

prepared by



in association with



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Acronyms

BDS	Business Development Services
CAGR	Compound Annual Growth Rate
ERP	Enterprise Resource Planning
FTE	Full Time Equivalent
KES/KSh	Kenya Shilling
NHIF	National Hospital Insurance Fund
ROTI	Return on Total Investment
S4S	Scale for Success
SGB	Small and Growing Business
TBN	Transformational Business Network
TOC	Theory of Change
USD	United States of America Dollar

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Executive Summary

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 Endeava 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.

1. Introduction

The **Argidius Foundation** (Argidius) focuses on improving the effectiveness and reach of small enterprise business development services (BDS). For this purpose, Argidius provides grant funding to organisations that support small businesses in achieving business growth in its focus countries.

The **Transformational Business Network** (TBN) is a global movement of impact investors and entrepreneurs working to scale growth-stage businesses and unlock investment capital to create a lasting impact in Africa and Asia. TBN East Africa is providing entrepreneurship training and coaching through its Scale for Success (S4S) Programme as well as tailored investment raising support.

Argidius and TBN entered into a three-year partnership in 2016. The purpose of the partnership is to scale TBN's business advisory services in Kenya, and to act as an ecosystem integrator in identifying early stage Small and Growing Businesses (SGB's) and support them in their journey from preparation to scale.

Argidius has requested that an independent evaluation of TBN be undertaken to provide an objective assessment of TBN's services.

1.1. Evaluation purpose & scope

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 Endeava have carried out the evaluation on behalf of Argidius, assessing TBN's activities under its S4S programme and tailored investment raising support between April 2017 and July 2019. By taking this focus, the assessment has placed an emphasis on the contribution of TBN to successful outcomes on business performance; short and medium-term results; and factors that have positively and negatively influenced results. As the evaluation has taken place during a relatively early stage of TBN operations in Kenya, the assessment considers the trajectory of sustainability and direction of the impact pathway. The evaluation has primarily focused on TBN's activities in Kenya. Where appropriate activities arising from the TBN's recent expansion to Uganda have also been considered.

1.2. Evaluation methodology

The overall approach to data collection and analysis has been theory-based, using a mixed methods approach, combining quantitative data analysis with qualitative methods to answer a set of six main evaluation questions listed below. The detailed evaluation framework summarising the main and sub-evaluation questions was presented in the inception report.

Main evaluation questions:

1. How relevant is the support provided by TBN to SGBs and the contexts in which they operate?
2. What aspects of TBN's support worked, did not work, and why?
3. To what extent did TBN support contribute to positive (or negative) outcomes for SGBs?
4. To what extent are TBN monitoring and learning effectively?
5. How sustainable will TBN's support to SGBs be after Argidius and other donor support is completed?
6. Does the support TBN provide SGBs with deliver good value for money?

The evaluation approach included reviewing and revising TBN's theory of change at each stage of the evaluation (see annex 1), which has been carried out based on three phases summarised in Table 1. A full list of all interview partners for both data collection phases is included in annex 2.

Table 1: Summary of evaluation phases, activities and deliverables

Phase	Timing	Activities	Deliverables
Inception Phase	March-April 2018	<ul style="list-style-type: none"> Review of existing TBN documentation and data sets Meetings and calls, including a kick-off meeting and a full day inception workshop with the TBN team in Nairobi. 	Inception Report including evaluation framework and revised theory of change
Data collection phase 1	April-June 2018	<ul style="list-style-type: none"> Review of existing TBN data Eight one-one interviews and two focus group discussions with cohort entrepreneurs in Kenya Meetings with TBN staff and interviews with external stakeholders 	Interim report on initial findings and trends
Data collection phase 2	April-June 2019	<ul style="list-style-type: none"> Eight one-one interviews and three focus group discussions with cohort entrepreneurs (Kenya & Uganda¹) Meetings with TBN staff and interviews with external stakeholders 	Final evaluation report (this report)

1.3. This report

This report is the final evaluation report and builds on the findings from the report presented in July 2018. It combines insights and findings from all evaluation phases. It is structured into the following six sections with the relevant evaluation questions addressed highlighted at the beginning of each section:

- ≡ Section 2 provides an overview of TBN's activities including the programme approach and progress made to date for each of the key activity areas.
- ≡ Section 3 assesses the relevance of TBN's offer to their target market by analysing business outreach and selection.
- ≡ Section 4 assesses the effectiveness of TBN's activities across its key activity areas. It assesses the performance of TBN service offerings in addition to that of supported portfolio businesses.
- ≡ Section 5 assesses TBN's operating model with a particular focus on cost effectiveness in addition to assessing performance of its internal monitoring and learning activities.
- ≡ Section 6 assesses TBN's potential for future sustainability.
- ≡ Section 7 includes conclusions and recommendations.

We would like to thank the TBN team for their collaboration and efforts to facilitate the data collection and review and sharing insights and learning.

¹ It should be noted that one business would not talk to the evaluation team and were replaced with Beacon of Hope

2. Overview of TBN's activities

Summary:

- ≡ Since starting its operations in East Africa, TBN's offer to entrepreneurs has largely remained unchanged: The core S4S programme is based on supporting general and sector-specific cohorts of businesses through classroom-based training and individual coaching. Some incremental changes to the S4S programme have been undertaken with greater attention on cost cutting and preparation for investment raising.
- ≡ In addition, suitable enterprises - i.e. those considered 'investment ready' - receive individual investment raising support upon completion of the training programme. Setting up an alumni network is still a core part of TBN's activities.
- ≡ In Kenya, TBN's core offer focuses on 'purpose-driven', established businesses with a minimum track record in terms of years of operation and revenue generation, and a clear desire and potential to grow and scale.
- ≡ In addition to its operations in Kenya, TBN expanded into Uganda in 2018, which is considered by TBN to have a slightly less mature entrepreneurial ecosystem compared to Kenya.
- ≡ In addition to its core offering, TBN is in the process of piloting a scaled down version of its S4S programme, titled 'S4S lite'. S4S lite is targeted at institutional partners working with subsidiary organisations that have a specific need which the S4S lite programme is customised to meet.

2.1. TBN's approach and summary of progress to date

TBN Kenya is providing cohort-based entrepreneur training and coaching through its Scale for Success (S4S) Programme as well as tailored investment raising support. Its overarching impact goals, namely to contribute to economy growth, poverty reduction and job creation in East Africa, and to contribute to the growth of a value-based entrepreneurial ecosystem, have remained unchanged since the start of its operations. The S4S programme offers general and sector-specific cohorts and is implemented over six months with once a month classroom-based training coupled with one to one coaching sessions.

To date, the programme has completed four cohorts in Kenya including a total of 61 enterprises. Support to a health and wellbeing cohort including seven enterprises is currently ongoing. An overview of all Kenya cohorts is included in Table 2. In addition to Kenya, TBN has expanded its operations to Uganda in the second half of 2018. To date, one Uganda cohort has been completed (cohort 5, 27 enterprises) and one cohort is ongoing (cohort 7, 14 enterprises). Both Uganda cohorts are general, i.e. do not have a particular sector focus.

In addition to its core training and coaching programme implemented over six months, TBN are in the process of expanding their offer to also include a scaled down 'S4S lite' version. This programme format has been developed in response to what TBN consider a gap in the market and expression of interest from partners. It will be implemented in partnership with third parties and adapted to the specific needs of enterprises in the partner's networks. Compared to TBN's core offer (the full S4S programme), 'S4S lite' will be implemented over a shorter period of time with less intensive contact time. Pilot roll out will start in Uganda, where the entrepreneurial ecosystem is less mature compared to Kenya, however, roll out will not be limited to Uganda as TBN also feel there is need for a similar intervention in Kenya.

Table 2: Summary overview of TBN Kenya cohorts

	Cohort 1 (general)	Cohort 2 (health & wellbeing)	Cohort 3 (general)	Cohort 4 (agriculture)	Cohort 6 - ongoing (health & wellbeing)	Mean
No. of businesses	16	18	15	12	7	13.6
Kenyan owned	94%	76%	93%	92%	71%	85%
Enterprise age (years) ²	Range: 2-15 Median: 6 Mean: 6	Range: 0.16-24 Median: 5 Mean: 6.6	Range: 1-38 Median: 7 Mean: 9	Range: 1-17 Median: 4 Mean: 5.2	Range: 1-9 Median: 3 Mean: 3.7	6.1 years
No. of full-time employees	Range: 3-40 (80) * Median: 6 Mean: 16	Range: 5-80 (107) * Median: 16 Mean: 31	Range: 3-80 Median: 8 Mean: 15	Range: 2-17 Median: 6 Mean: 7	Range: 3-21 Median: 8 Mean: 9	15.6 FTEs
Annual turnover (USD), baseline year	Range: 20k-14m** Median: ≈ 168,241 Mean: ≈ 1,209,011	Range: 2.5k- 3.7m*** Median: ≈ 180,577 Mean: ≈ 581,370	Range: 10k-1m**** Median: ≈ 146,785 Mean: ≈ 216,683	Range: 2k-1m***** Median: ≈ 44,000 Mean: ≈ 200,000	Range: 43k-351k Median: ≈ 160,000 Mean: ≈ 180,000	\$477,000
Investment ³	<ul style="list-style-type: none"> Data on previous investment efforts not available Two businesses currently seeking with TBN help 	<ul style="list-style-type: none"> 75% had successfully raised finance from a bank or an investor before; 10% had tried and were unsuccessful Six businesses currently seeking with TBN help 	<ul style="list-style-type: none"> 60% had successfully raised finance from a bank or an investor before; 13% had tried but were unsuccessful 57% were seeking investment at baseline stage 	<ul style="list-style-type: none"> 100% indicated they wanted to seek investment during or after S4S (N=9) 66% were in discussions with investors outside TBN at baseline stage One business has successfully raised finance (equity, June 2019 data) 	<ul style="list-style-type: none"> 86% indicated they wanted to seek investment during or after S4S 57% were in discussions with investors outside TBN at baseline stage 	N/A

*outliers, **outlier: VAELL/Impact Lease \$14m, *** outliers: Hallel Pharmacy \$3.7m, Melchizedek \$2.1m, **** outlier: Hema Hospital \$1m, ***** outlier: Exotic EPZ:

² At time of application

³ It should be noted that information on previous investment raised is based on applicant information shared in their online application forms. This means accuracy of data has not been confirmed. Further, focus group discussions conducted have shown that the majority of businesses have previously raised money from family and/or friends as opposed to 'formal' investors.

2.2. Business selection

TBN still consider the biggest need for their services in Kenya among the 'oxen' of the economy⁴, i.e. established businesses with a certain revenue and employee track record, but with none or limited investment so far other than from informal sources or financial institutions. The selection criteria reflect this focus:

- ≡ Purpose-driven enterprises with demonstrable impact on the society or environment.
- ≡ Ambition to grow & ready to scale internationally, nationally or regionally.
- ≡ A team of more than five employees.
- ≡ Minimum turnover of Ksh15 million per year⁵ (approximately USD 150,000).
- ≡ 3+ years in operation.
- ≡ Track record of integrity and respected by peers.
- ≡ Innovative product, service or business model.

