

# MANAGEMENT RESPONSE

## DevLearn External Evaluation

FEBRUARY 2021

### Introduction

Over the past 12 years, MicroMentor's easy-to-use social platform has enabled the world's largest community of purpose-driven entrepreneurs and business mentors to create powerful connections, solve problems, build, and grow successful businesses together. We are deeply grateful to the Argidius Foundation and DevLearn who have made this learning opportunity and validation of MicroMentor's global impact possible.

Rooted in MicroMentor's Theory of Change and ultimately in service of our mission, to overcome geographical limitations and deliver business resources at scale to underserved communities, MicroMentor employs a rigorous framework of Monitoring, Evaluation, Research and Learning (MERL) activities. The underlying purpose of our regular MERL activities and collaborating with DevLearn to deliver this evaluation is to verify programmatic efficacy along the **MicroMentor Theory of Change**:

**IF** committed entrepreneurs and operational business owners have identified a business challenge, are dedicated to its resolution, and have easy access to business mentoring resources,

**AND** these individuals build a meaningful relationship with a relevant business mentor,

**THEN** they build capacity to make better decisions about their business.

**THEN** they are more likely to achieve success in developing their business, measured by increased business survival, self-employment, and jobs created and retained.

### Key Findings

Key findings from the DevLearn evaluation helped to verify some of MicroMentor's previous findings on impact as well as provide new insights that our team is excited to integrate into our work.

#### Validation of Impact:

- Entrepreneurs made meaningful connections with mentors and took actions based on mentoring.
- Mentoring led to an increase in external finance, and likely to an increase in self-employment.
- Mentoring is associated with a higher likelihood of being self-employed

## Selected Findings and MicroMentor Response:

Finding	MicroMentor Response
<i>Though there is evidence that mentoring has intermediate effects, high-level business outcomes of revenue and job creation were inconclusive.</i>	<p>This finding highlights the lack of a direct, causal effect between receiving mentoring and experiencing what are inevitably long-term business outcomes like revenue growth and jobs created. We assert that MicroMentor improves long-term business outcomes indirectly: mentoring improves intermediate outcomes that are in turn correlated with long-term firm growth. Based upon existing peer-reviewed research it is known that intermediate improvements by mentoring have positive downstream effects on long-term venture-level outcomes. MicroMentor has shown to have statistically significant impacts on crucial interim outcomes such as access to finance and business survival. These statistically significant findings, in combination with the secondary research that shows the influence of these outcomes on long-term venture-level outcomes, provide a clear through line from receiving mentoring to the firm growth that this evaluation failed to find direct evidence for.</p> <p>Additionally, there are a number of compounding difficulties in analysis and data collection that make this connection difficult to enumerate in a statistically significant manner. One such difficulty comes from the broad audience served by MicroMentor: it is very difficult, if not impossible, to draw accurate conclusions from revenue data abstract of regional and industry context. A more fine-grain analysis on these outcomes is necessary to understand the true impact of mentoring on long-term outcomes. That analysis requires both larger sample sizes and a targeted, regional approach to evaluation that MicroMentor intends to pilot in the coming year.</p>
<i>Idea stage entrepreneurs are less likely to engage in mentoring activity, are less clear on what support they need from a mentor, and receive mentoring less often.</i>	<p>This finding was consistent with our observations and hypothesis on audience selection. Since then, MicroMentor has worked to refine its target audience based upon stage of business, with the intent to move away from attracting pre-entrepreneur stage participants. Early improvements have already resulted in reducing very early stage entrepreneurs by nearly 10%. We will also focus our product improvements to better women and other under-resourced communities.</p>
<i>Mentors and entrepreneurs need more support in matching with and understanding each other's needs.</i>	<p>This finding also underscored MicroMentor's strategic priorities to dramatically increase the proportion of mentoring connections (entrepreneurs and mentors finding and engaging in mentoring relationships). Towards this end, several actions in progress include: improving the profile creation experience, optimizing the profile matching recommendations and functionality that are automated within the MicroMentor platform, and optimizing onboarding and educational resources in order to fully set expectations and ensure that all participants understand how to get the most out of the MicroMentor platform. Initial user experience improvements have already resulted in an additional 23% of entrepreneurs reaching out to potential mentors.</p>

## Management Perspective

**MicroMentor would like to call attention to the following parameters and/or limitations of this study:**

1. Any interpretation of these results must come with the understanding that Mentoring is rooted in human connection. The impacts of mentoring are a result of something more than a quick transfer of knowledge: they come from a relationship that is built over time. This hard to quantify, yet extremely critical personal element has proven to be catalytic for entrepreneurs, particularly those who don't otherwise have equitable access to resources. Attempting to fit a clear causation based on typical industry standards may well be detrimental to the dissemination and adoption of this critical resource.
2. Not finding a statistically significant effect from mentoring on these long-term outcomes is not the same as finding that mentoring has no effect. The size of improvements in revenue and job creation expected in such a short time frame are difficult to capture, yet MicroMentor's annual impact analysis consistently finds evidence of the positive impacts of virtual business mentoring. Even if these findings are not always statistically significant, the regularity with which the data support these impacts is important to note.
3. This evaluation was conducted as a "point-in-time" analysis, relying on the participants' on-the-spot recollection of multiple years of employment and financial data. Our current methodology, which has members self-reporting this data at two distinct points in time, likely allows for more accurate reporting on these figures.
4. The COVID-19 analysis shows that the majority of respondents were negatively impacted by the pandemic, making it likely that the results of this evaluation were influenced by this exogenous factor. The analysis did not seek to control for the effects of COVID-19.

## Next Steps

MicroMentor looks forward to sharing this analysis with the sector at large, and offering our insights to organizations committed to solving similar challenges for global entrepreneurs. MicroMentor looks forward to integrating the best practices identified by DevLearn in the delivery of our future surveys and impact evaluations. We will also focus on strengthening the evidence of the intermediate business outcomes that MicroMentor has influence over and their relationship to long term economic indicators, such as revenue and jobs.