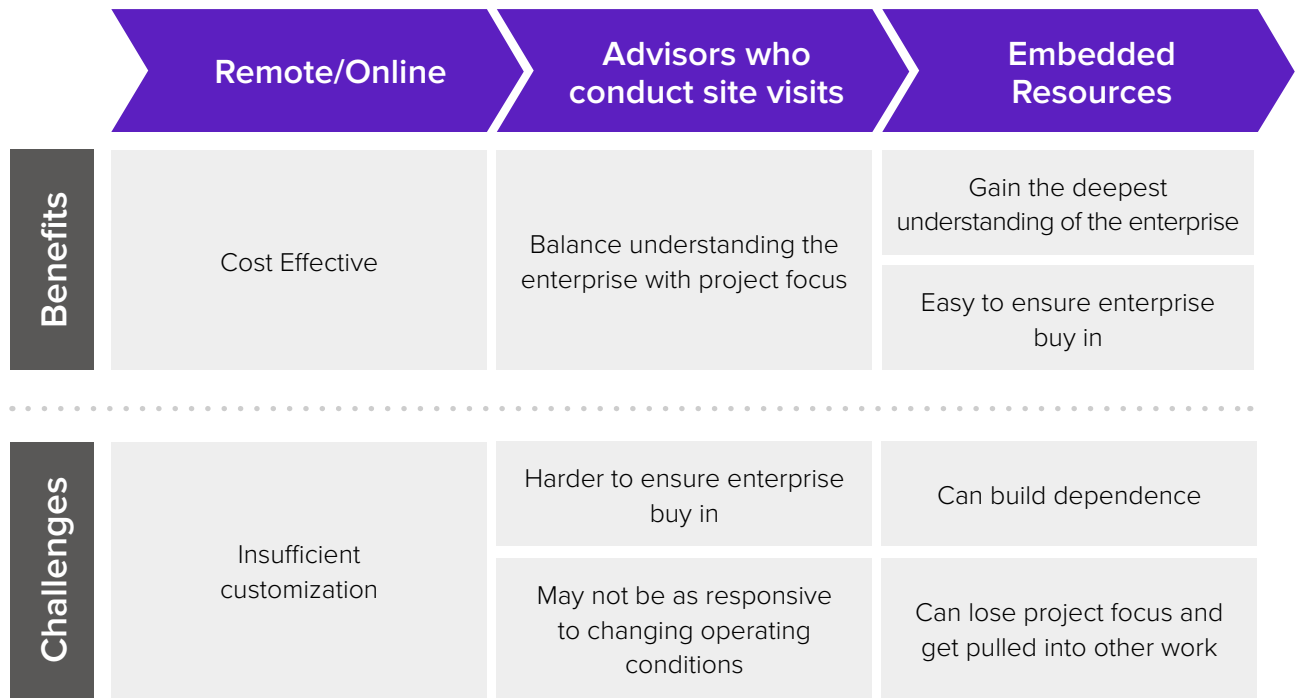
The SGB found value in the program, especially from the mentorship aspect, describing it as a "better expertise fit than typical mentoring pairings offered by accelerators or incubators," and emphasizing the value of being connected to a good-fit mentor with local expertise and local networks.

Adequate amount of on-site support supplemented with remote support

The majority of scale TA from the research was delivered as a combination of on-site and remote work. In the Prove Stage—during which an SGB's readiness for scale is assessed— 57% of scale TA engagements were delivered in this way. SGBs strongly prefer on-site support that allows the TA provider to better engage with multiple staff members and understand the complexities of their operations and strategy in-person. Some TA providers deliver on-site support over longer periods of time to alleviate demand on an SGBs' internal capacity. This makes the TA more accessible to less established SGBs who cannot spare leadership capacity for extended periods, which often occurs with off-site support. While SGBs overwhelmingly prefer on-site combined with remote collaboration, this is not always feasible due to cost and time restraints. Also, while on-site engagement is widely preferred, for certain forms of TA such as mentorship, remote support is still highly valued but typically take place over longer periods of time to allow for relationship building. In some cases, TA providers work as embedded resources, although this risks creating dependence. For scale TA, the primary delivery mode was advisors who spent some of their time on site or in the field. Embedded resources and remote or online support were less commonly used, given the more targeted nature of scale TA. Below we detail the benefits and challenges of the different modes of delivery based on our conversations.