Since its programme inception the above-mentioned criteria has largely remained unchanged with a few exceptions (for example, some businesses have been accepted into the programme but do not yet meet the stipulated minimum turnover requirement or are younger than three years – this has mostly been the case in latter cohorts). The selection process has largely remained the same - enterprises apply online, the TBN team review the applications and undertake site visits to a number of enterprises, following which a team decision is taken. Feedback from the TBN team indicates that 80% of Kenya based respondents satisfy the criteria set out with the percentage in Uganda being lower at 50%. The number of business participating has however declined as set out Figure 3.

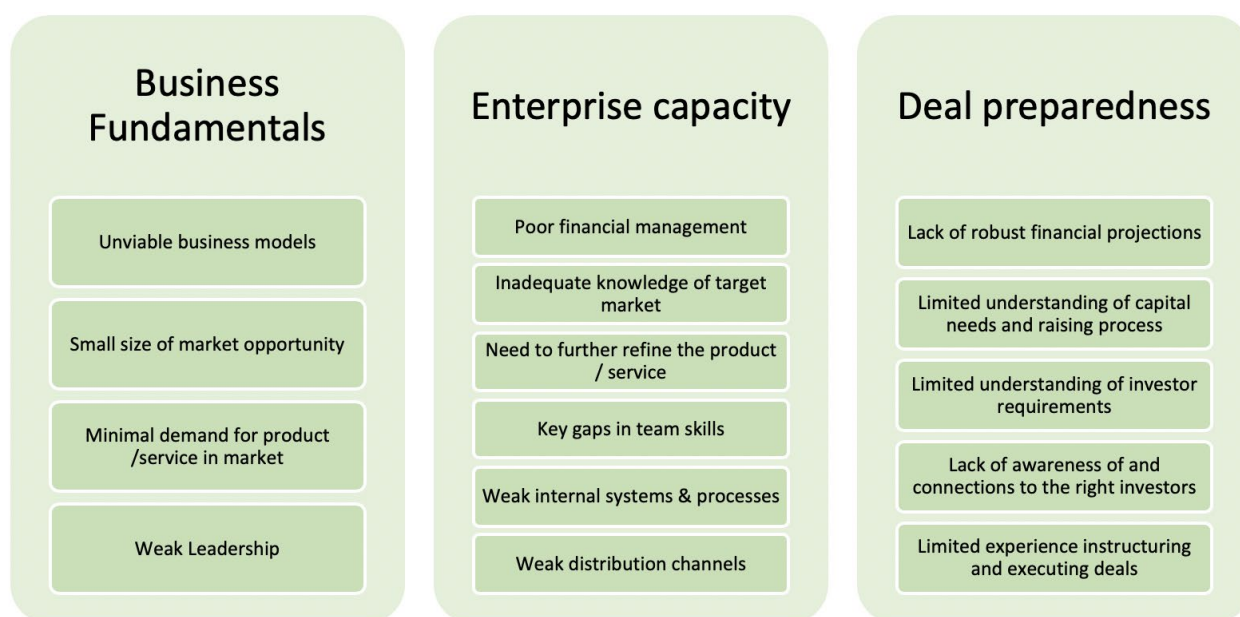
2.3. Classroom-based cohort training and one-one coaching

TBN designed its S4S programme based on the notion that there is a lack of technical assistance to a) help SGBs grow and scale their business models, and b) assist them to access investment. Based on its knowledge and insight about the enterprise ecosystem in East Africa, TBN considered a range of business challenges as the most pressing (see Figure 1).

⁴ What Argidius refers to as 'dynamic' businesses in their categorisation of SGBs

⁵ For agribusiness focused cohorts, the revenue threshold is slightly lower: KES 10 million

Figure 1: Typical challenges faced by entrepreneurs in East Africa



Source: TBN

This informed programme design bringing together the **two current key components of classroom-based training and one-one coaching**. The S4S classroom-based training encompasses five overarching areas: a) The Entrepreneur; b) The Business; c) Operations; d) Resources and; e) Implementation (see Figure 2). Each of the sessions is covered in a 1 to 2-day training session over a total period of six months. One-one coaching happens after each training session and focuses on a) support on how best to apply concepts and theories covered in the training sessions and b) in-depth discussions and exploring options to address specific issues faced by a specific business.

Figure 1: S4S programme overview 2019



The Uganda interventions have been designed based on learnings from S4S implementation in Kenya. Apart from the piloting of the 'S4S lite' component and localising of contextual references, **TBN have not yet seen the need to undertake any major adjustments to the training/coaching strategies and activities between the two countries**. One significant difference between the Kenya and Uganda operations is the lower focus on investment readiness as majority of enterprises in Uganda are operating at an earlier stage. So far, receptiveness and commitment from the entrepreneurs in Uganda is very high. TBN consider less exposure to similar programmes as one reason for this.

2.4. Investment raising support

Following completion of the six-months training program, **TBN works with selected enterprises (i.e. those that have been deemed "investment ready") to provide individual investment raising support**. This involves working with them to prepare detailed financial models and pitch decks, mobilising investors from within and outside the TBN network to provide necessary finance, and

connecting investors with cohort businesses through the TBN investment summits⁶ as well as via direct introductions.

TBN consider their investment facilitation support as an important differentiator compared to other BDS providers and are of the opinion that approximately 10-15% of cohort businesses have the need and potential to eventually raise investment following completion of the S4S programme. However, **to date, investment raising support has resulted in a much smaller number of completed deals than previously anticipated.** TBN's direct investment raising support has only led to one completed deal (see Box 1). TBN introductions to other investors (indirect investment facilitation support) have resulted in two closed deals. While the businesses express disappointment in this area, it was apparent to the evaluation team that there remains an unrealistic expectation for a lot of the business in the extent to which they were investment ready.

Out of the eight enterprises from cohort 1 and 2 who received active investment raising support in mid-2018, one business has successfully closed a deal, one business raised finance through other sources, and discussions are still ongoing with two businesses. For the remaining three businesses, active investment raising support has ceased. At the time of writing this report, a total of twelve businesses were receiving (active) investment raising support. The majority of these twelve businesses are from cohorts 4-6 and are seeking between \$30,000 and \$600,000⁷. The total current pipeline size is approximately \$1.8 million⁸. A full list of all relevant enterprises including updates to enterprises that previously received investment raising support is included in annex 4.

Box 1: Healthcare investment

This business (TBN cohort 2) has been operating a health clinic for low-income households in one of Nairobi's slums since 2013. With TBN's support, the business has successfully raised a loan of \$60,000 with a two-year grace period followed by a 5-year payback period at 5.3% interest rate.

The loan has enabled the business to scale their business through opening a second clinic in a neighbouring slum. The investors include Ninety Foundation (\$30,000) and three HNWI who have each committed \$10,000. Some of the investors were introduced to the business at TBN's investment summit in Nairobi in mid-2018.

The deal was completed at the end of 2018/early 2019. Practical issues such as the need to develop a loan agreement and the need to agree payback arrangements for cross border payments have led to some delays. TBN has not received any investment brokering fee, but has agreed some elements of fee-based post investment support with Ninety Foundation.

2.5. Alumni support

Setting up an alumni network is a core component contributing to TBN's impact goals. There are different drivers behind the objective to provide alumni support:

- ≡ One of the underlying assumptions is that a strong alumni network will help to disseminate TBN's values across a wider business community and hence contribute to TBN's goal to grow a value-based entrepreneurial ecosystem in East Africa.
- ≡ Alumni support can present an additional revenue source if certain services are offered on a fee-paying basis. Existing enterprises are already loyal 'customers' and this providing them with additional services generates revenues without additional acquisition costs.

⁶ As of July 2019, TBN organised one investment summit in Nairobi (mid 2018) and one investment summit in Uganda (mid 2019).

⁷ One business is looking to raise \$5.5 million, and one business is looking to raise \$1 million

⁸ The total pipeline size is over \$8 million if the two 'outliers' mentioned above are also included.

- Many businesses are likely to require investment as they grow and scale their business models, but this may likely require time. Establishing a sustainable relationship upon completion of the core S4S programme enables TBN to remain up-to-date with business' progress and potential need for investment raising support.
- Building an alumni network will help to build and promote the TBN brand offering the opportunity to recruit future businesses through referrals and greater awareness of TBN among relevant entrepreneur communities.

From an entrepreneur's perspective, there is value in having a community of likeminded people being on a similar journey albeit at different stages. **Entrepreneurs interviewed state peer-to-peer learning and exchanges as having immense value.** In addition, these communities have in some cases gone on to open up partnership (revenue generating) opportunities.

An overview of all alumni engagements to date is included in Table 3 below.

Table 3: Alumni engagements

Date	Detail	Participants
March 2018	■ Kenya Impact Investment Summit (Nairobi)	about 150 delegates
July 2018	■ Soft launch of Phoenix ■ Coinciding with FGDs for TBN evaluation phase 1	15 entrepreneurs
November 2018	■ Launch of Phoenix	66 entrepreneurs
May 2019	■ Cohort 1 lunch	5 entrepreneurs
June 2019	■ Breakfast meeting ■ Coinciding with FGDs for TBN evaluation phase 2	11 entrepreneurs
June 2019	■ Uganda Pitch Competition for Uganda cohort 1 and 2 ■ Winners of pitching competition received free tickets for Impact Investment Summit	18 entrepreneurs
July 2019	■ Uganda Impact Investment Summit (Kampala)	110 entrepreneurs, of 70 fee-paying attendees

3. Assessment of TBN's relevance

Evaluation question addressed in this section:

How relevant is the support provided by TBN to SGBs and the contexts in which they operate?

MEQ: Are TBN reaching, selecting and engaging with the right small businesses?

MEQ: To what extent did the services provided by TBN meet the needs of the businesses served?

MEQ: To what extent are the businesses locally owned?

Key findings:

- ≡ Given the overall market context, there definitely seems to be a need among the target businesses for TBN's suite of services and supported entities have found in particular the training and coaching components to have added considerable value to their business operations and to themselves as business owners. However, in the currently highly competitive market TBN is operating in, convincing potential businesses that TBN is right for them continues to be an arduous task.
- ≡ Business outreach and recruitment presented significant challenges with the number of applications and subsequently recruited businesses per cohort on the decrease in the most recent cohorts. Current levels remain lower than what TBN considers as the ideal cohort size (15 to 20). Other providers in the market interviewed for this evaluation also indicated they are facing similar challenges.
- ≡ On average, 60% of applicants meet TBN's selection criteria. TBN report that the quality of applicants has gotten better with time although this has been negated by a decline in total number of applicants coupled with a few dropouts (post receiving TBN offers).
- ≡ To address the recruitment challenge and in response to expressions of interest to collaborate from various institutions, TBN have incorporated institutional partnerships as a recruitment mechanism. It remains unclear how effective and sustainable these partnerships will be. The aforementioned partnerships are expected to offer dual benefits of recruitment and sponsorship (in which case TBN acts as a capacity building service provider). One of the potential risks of working through partners in this way is that TBN needs to accept enterprises selected by others. This can be mitigated by carefully selecting partners in the first place, but still represents an overall risk to TBN's core business model and impact goals. This risk is particularly pertinent for TBN's core mission to focus on purpose-driven entrepreneurs with pro-poor business models.
- ≡ Majority (Greater than 90%) of businesses supported are locally owned.

