TBN Final Evaluation 2019

Executive Summary

prepared by

IPE TRIPLELINE

Expanding Horizons. Enriching Lives.

in association with

endeva

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The three overarching objectives of the evaluation are to contribute to management and learning, and assess accountability by:

- Developing a set of recommendations and lessons that will enhance TBN's services;
- Contributing to sector-wide evidence base on what works in BDS, and
- Providing an objective assessment of TBN's services in Kenya delivered primarily through its Scale for Success Program as well as targeted investment raising support.

Triple Line and Endeva have carried out the evaluation on behalf of Argidius, assessing TBN's activities under its S4S (scale for success) programme and tailored investment raising support between April 2017 and July 2019. Data was collected for this exercise through a mix of approaches ranging from secondary data review, key informant interviews with case study businesses, TBN team and other stakeholders and through focus group discussions carried out in Kenya and in Uganda.

The main contribution to date of the S4S programme to supported businesses has been on short to medium term outcomes (productivity / efficiency and performance improvements) through changes on strategic / business model re-alignment, changes to internal systems and processes (in particular finance and day to day operations) and staffing changes. Of the enterprises who submitted full financial data for the period under review, 40% have positive compound growth rates. So far, there is limited evidence (5 businesses so far) of the effect of the S4S training, coaching and investment raising support has had on top line revenues. In three out of the five businesses who explicitly indicated this, this was brought about by direct (1) and indirect (2) support to raise capital with the remaining two businesses reporting changes to top line revenues brought about by changes made to their pricing and target market strategies.

A point worth noting is that businesses interviewed who reported positive growth (besides the 5 above) attributed this growth to business as usual (BaU) practices and not due to changes made following the training and coaching exercises. The majority of businesses interviewed expect to see top line growth related evidence of S4S related changes over the next 12 to 18 months. The sector the business is operating in, age (period in operation), location (rural or urban) and cohort did not have any bearing on the performance of the businesses evaluated with mixed results observed.

Classroom based cohort training and one to one coaching sessions were the top-rated Scale for Success service offerings with the training receiving an average satisfaction rating of 72 across the first 4 cohorts supported and coaching getting a 95% satisfaction rating across enterprises interviewed. The training component scored well due to its experiential nature with coaching coming out on top due to the personalized (1 to 1) approach to the coaching sessions which enabled the entrepreneurs to discuss specific challenges pertinent to their individual businesses.

On average, 40% of entrepreneurs enrolled into the programme with one of their objectives being to **raise funds** to finance day to day operations and for expansion purposes. The evaluation found that only 10% to 15% of the S4S supported businesses were judged to: a) Need investment at their current stage (The rest can grow organically by making certain changes to their strategy and operation) and; b) Be investment ready. For the investment ready businesses, raising funds has been a daunting task with only 3 firms able to raise funds to date. Of the three, one raised funds with direct support from TBN with the other two raising funds independently but through networks provided by TBN.

The main challenges to fund raising are: a) A mismatch between the ticket size (S4S cohort members funding requirements range between $100,000 and $200,000 whereas majority of investors are looking for ticket sizes ranging between $500,000 and $2.5M) in addition to cohort businesses requiring different types of capital than what is widely/easily available in the local market (Cohort businesses are mainly seeking (concessionary) debt, revenue-based, or mezzanine finance); b) The business growth stage / capacity concerns by investors (risk appetite) on investee ability to absorb and service the funds received and; c) The long duration it takes to structure and close out a funding deal.

Business outreach and recruitment efforts underwent some changes with the approach shifting from direct engagements based on one to one efforts (utilizing personal connections) to working with institutional partners which has been necessitated by a struggle to get applicants for latter cohorts coupled with a number of drop outs. Many of these partnerships are expected to serve a dual role of tapping into partner networks as well as acting as an additional revenue stream through cohort sponsorship. How effective this approach will be is yet to be confirmed.

From the onset, TBN and the S4S programme specifically struggled to roll out and sustain an **alumni engagement** programme. The “pay to attend” approach coupled with the formal nature of the sessions acted as deterrents to alumni attendance as they were looking to informally network and exchange ideas at low or no additional costs. In addition, limited internal capacity within TBN has in the past prevented them from carrying out regular follow ups with alumni businesses (in particular the first two cohorts) and as a result when the alumni engagements were rolled out, attendance and commitment was low.

The above factors informed the change of approach to setting up of less formalized peer to peer engagement sessions which are free to attend. TBN has also gone on to recently introduce regular (3,6 and 12 months intervals) engagements with individual enterprises aimed at cultivating the relationships and finding out areas where the programme can be of support to the SGBs post the S4S training and coaching.

The cohort businesses mentorship intervention failed to take off occasioned by several challenges including identifying and recruiting mentors - The pool of mentors willing to invest time for free was smaller than initially anticipated. Secondly, it was challenging to connect mentors with mentees - In some instances, there was a disconnect mainly on personalities, expectations from the exercise, and time availability, which led to the majority of mentor / mentee relationships not taking off.

Despite the strong internal culture and desire for continuous **monitoring and learning** coupled with relatively good M&E systems and processes, capturing data from some of the alumni has been a struggle for the TBN team and this was also reflected in the evaluation exercise with a section of supported enterprises providing intermittent financial data and a handful not wanting to be involved in the evaluation exercise. This was mainly attributed to insufficient initial follow up / relationship management (and in particular for the first two cohorts) resulting in some of the alumni disengaging from the process and TBN in general.

To date, **Grant funding** has constituted approximately 88% of TBN’s income with the remaining portion financed through programme (S4S) fees. Despite projected additional revenues from conference fees, conference sponsorships and institutional clients it remains unlikely that TBN will be able to fully operate without any grant support in the interim. TBN considers 50% subsidy a minimum requirement in the short to medium term - the next 3 to 5 years.