Figure 10: Delivery models for Scale TA

	Remote/Online	Advisors who conduct site visits	Embedded Resources
Benefits	Cost Effective	Balance understanding the enterprise with project focus	Gain the deepest understanding of the enterprise
			Easy to ensure enterprise buy in
Challenges	Insufficient customization	Harder to ensure enterprise buy in	Can build dependence
		May not be as responsive to changing operating conditions	Can lose project focus and get pulled into other work

Source: Numbers for Good

8. CONCLUSION

This report summarizes the key insights and recommendations from our analysis of existing literature and in-depth interviews with SGBs, funders, TA providers, and other intermediaries. Our findings are consistent with and complementary to the growing body of research on TA and SGBs, while shedding light on a largely unexplored niche around what it takes to help SGBs scale.

SGBs play a pivotal role in emerging and mature economies around the world, but the path to scale is rarely navigated alone. Technical assistance can help unlock the potential of SGBs on the journey to scale. We therefore invite all SGB stakeholders to join us on this mission to better understand and more effectively implement scale TA. We believe that by adopting well-informed approaches to effective scale TA, more SGBs will scale, creating exponentially more positive economic and social outcomes for their communities.

Our vision is for widespread promotion and education of why, how, and what is needed to scale SGBs. Early stage social entrepreneurship is now widely supported and promoted in a variety of ways. Universities offer courses on social entrepreneurship (or social innovation) and incubators and accelerators are prevalent. This has increased the awareness, desire, and access to information and resources, and formal channels for an individual to become a social entrepreneur. In short, "social entrepreneurship" is its own sector, with a massive and growing supportive ecosystem. This has encouraged a whole new generation of social entrepreneurs.

Our hope is that the pursuit of scale will be just as desirable as the pursuit of social entrepreneurship and information on why, how and what is needed will be accessible in the same ways as earlier stage social entrepreneurship. Scale will become more "mainstream" and knowledge, tools, and best practices will become more widely shared. It will take a significant amount of time, effort, and investment to establish a movement towards adding more rigor to scaling SGBs. But we think it's a vision worth pursuing.

APPENDIX 1: ABOUT THE AUTHORS

About Spring Impact

Spring Impact, formerly the International Centre for Social Franchising (ICSF), is a non-profit that focuses purely on scaling social innovations, primarily through replication into new markets and geographies. Spring Impact was born out of the frustration of seeing social organizations constantly reinventing the wheel and wasting scarce resources. Using a combination of successful and tested commercial and social principles, while drawing on extensive practical expertise, Spring Impact helps organizations identify, design and implement the right replication strategy and business model for scale.[35] While others may focus on investment, on impact measurement or general consultancy, we are wholly focused on helping organizations with a social mission to scale.

About Numbers for Good

Numbers for Good is a leading social innovation and impact investing organization bridging the world of finance to organizations dedicated to improving people's lives and helping the planet. We provide growth consulting, investment raising support and develop innovative financial solutions for organizations delivering impact. We also connect investors, corporates and foundations with opportunities for sustainable financial and social returns and work with governments to increase their social impact. Since our inception in 2012, we have worked with over 100 social enterprises, small and growing businesses, NGOs and corporates to understand how social innovation and innovative finance can help them, created an accelerator fund for social entrepreneurs seeking to tackle healthcare inequalities and worked on over 30 impact bond projects.

[35] Spring Impact defines "social replication" as the process of taking an organization, program, or a set of core principles to other geographic areas or markets, or empowering others to do so.