3.1. Business outreach and recruitment

Business outreach and recruitment has been a significant challenge not only for TBN but also for their peers with many struggling to consistently onboard the desired number and calibre of small and growing businesses. With the Kenya market awash with numerous accelerator programmes offering almost identical programmes and operating at similar price points, this has as a result made it difficult for TBN to craft a compelling narrative on why the businesses should choose them over their peers. Evidence of this is seen in the reduced number of applications and subsequent recruitments over the past 2 cohorts (Cohorts 4 and 6).

As a result, **TBN chose to adjust its recruitment approach focussing less on direct engagements based on personal networks and prioritising outreach via partnerships with other institutions. Whilst** recruitment for earlier cohorts was heavily focused on personal networks and 1-on-1 engagements, the new approach entails greater focus on outreach through institutional

partnerships (intermediaries) seeking tailor made (mainly through S4S lite) support for their members / clients. Majority of the partnerships are expected to serve a dual purpose of tapping into partners' existing business networks as well as establishing additional revenue sources through cohort sponsorship (see further information in section 6). Currently established partnerships range from international development programmes to commercial banks seeking business development services for their network partners. A full overview of existing partnerships is included in annex 3.

The full results of this partnership approach remain to be seen, however, one observation made by the evaluation is that TBN's shift towards broader outreach via partners and other channels (e.g. different programme components) differs from the view of other service providers interviewed. For example, in relatively mature markets such as Kenya, Growth Africa currently sees the need for very focused 'cohort acquisition', which refers to identifying and then directly approaching individual businesses whom they consider suitable for their programme. An assessment on the performance of either approach is warranted over the next 6 to 12 months period.

To complement the partnerships (Mainly via S4S lite) and one to one recruitment approaches, **TBN has been exploring taking their services out of Nairobi to reach entrepreneurs in tier 2 and 3 cities in Kenya.** One initial outreach event was been conducted in Thika (approximately 50km outside Nairobi) in partnership with FACTS, an organisation providing working capital to SMEs. There is awareness that implementation in these focus regions may have to be adapted slightly from the existing offer (the majority of enterprises are likely to be earlier stage), but to date no concrete implementation plans exist. TBN is looking for suitable local partners.

Overall, **TBN is aware that business outreach and recruitment efforts are critical for the overall success of the organisation and need to be improved requiring significant effort in terms of time and approach.**

"Recruitment is by far the biggest challenge. Once you have the entrepreneurs in the programme, other challenges are easily be overcome. The person who solves the recruitment challenges wins the market." Chris Odongo, Wylde International, July 2019

"Recruitment is challenging for different reasons. On the one hand, TBN's target businesses may have limited awareness of their need for external support or finance whereas on the other hand, there is the perception that the market for training and investment raising support is becoming increasingly competitive and relatively crowded leading to a certain fatigue amongst businesses in being targeted."

3.2. Business selection

TBNs selection criteria looks at the following key metrics: a) Purpose-driven enterprises with demonstrable impact on the society or environment; b) Ambition to grow & ready to scale internationally, nationally or regionally; c) A team of more than five employees; d) Minimum turnover of Ksh15 million per year⁹ (approximately USD 150,000); e) 3+ years in operation; f) Track record of integrity and respected by peers and; g) Innovative product, service or business model.

Although TBN's selection criteria has largely remained unchanged, data analysis reveals that selection has changed to a slight extent as evidenced by average business age, size in terms of number of employees and revenues being slightly smaller in the later cohorts. In addition, despite evidence that the quality of applicants (% meeting criteria as a fraction of applications made) has improved with

⁹ For agribusiness focused cohorts, the revenue threshold is slightly lower: KES 10 million

time, a comparison of cohort 1,2 and 3 with later cohorts 4 and 6 reveals that the number of applicants and number of businesses per cohort, which for cohort 4 and 6 has gone down compared to the previous cohorts.

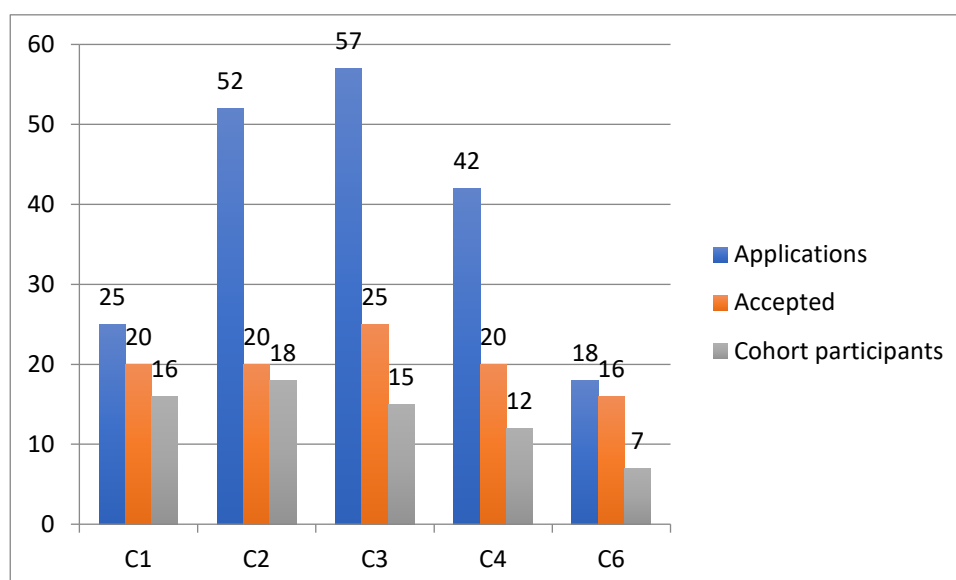
Another observation aligned to the selection process was the increased number of businesses dropping off post receiving an offer from TBN (see figure 3). TBN's data on the most common reason for this include entrepreneurs indicating 'conflicting priorities', followed by a few indicating that the programme costs were too high.

Whilst TBN acknowledged that the diversity of SGB profiles in different cohorts is high they consider small and large outliers acceptable for overall programme implementation and are aware of the potential challenges they create – “With smaller cohort sizes, businesses shouldn't be too diverse from each other to allow for meaningful learning and exchange”.

The decline in number of applications coupled with drop offs post recruitment is a worrying trend however TBN remains confident that there are sufficient numbers of target companies in the Kenyan market, but the organisation still needs to get better in finding them and selecting the ones to work with.

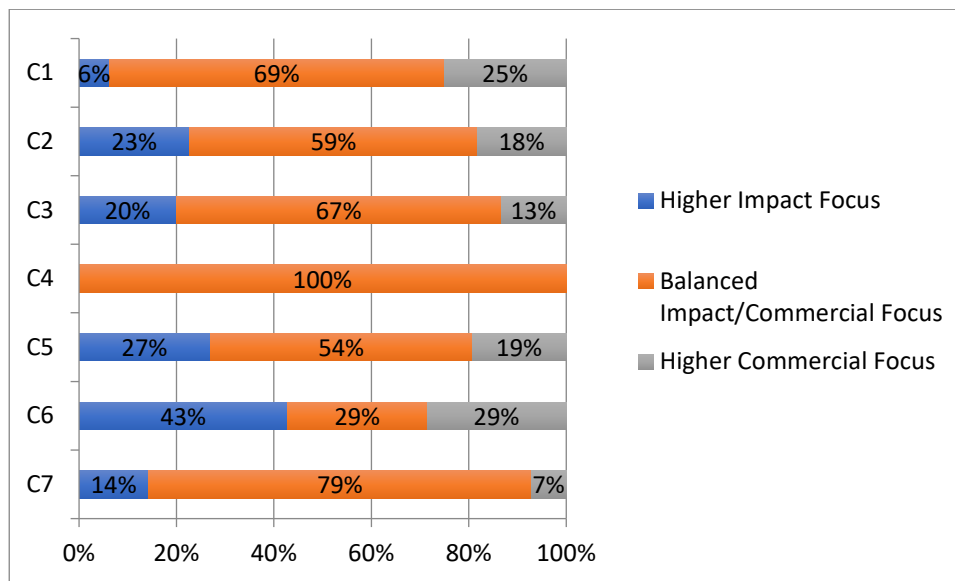
"We need to really clarify further who should join. Growth stage enough is not enough. There needs to be the appetite to scale/change/raise money. We have to get the right entrepreneur, which means a lot of time needs to be put into the recruitment process. It can't be a high-level approach to recruitment. It is not enough to send out calls for application - there is need to go out and engage entrepreneurs." David Sijenyi, TBN trainer and coach, July 2019

Figure 2: Kenya application and selection numbers



TBN still consider their focus on 'purpose-driven', pro-poor businesses as a strong differentiator in the market but acknowledge that finding businesses that meet these criteria alongside the other criteria is 'a constant struggle'. Figure 4 illustrates the spread of businesses along a spectrum of impact vs. commercial focus of the business models and shows that for almost every cohort the majority of businesses shows a balanced focus between impact and commercial orientation.

Figure 3: Cohort business impact vs. commercial focus



Looking at the reasons for rejection of applicants for cohort 4 and 6, a lack of alignment around values/lack of impact purpose does not feature. This is not to say that conveying certain values and principles for doing business are not an integral part of the programme (anymore) but it does not seem to play a critical role for business selection.

4. Assessment of TBN's effectiveness

Evaluation questions addressed in this section:

What aspects of TBN's support worked, did not work, and why?

To what extent did TBN support contribute to positive (or negative) outcomes for SGBs?

MEQ: Which services / combinations of services are the most important / valuable for small businesses in contributing to growth? This question will consider the total cost of the service delivered.

MEQ: What are the successful aspects of the support provided that are replicable?

Key findings:

- ≡ Training & coaching activities have received good overall satisfaction from cohort businesses. The complementarity of classroom based training and individual coaching is working well and the experiential nature of training coupled with the personalised advice provided during coaching were particularly appreciated. TBN have made a number of changes to further improve training and coaching implementation.
- ≡ 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 due to: 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.
- ≡ TBN has not yet established an effective approach to growing a sustainable alumni network. Efforts to set up regular alumni engagement have had mixed results. Relationships, in particular with early cohort businesses, have suffered. TBN have as a result of lessons learnt started to implement a combination of alumni group events as well as individual follow up meetings at regular intervals for later cohorts.
- ≡ Organisational strategy and internal systems, processes and structures came out on top as areas where most entrepreneurs have (or are in the process of implementing) changes, which can be attributed to the S4S training and coaching. A majority of enterprises indicate that the changes made have resulted in better operational performance.
- ≡ Looking at the compounded revenue growth-rate, there was mixed performance by enterprises even within the same sector and this can be attributed to aspects such as business models, management characteristics, information & networks and skills & training.
- ≡ There is limited evidence (5 businesses so far) of the effect of the S4S training, coaching and investment raising support 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. There were no common sectoral, cohort, or geographical characteristics associated with performance.

4.1. Training and Coaching

TBN has successfully managed to implement training and coaching activities through its S4S programme. TBN's training activities received high satisfaction ratings from cohort businesses (see Table 4). Although coaching's satisfaction levels are not captured systematically¹⁰, discussions with enterprises in key informant interviews and in focus group discussions revealed that the coaching component was found to have had the most significant effect on business and individual entrepreneur performance amongst the suite of services offered under the S4S programme. It received an average satisfaction rating of 95%.

Table 4: Average training satisfaction score

Training	C1	C2	C3	C4	Average
Satisfaction rating (Net Promoter Score)	69	85	58	75	72

With regards to the training component, participants **particularly liked the experiential nature of the training, content relevancy, and the broad pool of consultants and experts bringing in different skillsets**. As pertains coaching, many entrepreneurs indicated that whereas there is plenty of information and advice available online and in books on how to start and grow a business, all of it is, by nature, generic and not specific to one's unique business. **Business coaches, on the other hand, can provide something far more valuable – personalized, customised advice.** Coaching was also popular as it can outlive the training period – some businesses have gone on to engage/contract the business coaches outside of the TBN programme in different capacities such as technical support as well as in advisory capacities (e.g. as an advisor/board member). There was general consensus that the classroom training and the one-one coaching complement each other well.

Since the beginning of its operations, TBN have made a number of changes to the implementation of the training and coaching activities:

- ≡ Adding the 'S4S lite' version in response to customer and partner feedback, enterprise needs and market context (see section 2 for further detail);
- ≡ Bringing training and coaching in-house, i.e. delivery by TBN staff, to manage costs and retain content ownership;
- ≡ Delivering coaching sessions in a more structured way, i.e. coaching sessions now focus primarily on the application of training content and hence follow a certain structure over the six months duration;
- ≡ Delivering coaching sessions through a mix of different coaches (to make use of different skillsets), and having two coaches attend each session whenever possible; and
- ≡ Adjusting training content, now focusing primarily on financial management during the core training sessions as opposed to investment readiness/financial modelling.

The final point above is based on the realization that **whilst the majority of entrepreneurs join the programme indicating they need financing, in reality the need for finance in the short term applies to only a fraction of entrepreneurs, and many businesses can achieve immediate revenue growth through cost savings and better financial management.**

The change in focus has also happened to better manage the entrepreneurs' initial expectation that there is investment waiting for them at the end of the cohort training period. This is a challenge that other programmes offering similar services also encounter.

¹⁰ Satisfaction levels are captured immediately post classroom training

Mentoring

In the original proposal, the mentorship component was central to TBN's approach. It was piloted as part of cohort 1 and encountered several challenges. The first challenge was around 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. Thirdly, TBN realised that businesses required more upfront support on diagnosing business challenges, which could be more easily be addressed through a classroom training approach as opposed to a mentoring relationship.

Talking to both TBN mentors and mentees, there was common agreement on success factors to designing and implementing a successful mentorship programme: a) Mentee desire to be mentored; b) Mentee clarity on the focus area(s) they want to be mentored in; c) TBN linking and match-making mentees with the right mentors based on needs and skills / experience and; d) Mentee / Mentor blocking off time for the mentoring sessions.

The challenges elicited above informed TBN's decision to move away from one-to-one mentoring towards peer to peer mentoring as part of their alumni support. However, TBN still see the overall value in mentoring and going forward would like to implement this component in a less formalised manner. This could be achieved by, for example, inviting speakers to alumni events, who can then be approached by entrepreneurs for possible follow-up meetings.

4.2. Investment raising support

On average, 40% of entrepreneurs enrolled into the S4S 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.

To date, TBN has provided investment raising support to 19 businesses¹¹, with successful / closed deals capped at three. Of three successful deals, one was through direct TBN support with the other two being through indirect TBN involvement (TBN's involvement was at the preliminary introductions).

There are different reasons for why investment discussions stall and/or fail. Examples from TBN's portfolio include: a lack of agreement between international and local investors; businesses pivoting their business models, or investors not being comfortable to invest based on due diligence conducted. Failure to make substantial progress on these discussions or ultimately close deals has over time led to frustration with one of the unintended consequences being problems accessing performance data from the aggrieved businesses (see Box 2).

¹¹ This includes ongoing as well as completed support. Intensity of support and progress varies considerably across enterprises.

Box 2: Cohort Business / Bank - Investment Partnership

In 2018, TBN successfully brokered and announced a partnership between Arrow Capital (US-based debt fund) and a local Kenyan bank to provide debt financing at Kenyan market interest rates, but with lower collateral requirements and longer repayment terms.

Investment discussions advanced with two TBN cohort 1 businesses for \$200,000 loans each. Arrow Capital pre-approved the full investment amount for one of the businesses and transferred the money to the bank for disbursement. The Kenyan bank subsequently communicated that they would only be comfortable with a total loan amount of \$40,000 for each business and to maintain majority of the current loan terms. The businesses dissatisfied with this, opted out and the partnership (Arrow / Local Bank) ended.

Many of the reasons for limited effectiveness of the investment raising support identified in the preliminary report generated in mid-2018 are still relevant and are outlined below:

- ≡ ***Cohort businesses require different types of capital than what is widely/easily available in the local market.*** So far, cohort businesses require (concessionary) debt, revenue-based, or mezzanine finance¹² at relatively small ticket sizes (ranging between \$100,000 and \$200,000) as opposed to pure and larger equity investments. Even the rising number of impact investors would typically not consider investments below \$100,000. The relatively high transactions costs for small ticket sizes are one reason for this.
- ≡ ***Cohort businesses need more external support to become 'investment ready'.*** Initial business' expectations about the amount and type of investment required tends to be too high. Most TBN businesses initially think they need between \$600,000 - \$700,000 and prefer debt. Hence more TBN effort is required to work with businesses to reach consensus on relevant and appropriate investment strategies. The TBN's investment team considers amounts of less than \$200,000 as realistic at this point as majority of businesses currently receiving investment raising support require between \$100,000 and \$200,000. TBN further expected that providing businesses with an understanding about the types of material required (i.e. teaser, pitch deck, business plan including financial projections) to raise investment coupled with some level of support to generate it would be sufficient to reach the point of investor introduction. Experience has shown that more external support is required to help businesses get their material ready and get them investable respectively.
- ≡ ***The majority of international investors in TBN's network - so far - show limited appetite to make the types of investments required by cohort businesses.*** TBN assumed that there were a greater number of individuals in the TBN International network willing to deploy smaller amounts of capital required by TBN cohort enterprises but this has turned out to be untrue. Many investors also have hesitations around being the 'first movers' without others putting in their money at the same time. TBN considers that the limited risk appetite, limited understanding about the local Kenyan context and how to deploy investments, and relatively high transaction costs for these types of investments are among the reasons for limited investor interest. Compared to 2018, TBN still works with some of the investors they were engaging with at that point and have expanded their efforts to several others.
- ≡ ***Brokering investments is taking more time and even intensive efforts often don't lead to completed deals.*** Kenya is a new market for the majority of TBN's investor network. They have limited understanding about local investees and more technical and practical aspects around disbursement (e.g. tax implications, transaction costs, legal issues, agreement templates). TBN is brokering new investor partnerships and therefore more time is required in order to close deals

¹² Mezzanine financing is a hybrid of debt and equity financing that gives the lender the right to convert to an equity interest in the company in case of default, generally, after venture capital companies and other senior lenders are paid.

(on average 18 months), plus sometimes even intensive investment brokering efforts do not lead to the desired outcomes (e.g. Arrow Capital/Local Bank Partnership).

These findings and issues have had the following implications for TBN's operations and strategy:

- ≡ **Adjustments to S4S focus and programme implementation:** TBN feel they now have a better understanding of what 'investment readiness' means for the majority of their cohort businesses in the Kenyan context. They have realised that in order for cohort businesses to attract investment they need to have positive revenues and/or a proven market (contrary to other types of innovative (start-up) businesses for which venture capital investors show interest. As a result, there has been a slight shift in TBN's focus throughout the S4S programme towards a greater emphasis on revenue generation versus investment readiness. In addition, there is a greater focus on financial management (e.g. how to manage working capital) within S4S programme as opposed to financial modelling.
- ≡ **Continuous focus on working with the existing network of TBN investors and increased focus on working with local financial institutions:** TBN aim to continue their efforts around working with their existing investor network. In addition, they plan to further expand engagement with local financial institutions (e.g. Standard Chartered Bank and Jamii Bora Bank), whom they feel have a better understanding about the local enterprise ecosystem compared to some international investors with limited or no experience in East Africa.
- ≡ **Set up of TBN investment fund:** Since the last evaluation phase, TBN have made some progress towards this objective. TBN International have hired a UK-based Investment Director to lead the fund set up. The current aim is to set up a catalytic debt fund with estimated ticket sizes between \$50,000 - \$500,000 to be disbursed in multiple funding rounds, starting with smaller ticket sizes in the initial funding rounds. TBN aim to co-invest primarily alongside local and regional banks, in principle never lending more than 50% of the total investment. TBN plan to source mature businesses from within as well as outside the TBN cohorts. TBN International have secured GBP 300,000 grant funding from a UK based foundation for research and design of the fund. Scoping is ongoing with the aim to secure a DFI (Development Finance Institution) as an anchor funder over the next 12 months. More research and discussions in particular with local partners to ensure that fund design and requirements will be consistent with the S4S participants and other SGBs requirements in particular on disbursement modalities to avoid similar challenges to what was experienced with the Arrow partnership.

4.3. Alumni support

TBN's previous efforts to set up and implement an alumni engagement and support initiative were not successful. Initial attempts in 2018 to set up a formalised fee-based membership network offering 'Entrepreneur Growth Circles' designed to facilitate regular TBN alumni peer-to-peer learning sessions did not work. Two main reasons given for lack of attendance including the formalised nature of the engagement (coupled with the payment requirement in order to attend the sessions - with value to be derived from these sessions still unclear, few were willing to commit and invest their own money. These lessons led TBN to test out less formal and less regular engagements, currently free for entrepreneurs to attend. TBN plans to implement these on a more regular (quarterly) basis going forward. There is still the long-term intention to generate revenues from alumni engagement (either through direct enterprise payments or sponsorship from third parties), but TBN realises that efforts need to show some more positive traction first.