APPENDIX 2:
KEY TERMS & DEFINITIONS

Technical assistance (TA)[36] – Advisory services that enable a project or enterprise to function more effectively and efficiently, creating the potential for long-term commercial sustainability, systemic impact and ultimately improving the investment viability. In simple terms, TA is non-financial support, provided from an external source to a small and growing business.

Small and Growing Businesses (SGBs) – SGBs are defined by the Aspen Network of Development Entrepreneurs (ANDE) as "commercially viable businesses with between five and two hundred and fifty employees that have strong potential for growth."[37] For this research, we consider an SGB as a business that has the ability to grow beyond generating livelihood incomes, employ upwards of two hundred full time staff to drive growth, promote sustainability, and support equity in emerging and mature economies.[38]

Scale – Increasing revenue and/or impact exponentially as resources are added incrementally. There are many strategies or ways to scale, including replication. For this research, we focus on replication when referencing scale.

Replication – The process of taking an organization, product, service, or a set of core principles to other geographic markets, or leveraging others to do so.[39]

Scale TA – Any externally sourced advisory services that help an investee, project, or enterprise expand their model into new geographic areas or empower others to do so.

Funders – Entities that seek to provide financial support to SGBs. This term is used to refer to both impact investors as well as grant funders such as private foundations who support or seek to support SGBs. In this report we explicitly call out these two types of audiences when appropriate.

Impact investing – Investments made into companies, organizations, and funds with the intention to generate social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets, and target a range of returns from below market to market rate, depending on investors' strategic goals.[40]

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[36] Technical Assistance (TA) is known by many names, a few common alternatives include: technical support, business development services, Non-Financial Support, advisory services, etc.

[37] ANDE (2016): "State of the Small & Growing Business Sector: 2016 Impact Report". Page 6.

[38] The definition of SGB for our report purposefully does not include numerical parameters as it is restrictive to those organizations interviewed that do not neatly fit in varying categories.

[39] This definition is an adapted version of Spring Impact's definition of 'social replication.'

[40] GIIN: 'Impact Investing' https://thegiin.org/impact-investing/

TA providers – Organizations or individuals who carry out technical and non-financial support to SGBs. For the purpose of this research, impact investors and funders who directly provide TA are included in this definition. We use this term in the same holistic way USAID uses the term "support providers."[41]

SGB intermediaries – Organizations that work with SGBs, funders, and/or TA providers but, for the purpose of this research, do not directly provide TA to SGBs. Their work tends to focus on the four key growth barriers: access to talent, access to capital, access to markets, and an enabling business environment. Intermediaries include organizations such as development finance institutions, private foundations, member networks, and research institutions.[42]

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[41] As noted in the USAID report, More than Money, 'support provider' is a holistic term used to refer to those that provide technical support and non-financial support, including the brokerage of linkages sometimes excluded from this definition. The report also makes the distinction between support providers and service provider, which will be enacted here for consistency with language in the sector. "While 'support provider' refers to the organization or program that offers the support, 'service provider' refers to the organization or expert that directly interacts with the client and implements the advisory support. In some cases, one organization may do both."

[42] ANDE, (2016): 'State of the Small and Growing Business Sector, 2016 Impact Report'

APPENDIX 3:
PARTICIPATING ORGANIZATIONS

Spring Impact and Numbers for Good interviewed individuals from SGBs, funders, TA providers, and SGB intermediaries. Below is a list of the organizations that participated in the research interviews:

Funders

1. Acumen
2. Business Partners International
3. Calvert Foundation
4. CDC, Impact Accelerator
5. Eleos Social Venture Fund
6. Elevar
7. Global Innovation Fund
8. Global Partnership
9. GroFin
10. Hivos
11. Investisseurs et Partenaires
12. Inter American Development Bank
13. Johnson & Johnson
14. Leapfrog Investments
15. Novastar
16. ResponsAbility
17. Rockefeller Foundation
18. Root Capital
19. Shell Foundation
20. Unitus Seed Fund
21. USAID
22. Village Capital