In addition to the group engagements, feedback to TBN from cohort businesses indicate they were dissatisfied with individual follow up post S4S support and would have liked periodic one on one engagements to review progress made against the goals set during the programme. TBNs “apparent disengagement” was one of the reasons cited for organisations reluctance to share data once the training and coaching ended.

- ≡ *"There's not enough touch points with TBN. TBN should establish a connection between the programme alumni for the alumni meetings to work. This is to ensure that the alumni feel there's value for them attending the alumni meetings."*
- ≡ *"TBN is frequently changing the staff members working in the programme. This means establishing connections and relationships between them and us is difficult. At the minimum staff changes should be communicated."*
- ≡ *"TBN should become better at communicating what is happening at their end, not just a note about new cohorts starting."*

Limited internal capacity within TBN was cited as a key reason for this and with the growth in staff numbers, this issue is expected to be resolved through regular in-person individual enterprise engagement set to take place at 3, 6- and 12-month intervals upon completion of the S4S programme. This engagement has started with cohort 4 and TBN plans to take it forward with all future cohorts.

4.4. Portfolio businesses performance

Since entering into a partnership with Argidius in 2016, the scale for success programme (S4S) has completed four cohorts in Kenya supporting a total of 61 enterprises. Support to a health and wellbeing cohort including seven enterprises is currently ongoing. In addition to Kenya, TBN expanded its operations to Uganda in the second half of 2018 and has to date completed one cohort (cohort 5, 27 enterprises) with one cohort is ongoing (cohort 7, 14 enterprises).

Our portfolio assessment focusses primarily on cohorts 1 to 3 which covered a total of 49 enterprises. Focus on the three cohorts is driven by the quantity and quality of data currently available. That said, feedback from other cohorts including Uganda based enterprises is also captured in our analysis (in particular the qualitative assessments). An overview of the three cohorts is shown below.

Table 5: Cohort 1-3 Summary Overview

	Cohort 1 (general)	Cohort 2 (health & wellbeing)	Cohort 3 (general)
No. of businesses	16	18	15
Kenyan owned	94%	76%	93%
Enterprise age (years) ¹³	Range: 2-15 Median: 6 Mean: 6	Range: 0.16-24 Median: 5 Mean: 6.6	Range: 1-38 Median: 7 Mean: 9
No. of full-time employees	Range: 3-40 (80) * Median: 6 Mean: 16	Range: 5-80 (107) * Median: 16 Mean: 31	Range: 3-80 Median: 8 Mean: 15
Annual turnover (USD), baseline year	Range: 20k-14m** Median: ≈ 168,241 Mean: ≈ 1,209,011	Range: 2.5k- 3.7m*** Median: ≈ 180,577 Mean: ≈ 581,370	Range: 10k-1m**** Median: ≈ 146,785 Mean: ≈ 216,683

¹³ At time of application

4.4.1. Overall portfolio performance

The evaluation assessed overall portfolio performance focussing on the financial performance metric **with qualitative assessments focussed on the businesses that were part of the key informant interviews and focus group discussions**. The assignment managed to obtain comprehensive financial information from 25 out of a total of 49 enterprises and we have used that data to represent overall portfolio performance. The 25 includes 8 from cohort 1, 9 from cohort 2 and 8 from cohort 3.

Positive trends in financial performance computed using the compounded annual growth rate-CAGR¹⁴ was recorded in 11 out of the 25 enterprises analysed thereby enabling comparison when businesses have been participating for different lengths of time.

- Of the enterprises recording positive compounded growth, 4 belonged to cohort 1, 3 belonged to cohort 2 and 4 belonged to cohort 3.
- Of the 14 enterprises recording negative compound growth rate, 4 belonged to cohort 1, 6 belonged to cohort 2 and 4 belonged to cohort 3.

The assignment further analysed these businesses seeking to identify any patterns from the positive or negative performers (a sheet showing this analysis can be found in the annex section) and the main findings include:

- **Cohort-** A mixed performance has been seen across all three cohorts with no significant differences between the 3 either in terms of incremental income or CAGR.
- **Sector** - There was no correlation noted between positive or negative performance with a specific sector. The sector spread included Agribusiness, Health, Education, Manufacturing, Energy, Transportation, Arts, Waste, Tourism and Information.
- **Years in operation (prior to S4S)** - Similar to the point above, number of years in operation did not seem to affect the CAGR. The median age of the positive performers was 8 whereas that of the negative performers was 8.5.
- **Areas of operation** - There was an equal split (rural vs urban based enterprises) amongst the positive performers however the negative performers had more of the urban based businesses. Geographic location was however not judged to have contributed to the positive or negative performance.

4.4.2. Case studies

In order to add depth to our understanding about the impact of TBN's services, the assignment undertook one-to-one entrepreneur interviews over the two-year assignment period with selected entrepreneurs. The overarching objective of these interviews was to gather data to assess the key evaluation questions. (What aspects of TBN's support worked, did not work, and why? To what extent did TBN support contribute to positive (or negative) outcomes for SGBs?)

These interviews were based on semi structured question guides and covered similar themes and questions as the focus group discussions. The advantage of the one-to-one interviews is that we were able to explore these questions in greater detail, and helped the evaluation assess possible contribution to change that TBN services might have. The selection criteria entailed:

Table 6: Case Studies

Selection Criteria	Approach
Cohort	<ul style="list-style-type: none">• Cohort 1: Up to three businesses

¹⁴ CAGR illustrates the constant rate of growth over a certain time period. It dampens the effect of volatility (e.g. of a business' revenues fluctuating from year to year)

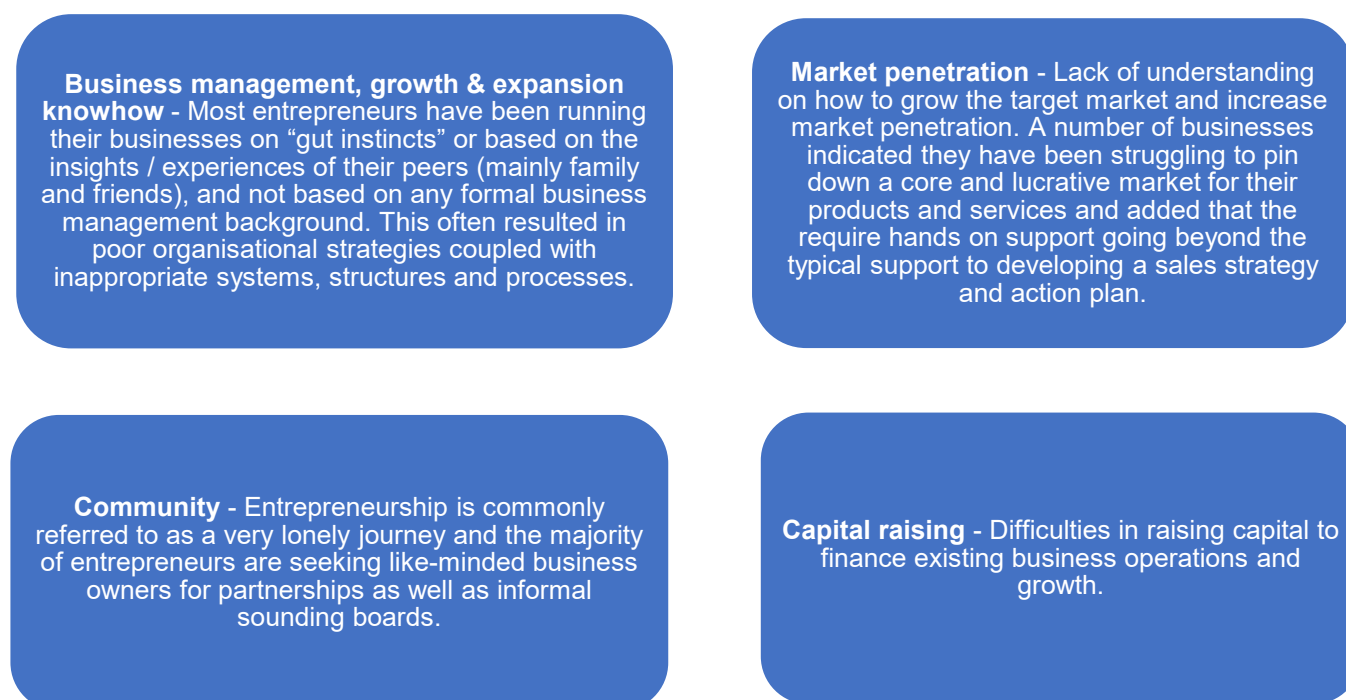
	<ul style="list-style-type: none"> • Cohort 2: Up to three businesses • Cohort 3: Up to two businesses
Business size/type	<ul style="list-style-type: none"> • 'Typical' TBN cohort businesses in terms of size (based on revenue) and performance (based on business growth): up to four businesses • Small 'outliers' in terms of revenue, size, years of operation: up to two businesses • Large 'outliers' in terms of revenue, size, years of operation: up to two businesses
Investment readiness	A mix of businesses that TBN considers <ul style="list-style-type: none"> • ready for investment raising support, and • businesses that do not seek investment at this moment in time.

Discussions and further analysis of the selected businesses who were part of the case study coupled with feedback from focus group discussions participants (some were not part of the case studies) revealed the following key findings:

(i) Expectation of the S4S programme

The evaluation sought to better understand the primary underlying reasons why businesses decided to join the S4S programme. This information was obtained from application and baseline forms, the TBN team, trainers, as well as talking to the entrepreneurs themselves during key informant interviews and focus group discussions. The top 4 organisational needs and challenges identified are outlined in the diagram below. According to the satisfaction rates across cohorts – an average of 72% across cohorts 1 to 4 – the programme is deemed to be addressing their main challenges. Feedback from trainers and coaches indicate that most businesses have correctly diagnosed performance challenges however as previously, many misdiagnose their need and readiness to raise capital.

Figure 4: Top organisational needs



Of the four areas highlighted above, discussions with the select enterprises as well as the TBN team indicate that majority of the S4S supported businesses prioritised acquiring knowledge that would enable them to run their businesses professionally. One of the interesting findings was that whereas approximately 30% came in prioritising capital raising as a primary need, over time this shifted once the entrepreneurs went back to their businesses post training and coaching and got to better understand their operations and in particular the revenue and cost drivers.

(ii) Businesses performance results

- ≡ **Top line revenues** – Similar to the results in the overall portfolio analysis, there were mixed results across the different cohorts and sectors. Of the 9 enterprises who were part of the key informant interviews over the two-year assignment period, three (Sectors - Education, Health and Energy sectors) registered positive growth with five (Sectors - 3 from the health sector, education and waste management) registering negative compound growth rates. One enterprise did not provide up to date financials.

Two out of the three positive performers and one of the enterprises registering negative growth indicated that improvement to their top line revenues performance was to a certain extent driven by changes made following S4S training and coaching (More details provided below).

- ≡ **Changes made within the businesses that was as a result of the Scale for Success support and their impact on the businesses** - A key measure of the success of a training intervention is not just the increase in revenues generated which takes a while to be evident but also the implementation of lessons learned, which indicates the associated benefit expected by taking certain actions. Below is a summary of changes made by some of businesses since the S4S training and the results produced to date (Detailed case studies of 9 businesses are presented in the annex section):

- I. **Business 1** - In 2018, as part of a new strategy developed in collaboration with the TBN team, they decided to adopt a two-pronged approach in order to reach their target break even student number of 2000. This strategy entailed lowering fees (from KES 5,500 to 4,000) and spreading the programme timeframe (from 1.5 to 2 years). This lessened the fee burden on their target market who are mostly students from low income families, and this has led to growth in student numbers.
- II. **Business 2** – Through TBN, they managed to raise a loan of \$60,000 that has enabled opening up of a second clinic. Using the same funds, they have expanded the first clinic enabling more childbirth and post-natal services and as a result patient numbers have increased.
- III. **Business 3** – Following work with their TBN coach, their pricing strategy was reviewed upwards (increased the fees) which led to an initial drop in student numbers from 86 to 66. Despite the reduced revenues brought about by a drop-in student numbers, the bottom line has improved and with time the student numbers are again on the increase and they expect to get back to a positive growth trajectory by mid 2020. In addition, a need was identified during their coaching session for improved marketing activities. As a consequence, they have invested in revamping their website and in school transport (1 bus and 2 vans) and this is a big marketing tool and huge draw for parents who want the headache of picking and dropping students taken away.
- IV. **Business 4** – Following the training, they went on to implement several HR changes - Changed responsibilities for one of their staff, after realising the tasks she had previously did not fit her strengths. Have now appointed a different supervisor for their workshop and employed a production manager, freeing up time of the Founder/Director to focus on strategy and growth and this has improved collaboration with accountant to allow for better financial management.

At an overall portfolio level, the majority of the changes made by enterprises supported were in the area of organisational strategy review and changes to organisational systems, structures and processes. The diagram below provides an overview of where changes were made in the 31 interviewed businesses who were part of the KIIs as well as in the focus group discussions in Kenya and in Uganda. The changes to strategy, systems and structures reflect the early growth stage that a significant majority of the TBN supported businesses are in. As businesses mature, the nature of their needs is likely to shift with higher emphasis given to scaling up and diversification.

Figure 6 shows that 9 of the 31 businesses had made changes to the organisational strategy.

Figure 5: Changes made in interviewed businesses post S4S support



N=31. Nb respondents asked to pick one area some selected an additional area

Additional testimonials on changes made by the interviewed businesses include:

- I. **Business 5:** Following the training and coaching, the business decided to change tack and kickstarted the process of scaling down (closing down of the hospital) upon realisation that the business was not going to pick up as anticipated and costs were continuing to accumulate. This change in business strategy was fully attributed to TBN and they have continued to work with their coach through this process.
- II. **Business 6:** As a result of cohort participation, the business has gone on to streamline their systems and processes e.g. at reception – a) What happens when patients come in, b) How is the patient received, c) Ensuring patient is aware of the waiting time. They are ensuring that everything is done to a high quality. Interlinked services like the laboratory and pharmacy have been better synchronised to increase efficiency and cut down time spent in the premises.

"The main noticeable change of TBN is the focus it brought to our strategy. We are all aligned in our growth now, we all know how we will get there. Before we knew where we wanted to get to but we didn't know how to get there. Now we know step-by-step. All staff members know what they have to do. People are truly aligned, and people are working in harmony."
- III. **Business 7:** "From the onset, we knew we needed to set up proper systems and structures, following the TBN training, we have gone on to: a) identify and prioritise what seems are most critical to optimal performance and start to incrementally put them in place. This has reduced the ad-hoc manner in which we were running our affairs and we expect to see efficiency gains within the next 6 months which should ultimately result in positive revenue performance in 12 months' time."
- IV. **Business 8:** Their main take away from the training / coaching has been to create a culture and shared vision and rallying everyone around the same as well as ensuring that they have the needed support to deliver this vision. A common culture coupled with

clear set of individual goals is expected to have a positive effect on teamwork and ultimately on overall productivity.

- ≡ **Macro level factors and their influence.** The health sector enterprises seem to be most affected with a few indicating that increased dependency on NHIF (National Hospital Insurance Fund) clients presents a risk as they struggle with late insurance payments. Another issue raised by the health sector players was the high number of inspections and signoffs required for set up of new premises.

Other macro factors that have affected business operations and to an extent their growth:

- **Governance** - this has been a major inhibitor of business growth with some businesses being asked for bribes in order to win work despite having superior products or services;
- **Banking sector risk appetite** - This has affected access to affordable finance. Payment terms and premiums are particularly punitive when it comes to small and growing businesses. The law on premiums rates capping seems to have worsened the situation

(iii) Conclusions of the business' performance assessment

To conclude, the S4S programme has made significant strides over the 2-year period it has been in operation. There is ample evidence of the programme's contribution towards the cohort businesses operational performance with notable changes observed in the areas of strategic realignment and improvements to internal systems and processes.

That said, only 10% of businesses have noted a change to their top line revenues that was brought about by changes made following the S4S programme. This is a cause for concern on the effectiveness of the programme. The majority of businesses interviewed as part of this evaluation who had recorded positive compound annual growth rate indicated that this was as a result of "business as usual" practices but they expressed confidence that S4S related improvements would start showing results within 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. Discussions with the enterprises point to variables such as: business model, management characteristics, information & networks and skills & training as the main contributors to their current performance.

5. Assessment of TBN's operating model

Evaluation questions addressed in this section:

To what extent are TBN monitoring and learning effectively?

Does the support TBN provide SGBs with deliver good value for money?

MEQ: How is TBN learning from (a) internally, (b) from others in the sector, and (c) from the Argidius partnership?

MEQ: To what extent is the enterprise level data reported to Argidius accurate?

Key findings:

- ≡ TBN have put together a good core team in Kenya comprising of 10 staff. All major roles are staffed by at least one member of the team.
- ≡ Despite some tasks such as recruitment, alumni / partnerships engagement and relationship management requiring more effort as made evident in earlier sections, there is little room (financially) to expand this team and therefore such tasks might need to be included in all team members responsibilities albeit at different levels of intensity.
- ≡ Based on current capacity and financial outlook, TBN is not planning further expansion beyond Kenya and Uganda at this point.
- ≡ 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. There have been no particular concerns on data quality (accuracy) from the SGBs when they provide the information.
- ≡ Internal learning has been through capture and analysis of (especially) the training and coaching data and to a lesser extent information from the alumni engagements. External learning has come through engagements / participation in forums with the likes of ANDE and other similar entities.

Currently TBN employs ten full time equivalent (FTEs) in Kenya, and two FTEs in Uganda. In addition to the permanent staff members, TBN works with three subcontractors to support the training and coaching activities. An overview of Kenya-based roles is included below.

Table 7: Kenya-based staff

	Role
1	Regional Director
2	Chief Operations Manager
3	Investment Manager
4	Senior Business Analyst - Approximately 50% of time spent on investment management
5	Business Analyst - 50% of time spent on M&E
6	Training and Coaching Manager
7	Training Coordinator
8	Partnerships and Alumni Manager - Spends part of her time in Uganda
9	Operations Executive
10	Marketing and Communications

Since 2018, there have been several staff changes, e.g. one of the Business Analysts left to pursue a master's degree, the Training and Coaching Manager left to pursue his own business, and the M&E Manager went back to her home country. All these positions have been replaced (M&E is currently covered with 0.5 FTE). In addition, at TBN International level, an Investment Director has been hired. The Kenya-based Partnerships Manager has recently left the team after her 1-year contract came to an end. TBN has replaced the role with an existing internal team member who has previously focused on communications and setting up operations in Uganda.

Looking across the different roles and respective responsibilities, guaranteeing sufficient capacity for Partnerships/Recruitment/Alumni Support seems critical for TBN's future success. The same applies to TBN's investment management work. Given the current challenges around recruitment and alumni support, TBN might want to consider spreading out these responsibilities across more than one person.

Monitoring and learning continue to play a central role within the organisation and TBN's internal monitoring and learning systems are sufficient for capturing and analysing data coming from SGBs as well as other third parties. Internal processes have been put in place to capture in particular data from the training and coaching activities with enterprise feedback consistently analysed and findings used to adapt activities. Examples of changes made following collection and analysis of different sets of data includes (Adoption of peer to peer learning engagements when mentoring failed to take off; efforts to address recruitment challenges through a partnerships model; efforts to improve alumni engagement through introduction of 3,6 and 12 month one to one follow ups with businesses post the S4S programme)

Currently, TBN is using different excel templates to record data and whilst this approach might suffice for current operations, it will not be appropriate as cohorts and TBN itself continues to grow. TBN have outsourced customization of an open source enterprise resource planning (ERP) system covering all facets of the organisation and this will centrally house all institutional data making it easier maintain institutional memory.

The main challenge has been on capturing SGB data once the S4S programme is concluded. The evaluation team experienced this first-hand. Of the 49 enterprises supported under cohorts 1 to 3 we only managed to get full financial data from 25 enterprises. This was also demonstrated by a few of the previously supported enterprises declining to be involved in the evaluation exercise.

This data collection challenge has been associated to weak relationship management and in particular amongst the earlier cohorts (1 and 2). TBN attributed this to limited capacity and expect this to get better with a slightly bigger team coupled with the intention to making relationship management part of each team member's responsibility. Other reasons provided for lack of data sharing was that the SGBs were not sure what this data is used for and in particular post support and were wary of business strategies and data falling on the wrong hands (in particular their competition).

5.1. Cost Effectiveness

Under this area, the evaluation reviewed two key metrics – Return on Total Investment (ROTI) and cost per job to assess how TBN is performing relative to its peers with regards to total investment made compared to the changes observed in revenues as well as number of jobs created within the supported enterprises.

(i) Return on Total Investment (ROTI)

ROTI is calculated by considering the net change in annual enterprise revenue for the years following an intervention, compared to the annual revenue prior to the intervention, and dividing this by the total investment into the specific intervention. The main challenge in computing this for the TBN portfolio

was that some businesses are no longer providing financial information to TBN and therefore this made it difficult to get an accurate rate of return for the total investment made.

As indicated in the overall portfolio performance section, out of 49 businesses who underwent the S4S training in cohorts 1, 2 and 3, we only managed to receive up to date financials for 25 businesses only. The table in annex 7 shows the gaps in information (dark grey boxes indicate where data is missing for that year with the light blue rows indicating where financial data was not provided at all).