SGBs

1. African Renewable Energy Distributor (ARED)
2. Cycle Systems
3. dlight
4. eKutir
5. The Green Kitchen
6. Harambee
7. Inyenyeri
8. Jibu
9. Kheyti
10. Logistimo
11. Pollinate Energy
12. Sanergy
13. Sarvajal
14. Sidai
15. Sistema.bio
16. SMV Wheels
17. Third Space
18. Threads Of Freedom (ToF)
19. Tiny Totos
20. Water & Sanitation for the Urban Poor (WSUP)

Large Business

1. Oportun

Intermediaries

1. Aspen Network of Development Entrepreneurs (ANDE)
2. AVPN

TA Providers

1. ACRE Christian Aid
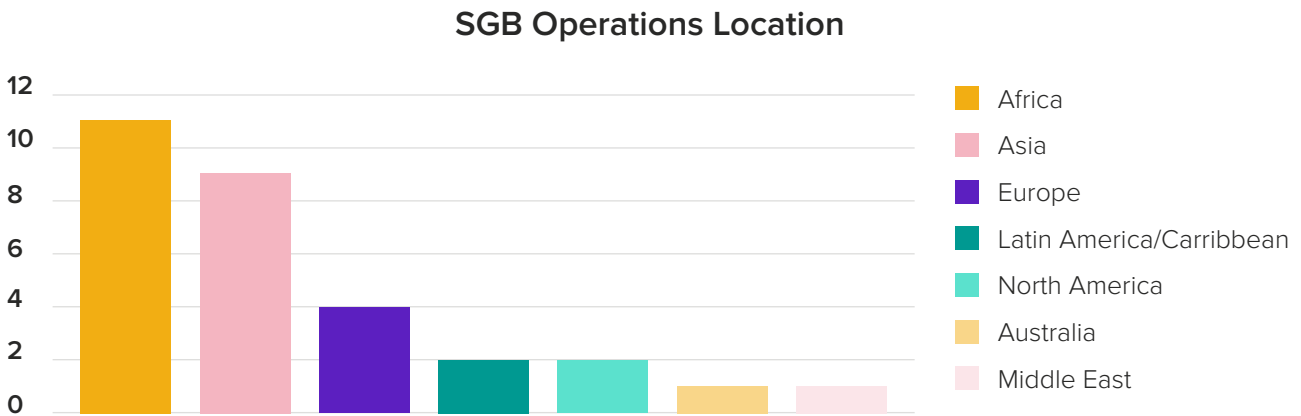2. Agora Partnerships
3. Alterna
4. Ashoka
5. Community Enterprise in Scotland (CEIS)
6. Endeavor
7. Global Social Benefit Institute (GSBI)
8. Irish Social Enterprise Network
9. Smart Power India
10. Uncharted
11. Yunus Social Business

Additional details on SGBs interviewed

The SGBs we interviewed reported annual operating budgets spanned from $60,000 USD to $7M USD. 37% of the SGBs had operations in Africa, followed by 30% in Asia and 13% in Europe. SGBs operated in a variety of sectors, with the most common being involved in Social/Legal Services and Energy/Environment.

Figure 11: SGBs by Operations Location
n=30, SGBs were allowed to select more than one region

SGB Operations Location

Legend:
- Africa
- Asia
- Europe
- Latin America/Carribbean
- North America
- Australia
- Middle East

Figure 12: SGBs by Headquarters Location
n=20, SGBs were allowed to select one region