Table 10: ROTI Summary of 49 TBN Supported businesses

Total Incremental KES	KES	(593,893,186.36)
Total Incremental excluding outlier	KES	54,720,333.64
ROTI Cost Model	Ratio	(24.87)
ROTI Cost Model excluding outlier	Ratio	2.29

Source: TBN data as reported by supported SGBs

The calculation using data from all 49 businesses resulted in total incremental revenue of (KES 593,893,186.36) and with total costs for 2017 / 2018 computed as KES 23,882,142 bringing us to a ROTI of (24.87). The total costs indicated above (23,882,142) are a fraction of total grant amounts raised / received (KES 60M) which also went towards also supported the running of two other cohorts (cohort 4 and cohort 5) and recruitment for the two cohorts that started in 2019 (cohort 6 and cohort 7). The same funds were used for expansion into Uganda in late 2018. Using the total grants amount, the ROTI comes to (9.90).

The return on investment for the investment raising support (Have so far raised \$1,510,000 or KES 157,485,000) is 2.62 (Using the full grant amount of KES 60M) and 7 when computed using the total cost for Cohorts 1 to 3 only.

A point worth noting is the effect an outlier (Vaell) whose revenue for 2018 represents 55% of the available portfolio revenue data collected from C1 - C3 and whose net incremental revenue represents 111% of the total incremental revenue for 2018. If you take out Vaell, the portfolio (cohorts 1,2 and 3) ROTI shifts to 2.29. There is missing data on a number of business, and it remains unclear what effect the missing data would have on the average ROTI.

(ii) Cost per Job

The total number of new jobs created since the inception of the S4S programme (2016) throughout cohorts 1 to 3 is 154 new jobs (across 49 enterprises). This translates to KES 155,078 or \$1550 (Current exchange rate of KES 100 to the dollar) per new job created when computed against a total cost / investment of KES 23,882,142.

As seen in Table 11, the top 4 job creators from the TBN portfolio all came from the health sector which has historically and presently continues to be labour intensive due to the difficulty to automate some of the hands-on activities. Of these top four, three are involved in primary health care provision with one being in pharmaceuticals.

Table 11: Top job creators - cohorts 1 to 3

Number of jobs created since TBN support	Sector
56	Health (Primary)
40	Health (Primary)
17	Health (Pharmaceutical)
14	Health (Primary)

6. Assessment of TBN's sustainability

Evaluation question addressed in this section:

How sustainable will TBN's support to SGBs be after Argidius and other donor support is completed?

MEQ: Are the enterprises willing and able to pay for support, and to what extent?

MEQ: What is the effectiveness of TBN's revenue generation model?

MEQ: To what extent is TBN's delivery model effective?

Key findings:

- ≡ Since the beginning of its operations, grant funding has contributed the vast majority of TBN's income (more than 80%), followed by S4S programme fees.
- ≡ The revenue generation model is far from ideal with medium to long term revenue streams yet to be established. Marginal income has been generated through investment raising activities and TBN has managed to establish an additional income stream based on revenue from institutional clients for cohort subsidy/sponsorship.
- ≡ TBN considers 50% subsidy as realistic/required in the medium term and considers that this can be achieved within the next 3 to 5 years. This seems realistic only if significant additional income can be generated through investment raising support, cohort co-sponsorship from institutional clients, as well as an increased number of fee-paying businesses per cohort.

Since beginning of its operations **grant funding (including from Argidius) has contributed the vast majority to TBN's income (88%) followed by S4S programme fees (8%)**. The main grant funders are Argidius and Johnson & Johnson Foundation. Additional projected income for the remainder of 2019 is \$118,000 (generated through conference fees, conference sponsorships and institutional clients). Based on current and projected income, TBN is able to cover its costs. A detailed overview of TBN's revenue sources is included in annex 5.

S4S programme fees have increased from KSh 66,000 (≈ \$660) for cohort 1, to KSh 118,000 (≈ \$1,180) for current cohorts in Kenya. The fees in Uganda are much lower. In comparison, Wylde International charge \$1,400 for a 7-month support, whereas Growth Africa are currently working towards \$5,000 for a 6-months period, paid back over a 36-months period. Feedback from cohort businesses was mixed on the fee price with some indicating they are happy to stay at the same price whereas other indicated the price is high and would prefer if it were lowered.

Contrary to last year's conversations, **TBN do not see any commercial possibility to increase the entrepreneur's fees further at this point**. Other providers (Wylde International) have similar views. In every cohort there is a small number of businesses who default (approximately around one to two businesses per cohort). According to TBN, current participant fees cover about 25% of programme costs.

Since 2018, TBN have not generated income through investment brokering fees but have managed to **attract a number of institutional clients for whom TBN acts as service provider and has**

signed a number of agreements with organisations willing to sponsor cohorts (see full details included in annex 3).

Without significant additional income (e.g. from future investment raising activities) it currently seems unlikely that TBN will be fully able to operate without any grant support. TBN considers 50% subsidy as realistic/required in the medium term and this can be achieved within the next 3 to 5 years. Other providers (Growth Africa) consider 50% to be required even in a mature market such as Kenya.

7. Conclusions & Recommendations

The overall conclusion is that from the perspective of the participating business, the Scale for Success programme has been successful when it comes to contributing towards supporting improvement to SGBs operational performance. In particular, there is evidence of changes made towards improving strategies, systems and processes, structures and staffing. However, for 90% of the businesses supported, these improvements have not been translated into revenue growth. While this is too early to judge for the more recent cohorts, this does raise some concern on the overall effectiveness of the support provided and whether there needs to be greater attention for TBN to focus more on revenue generation and key cost drivers in the businesses supported.

The best performing services (as judged by supported businesses) were the training and coaching components with investment raising receiving the lowest score amongst the three main service areas.

The evaluation found some internal (TBN specific) weaknesses in the operating model specifically to do with cohort recruitment (TBN is struggling to attract sufficient numbers of new cohort businesses and there have been a handful of cases where businesses have dropped off before kick off or before going through the entire programme) and relationship management (this element specifically had unintended consequences when it came to quality data collection and operationalization of alumni engagements).

Without grant funding, which currently constitutes 88% of TBN income, it would be safe to conclude that TBN would find it difficult to maintain operations and continue providing services (including the S4S programme). The current business model is expected to continue being reliant on subsidy (at least 50% subsidy) over the next 3 to 5 years.

Learning remains a central pillar within TBN with notable examples of institutional learning and adjustments observed (Adoption of peer to peer learning engagements when mentoring failed to take off; efforts to address recruitment challenges through a partnerships model that also doubles up as an income generation opportunity; efforts to improve alumni engagement through introduction of 3,6 and 12 month one to one follow ups with businesses post the S4S programme) as TBN seeks to remain relevant and competitive in the market. This has however been affected by irregularities in data collection occasioned by some supported businesses excluding themselves from cross learning activities and refusing to share financial data.

We offer the following priority recommendations clustered along functional lines as well as service offerings.

Recommendation 1

S4S Model. The lack of marked business performance by majority of businesses from all cohorts is a cause for concern. It is recommended that TBN and Argidius review some elements of the S4S model to see if greater attention could be placed on generic improved practice in cost reduction and revenue generation. Argidius could share the experience of some of the more successful incubator models and techniques used.

Recommendation 2

Outreach and recruitment – As the saying go, “a happy customer is one of the best marketing tools”.

TBN is struggling to identify businesses that could benefit from S4S and continue on a growth path. TBN should review its outreach strategy. One possible route could be TBN paying more attention to the alumni relationship management as this group goes on to recommend their peers helping build a pipeline of potential cohort businesses.

Current efforts to forge institutional partnerships is a step in the right direction and if successful would go a long way towards securing a steady pipeline of businesses to support. However, this approach brings with it several risks (none the least being possibility of having to work with businesses who do not ascribe to TBN's purpose driven approach) and TBN needs to carefully consider what implications this would bring and put in place mechanisms to properly mitigate against this risk.

Recommendation 3

Investment raising – With a success rate of 15% (19 businesses are currently judged to be investment ready and only 3 deals have been closed to date) managing investor as well as investee expectations will be critical to avoid build-up of frustration within these two key stakeholder groups. With the profile of potential cohort businesses unlikely to change, one option would be for **TBN to widen their pipeline of potential investors to include investors with varying risk appetites as well as to ensure they are able to providing different types of capital suited to the different SGB stages** (Working capital – To support day to day operations; Mezzanine capital - expansion capital to help the company grow to the next level, purchase better equipment or move to larger facility; Bridge capital - Bridges the gap between the current level of financing and the next level of financing).

Regular engagements with both set of stakeholders (cohort businesses plus alumni) and the investors will go a long way towards managing expectations and ensuring frustration does not build up and ultimately sour the relations.

A second consideration is to undertake a thorough cost benefit analysis of this specific intervention area with a Go / No Go decision back with solid evidence presented for senior leadership final decision making.

Recommendation 4

Data quality and quantity – TBN's continuous learning and improvement efforts were hampered by a fraction of supported businesses expressing unwillingness to share specifically financial data as well as outrightly refusing to take part in the evaluation exercise activities (FGDs, KIs and Case Studies). Follow up discussions with some of the businesses who would not take part in the exercise revealed their main issue to be they felt that TBN had overpromised and underdelivered (in particular when it comes to investment raising) and therefore they did not want any further engagement with TBN. Other concerns on data sharing had to do with data security and lack of understanding of how this data is used and how this would ultimately benefit the SGBs.