SGB Headquarters Location

Legend:
- Africa
- Asia
- Europe
- Latin America/Carribbean
- North America
- Australia
- Middle East
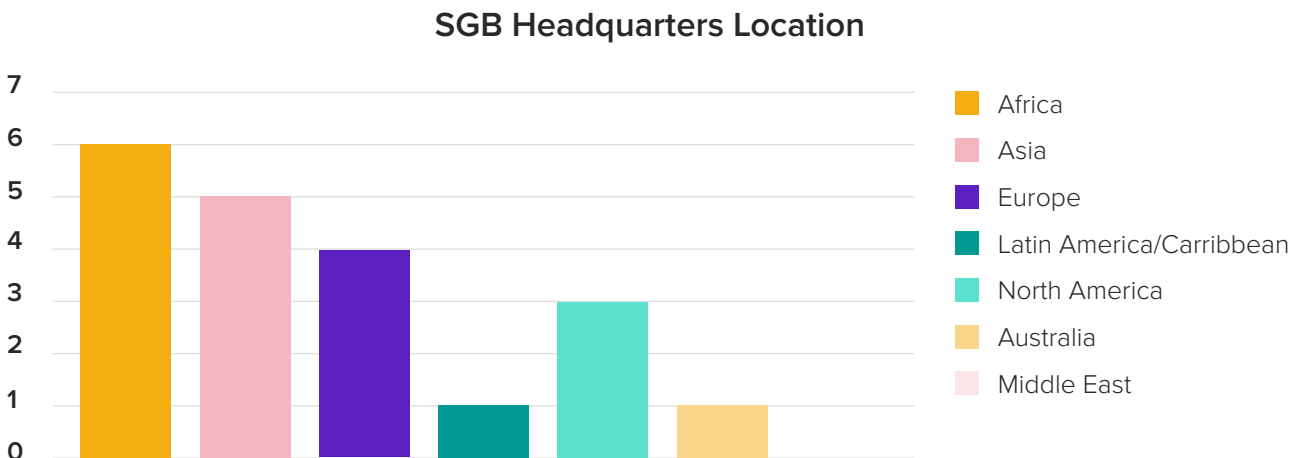
Figure 13: SGBs by Sector
n=30, SGBs were allowed to select more than one sector

SGB Sector

Legend:
- Agriculture/Nutrition
- Economic Empowerment
- Energy/Environment
- Health Services
- Social/Legal Services
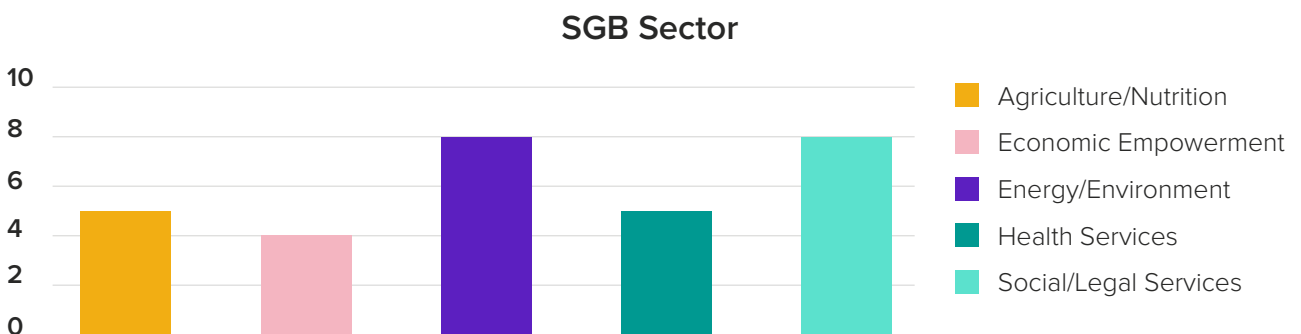
Source: Spring Impact and Numbers for Good
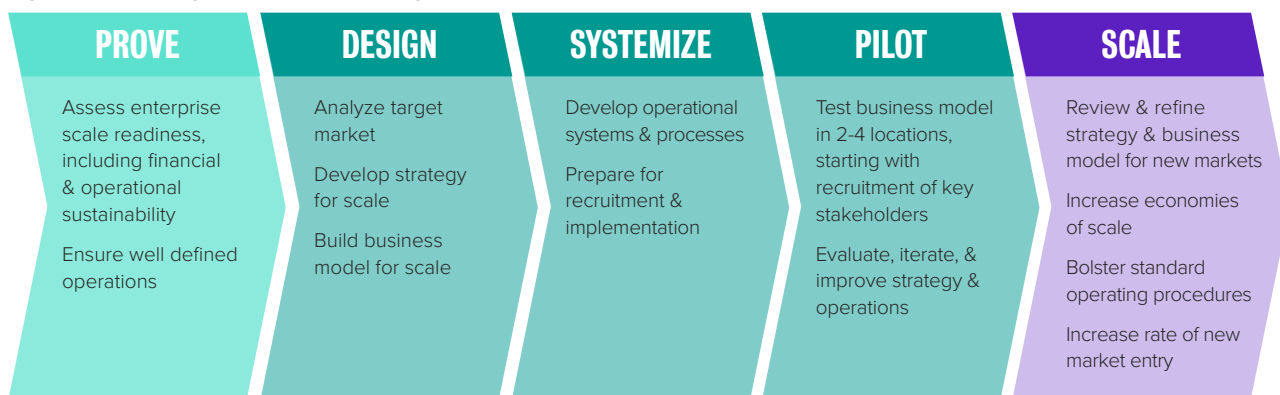
APPENDIX 4:
FIVE STAGES OF SCALE DETAIL

After extensive research and over six years of supporting social ventures achieve scale across 30 countries and through over 120 projects, Spring Impact has developed the Five Stages of Scale.

Figure 14: Spring Impact's Five Stages of Scale

PROVE	DESIGN	SYSTEMIZE	PILOT	SCALE
Assess enterprise scale readiness, including financial & operational sustainability Ensure well defined operations	Analyze target market Develop strategy for scale Build business model for scale	Develop operational systems & processes Prepare for recruitment & implementation	Test business model in 2-4 locations, starting with recruitment of key stakeholders Evaluate, iterate, & improve strategy & operations	Review & refine strategy & business model for new markets Increase economies of scale Bolster standard operating procedures Increase rate of new market entry

Source: Spring Impact

In the first stage, Prove, scale-readiness is assessed in detail. In Design, SGBs develop their strategic goals for scale, as well as their business model to enter new markets. The third stage, Systemize, consists of codifying the operations of the model and any supporting systems. In Pilot, the fourth stage, the focus is on testing and improving the strategy and business model. The final stage, Scale, focuses on increasing the rate of scale: bolstering economies of scale, standardizing operations further, and quicker iterations on the business model.

Below is more detail on the elements of each stage.

Prove Stage elements

The following table represents recommended areas of focus when assessing a social venture's readiness for scale. Traditionally, these comprise Spring Impact's Replication Readiness test, or other similar due diligence or targeted assessment, which helps inform if the enterprise is ready to scale, and highlight what may be involved when scaling.

Table 2: Prove Stage elements

ELEMENTS	HIGH-LEVEL DESCRIPTION
1. Clear Business Strategy	Clarity on the social venture's business strategy and overall aims of the social venture.
2. Product/Service Market Validation	Evidence on the viability of the social venture's product and service, and evidence on the existence of a current market need and pool of customers being served.

3. Sustainable Model Validation	Assessing whether the social venture's model is sustainable, and has demonstrated the potential for the product or service to be scaled.
4. Assessment of Operations	Taking inventory of existing social venture internal functions, organizational principles, and systems.
5. Viability in Other Contexts	Assessing whether the social venture's product or service is able to work in another location with different conditions without significant barriers.
6. Internal Buy-In	Everyone from staff to board members to external stakeholders are in support of scale.
7. External Brand Value	Verifying if the social venture's brand is understood and valued by various audiences (customers, investors, partners, etc.).
8. Supply of Partners	Evidence on a supply of interested parties that are willing and qualified to work with the social venture to scale the product or service.

Design Stage elements

The following table represents the elements of each stage that Spring Impact works through to develop a replication model with its partners. This includes the initial market research needed to contextualize why and where the social venture's plans to scale, and a detailed understanding of what and how the product or service will be scaled to new locations. Spring Impact sees all of these elements as essential components of a social venture's robust business model and strategy for scale.

Table 3: Design Stage elements

ELEMENTS	HIGH-LEVEL DESCRIPTION
1. Scale Strategy	The scale strategy includes, but is not limited to developing, or refining, the: • Problem analysis: Describes the issue that the organization seeks to address, and explains how the issue manifests itself, as well as the root causes • Vision: What the problem looks like when it is fixed, or when the size of the social need is being successfully addressed. • Mission: Summarizes the social problem and what an organization does to work towards its vision • Impact Goal: Specifies the change that the organization seeks to achieve, the target population, where the population is, what success looks like, and the timeframe in which this change is meant to occur [if applicable] • Theory of Change [if applicable] • Target Market & Context • Social [If applicable] and business objectives for scale • End Game: best guess as to how an organization's operations will need to change in the long term (25 years or more) to achieve its vision

2. Understanding the Market & Context	Market research to bolster the social venture's scale strategy and market entry conditions, including but not limited to: • Customer landscape segmentation and concentration analysis • Competitor landscape analysis • Partner landscape analysis • Political, Economic, Social, Technological, Legal, Environmental (PESTLE) analysis • Strengths, Weaknesses, Opportunities, Threats (SWOT) analysis
3. Core	Everything a social venture and its suppliers, implementer partners, and other partners must do at a local level to achieve the desired level of social impact
4. Quality Control	The processes and systems an organization will develop and manage to ensure partner compliance to quality standards
5. Roles and Responsibilities	What a social venture, implementers—partners that deliver the product or service on behalf of the social venture—and other local suppliers and vendors will be responsible for, and how each relationship(s) will be structured
6. Implementer Profile	The experience, skills, and qualifications a potential implementer must have
7. Potential Implementers	The existing organizations or individuals who may be interested and/or able to take on the product or service
8. Replication Offer	What value add a social venture provides its implementers—partners that deliver the product or service on behalf of the social venture
9. Initial Package	The materials and support a social venture provides implementers at startup
10. Ongoing Support	The package of support and materials a social venture provides to implementers on an ongoing basis
11. Monitoring and Evaluation at Scale	What considerations a social venture must have for collecting and analyzing business data at large
12. Exclusivity Requirements	What exclusivity rights, if any, implementers will receive for a set region or consumer base
13. Legal Considerations	The legal implications of a potential business model

14. Financial Model	How finances will flow between the social venture and larger network
15. Branding	Deciding on a branding strategy and what rights, if any, implementers will have in using this brand
16. Governance	The framework for decision-making at scale

Source: Spring Impact

Systemize Stage elements

While the documentation developed during the Systemize Stage hinges on the specific replication model a social venture undertakes, it often includes the following elements.

Table 4: Systemize Stage elements

ELEMENTS	HIGH-LEVEL DESCRIPTION
1. Operational Documentation	The operations manual is often the most important document for an implementer to deliver the intervention or program effectively. It should document all information required for the day-to-day operations. It must be a comprehensive document that is regularly updated. This document provides some guarantee that the quality of the program will be retained at scale.
2. Scale Recruitment Plan	The recruitment plan outlines the activities and processes required to recruit implementers, if any.
3. Recruitment Collateral	The requisite information to support recruitment will depend on the replication model and recruitment strategy and process defined by the organization. However, typically communication materials share more information about the program/intervention, value proposition, and set expectations about the high-level roles and responsibilities from the perspective of a prospective implementer. For example, this can include a prospectus.
4. Evaluation Materials	The social venture may need to develop supporting materials to standardize the assessment of a potential implementer. This can potentially include the following types of materials: a business plan the potential implementer must complete to explain how they will implement the model, an evaluation framework, etc.
5. Legal Agreement	It is important for the social venture to develop a legal agreement if it is undertaking a formal relationship with implementers.
6. Training Plan	The training plan outlines the training topics, objectives, materials, and time required from the social venture and implementers to operationalize the core of the model. This may include in-person as well as remote ongoing training.

7. Pilot Implementation Plan	The detailed implementation plan includes where, when, and how social venture will roll out pilots in the subsequent Pilot Stage. The pilot implementation plan provides the roadmap to test out the chosen business model in 2-4 new geographies. The plan will detail the key milestones the social venture will need to reach for the replication process to be a success, and the key activities that will drive the organization to accomplish these.
8. Progress Plan	The progress plan provides the main activities for local suppliers and implementer partners to successfully deliver the product or service, as well as key performance indicators of success by which to measure their progress.
9. Monitoring & Evaluation Framework	The framework and plan to consider the effectiveness of the different elements of the business model for scale and to ensure that the social venture's product or service works in new contexts, and that feedback is formally captured and improvements acted upon.
10. Communications Plan	Plan to ensure that formal communications are set up within the scaled social venture network. These would include but are not limited to: channels, frequency, stakeholders, objectives, etc.

Source: Spring Impact

Pilot Stage elements

In the Pilot Stage, Spring Impact works with partners to prepare for and execute a small number of pilots to test the replication model and system in order to learn what works well and what needs further improving. The table below provides a high-level description of the elements Spring Impact and partner organizations work on through in the Pilot Stage.

Table 5: Pilot Stage elements

ELEMENTS	HIGH–LEVEL DESCRIPTION
1. Roll Out of the Pilot Implementation Plan	The support with implementing the business model for scale in the new pilot locations, including assessment against the key milestones and activities determined by the Pilot Implementation Plan, and course-correction where needed.
2. Tracking Progress Through the Progress Plan	Assistance with monitoring and reiterating on individual progress plans for local suppliers and implementer partners during the pilots.
3. Feedback Loops Through Monitoring & Evaluation Framework	Instilling feedback loops and communications channels while collecting data in pilot locations using the Monitoring & Evaluation Framework. Furthermore, using the data collected from these mechanisms to refine the business model.
4. Updated Strategy and Model	As the pilots progress, key learnings and data collected through feedback loops will help refine the Strategy and Model built in the Design stage.

5. Pilot Expansion	The process and plan to determine when, where and how new implementation sites will be executed, having learned and improved the initial replication model and system based on the first pilot(s).
6. Updated Systemize Documentation	As the pilots progress, key learnings and data collected through feedback loops inform updates to the documentation and materials produced in the Systemize stage.
7. Revisit and Refine Financial Model	It is worth revisiting the financial model to ensure costs and revenue estimates are accurate.

Source: Spring Impact

Scale Stage elements

During this stage, the organizational changes needed within the social venture and other considerations important to achieve scale come into view. Tools used in earlier stages such as SWOT and PESTLE analyses can be helpful in staying on top of changing market conditions, while the ongoing feedback loop systems and processes implemented in the Pilot Stage will help to refine the social venture based on greater amounts of data. Scaling up is an ongoing process, with some of the ongoing considerations and activities described in the table below.

Table 6: Scale Stage elements

ELEMENTS	HIGH-LEVEL DESCRIPTION
1. Scale Ladder	An exercise that looks towards the three-year projections of the social venture and how it plans to get there. Typically, a Ladder Diagram includes a target goal, delineates critical factors that may change, and details realistic milestones for these factors over the next few years. Lastly this exercise may result in a detailed and costed implementation plan, assigning responsibility for achieving each change.
2. Success Factors for Scale	Determining what aspects will need to be in place for further scale to be considered successful. The following three elements are examples of potential Success Factors for Scale.
a. Revisit Financial Model	It is worth revisiting the financial model as much of the same information in this tool from the Design Stage will be important to financing additional scale beyond the pilots.
b. Bolster the Brand and External Communications	Reassessment of the social venture's reputation and public perception is an important part of ensuring longevity during scale up. This may include creating a communications department where before one did not exist, or building or supplementing new public relation or communications skills.
c. Managing organizational Change	Consider how best to manage the changes to your business that come with growth, including changes to culture and values, and hiring new staff.

Source: Spring Impact