To address the above issues, TBN should consider the following:

Issue	Consideration
Manage Expectations of businesses	Proper communications with potential businesses at the onset explicitly indicating what the S4S programme offers and what it does not offer coupled with continuous engagement (through specific relationship managers) with the alumni businesses to ensure expectations are well managed and that TBN remains a preferred service provider.
Data Security	Assure the SGBs on why their data is sought, how their data is analysed and used and who has access to it. Share TBNs data protection policy.
What are the benefits of data sharing to the SGBs?	Share data back with the SGBs. This could be insights on analysed data sets with useful bits to the SGBs. Other data for sharing could be secondary data gathered through different TBN engagements as well as insights from the likes

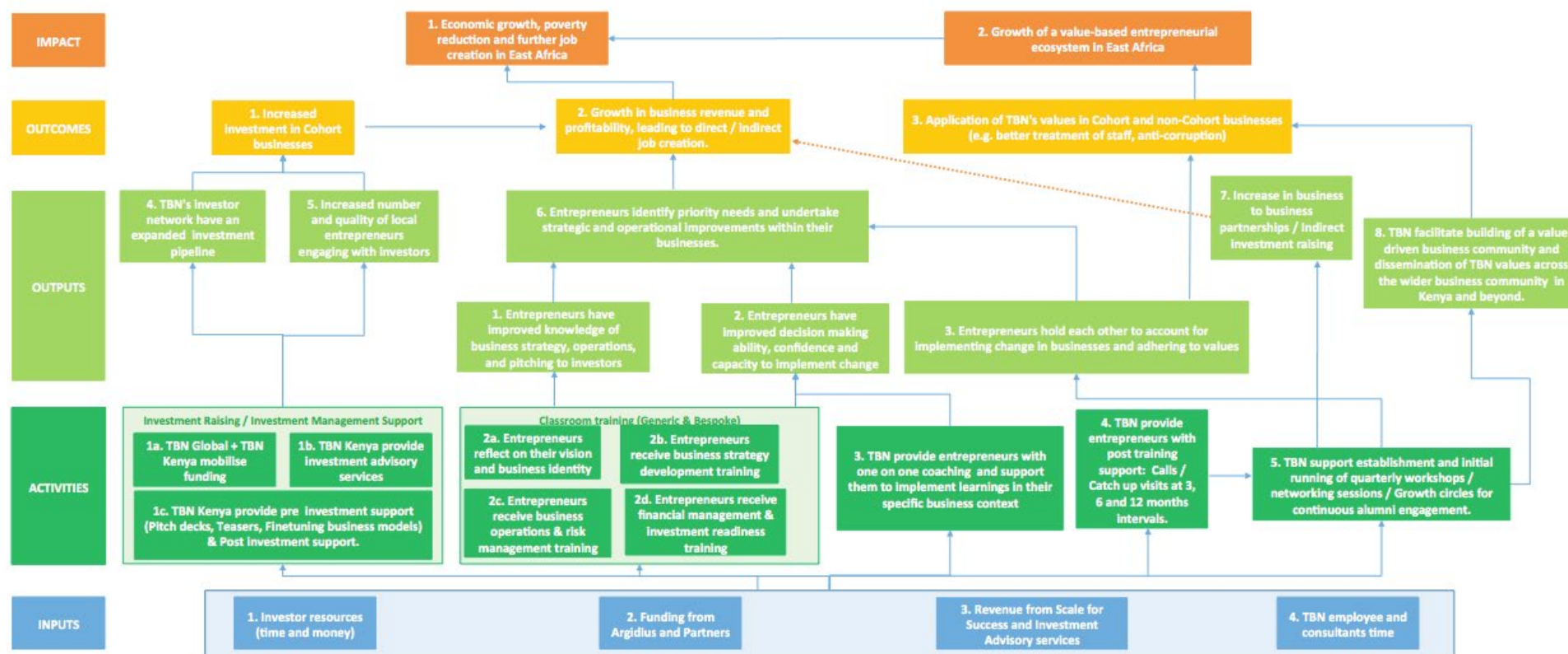
	of Argidius who are working with many more SGBs or SGB supporting entities.
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Recommendation 5

Staff Management of Alumni engagement – With the relationship management task a continuous one and as cohorts continue to grow, this role will become untenable for one individual and it makes sense to **have all team members involved in this process and take ownership of cultivating individual relations.**

Annexes

Annex 1. TBN's Theory of Change



Annex 2. Interview partners

Focus Group Discussions

Data collection phase 1 (2018): Conducted on the 6th July 2018 in two groups (one group with cohort 1 and 2 and one group with cohort 3)

Cohort	Enterprise name	Entrepreneur name
1	Botanic Treasures	Elizabeth Mbogo / Collins Mbogo
1	Ecomaji	Kimutia Wanjihia
1	Oasis Adventures	David Chege
2	St John's Hospital	Sifa Wainaina
2	Live Well Clinics and Hospital	Grace Kamero
2	Mhealth Kenya	Catherine Mwangi
2	Zana Africa	Megan Mukuria
3	Zindua Ltd.	Ken Oloo
3	Kilimototo	Gilbert Ngaira
3	Legacy Realty	Robyn Emerson
3	Eco2Librium	Christopher amutabi
3	Rizichi Creations	Rizichi Githinji
3	Eveminet	Evelyn Kasina
3	Bawa Hope	Andrew Mutisya
3	Legacy Car Rentals	Gerald Oliech

Date collection phase 2 (2019): Conducted on 19th June 2019 in Kenya in two groups (one group with cohort 1 entrepreneurs and participants from 2018 and one group with new entrepreneurs who had not previously participated in the 2018 exercise.

Cohort	Enterprise name	Entrepreneur name
1	Melchizedek Hospital	William Muchima
1	International School of Advertising	Susan Makau
1	Nulands Limited	Joseph Kamata
2	Afyasoft	Louis Machogu
2	AskAdoc	Dennis Nturibi
2	Olivelink Healthcare	Josephine Suleiman
2	Zana Africa	Megan Mukuria
3	Autoscope International Limited	Elvis Githinji
3	Filamujuani/Zindua	Ken Oloo
4	Herdy Limited	Derrick Muturi
	Brooms Limited	Mary Mriuki

Data collection phase 2 (2019): Conducted on 21st June 2019 in Uganda in one group

One-one entrepreneur Interviews

Cohort	Enterprise name	Entrepreneur name	Business Size / Type	Investment readiness (at time of selection in 2018/2019)	Comments
1	Almasi School	Sophia Mwendu Musyoka	Typical	Ready for Investment raising support	
1	Nulands Limited	Joseph Kamata	Large Outlier	Ready for Investment raising support	Interviewed once in 2018
1	Ecomaji	Kimutia Wanjihia	Typical	Ready for Investment raising support	Interviewed once in 2018
1	Uzuri Institute	Mercy Githinji	Typical	Seeking (but not receiving TBN support)	Interviewed once in 2019
2	AskaDoc	Dennis Nturibi	Typical	Does not seek investment	
2	Melchizedek Hospitals	Simon Karo	Large Outlier	Ready for Investment raising support	
2	Olive Link	Josephine Suleiman	Small Outlier	Ready for Investment raising support	
2	Beacon of Hope	Jane Wathome	Large Outlier	Ready for investment raising support	Interviewed once in 2019
3	Eco2Librium	Christopher Amutabi	Typical	Seeking but not ready	
3	Bawa Hope	Andrew Mutisya	Small Outlier	Seeking but not ready	

Key Informant Interviews

Category	Interviewee organisation & role	Organisation	2018	2019
TBNI Staff	Reuben Coulter, CEO	TBN International	x	x
TBNI Staff	Clint Bartlett, Investment Director	TBN International		x
TBN EA Staff	Steffanie Haemmerl, M&E Officer	TBN East Africa	x	
TBN EA Staff	Jacob Zikussoka, East Africa Director	TBN East Africa	x	x
TBN EA Staff	Nkrumah Mauncho, Coaching & Training Manager	TBN East Africa	x	
TBN EA Staff	Nzilani Kaunda, Business Analyst	TBN East Africa	x	
TBN EA Staff	Lamusia Anzaya, Investment Manager	TBN East Africa	x	x
TBN EA Staff	Annette Mumbi, Chief Operations Manager	TBN East Africa		x
TBN EA Staff	Grace Munyui, Business Analyst	TBN East Africa		x
TBN EA Staff	Lisa, (former) Partnerships Manager & Alumni Support	TBN East Africa		x
TBN EA Staff	Purity Wainaina, Training & Coaching Manager	TBN East Africa		x
TBN Board	Ken Wathome, Chair, Trustee	TBN East Africa	x	
Coach, Trainer	David Sijenyi, Entrepreneur Consultant & Coach	TBN East Africa		x
Coach, Trainer, BDS provider	Chris Odongo	Wylde International	x	x
Mentor	Mumbi Gichuhi	N/A	x	
Mentor	Lucas Maranga	N/A	x	
Investor	Kim Tan, Founder TBN	TBN International and different investment funds	x	
Investor	Chad Jordan, CEO	Arrow Capital	x	

Category	Interviewee organisation & role	Organisation	2018	2019
Investor	David Higgins, CFO	J&J Investment Fund	x	
Investor	Rishi Khubchandani, Kenya Country Manager	Grofin	x	
Investor	Heather Sherwin, Investment Director	Elma Foundation	x	
Investor	Geoff Knott	Ninety Foundation		x
Investor	Jessee Murimi, Business Acceleration Expert Kenya	Truvalu Group		x
Investor	Iris Tay, Associate Director	Blue		x
BDS Provider	Johnni Kjelsgaard, Founder & CEO	Growth Africa	x	x
BDS Provider	Matthew Rohrs, CEO	Sinapis	x	
	Olivia Muiru, Executive Director	B-Lab East Africa		x

Annex 3. List of partnerships

Partner	Country	Status	Objective	Detail	Sponsorship
Global Communities (GC)	Kenya	Complete	Outreach	<ul style="list-style-type: none"> ■ GC is have provided capacity building for agribusinesses ■ GC have shared their database of entrepreneurs and have paid 50% of fees for about 10 businesses in the agribusiness cohort ■ The programme came to an end; hence partnership is completed 	Yes
Medsource	Kenya	Complete	Outreach	<ul style="list-style-type: none"> ■ Health network ■ TBN got access to their network for health cohort 	No
FACTS	Kenya	Ongoing	Outreach	<ul style="list-style-type: none"> ■ FACTS provides working capital to SMEs ■ TBN and FACTS have done outreach events together, so far 2 in NBO (both attracted about 60 pax) and 1 in Thika (40 pax) 	No
International Trade Centre (ITC)	Uganda	Ongoing	Outreach & Implementation 'S4S lite'	<ul style="list-style-type: none"> ■ Programme aims to do capacity development for agribusinesses in cocoa, tea, horticulture ■ TBN act as their capacity building service provider and will implement S4S lite, over 3-months period including bootcamp, intense coaching and financial modelling ■ Programme will run with 30 entrepreneurs (first stage bootcamp), of which 15 will proceed to the second stage bootcamp. It is expected that 5-10 will proceed to seek investment. ■ Start in July 2019, ITC pay \$45,000 per cohort ■ TBN envisages long-term collaboration beyond one cohort 	Yes
Uganda Association of Manufacturers (UAM)	Uganda	Ongoing	Implementation 'S4S lite'	<ul style="list-style-type: none"> ■ UAM have between 800-1200 members ■ Have agreed to subsidise a pilot cohort with \$22,000 if successful, future collaboration envisaged ■ Recruitment of cohort businesses ongoing 	Yes
Invest in Africa	Kenya	Ongoing	Outreach	<ul style="list-style-type: none"> ■ Capacity development programme, have partnerships with corporates and look to link SME's into their supply chains/SMEs to become sub-contractors ■ Have 2500 entrepreneurs in their network of which about 500 fit the TBN criteria, have provided access to their network ■ First cohort paid for by entrepreneurs, hope that then corporates will be willing to sponsor future cohorts, or at least subsidise 	No

Partner	Country	Status	Objective	Detail	Sponsorship
Africa Guarantee Fund	Kenya	Under negotiation	Implementation S4S	<ul style="list-style-type: none"> ■ Partnership to sponsor a cohort in Kenya, to be kicked off in Q3 2019 ■ Budget is \$50,000 for 20-30 entrepreneurs (approx. \$2,000 per business) ■ Contract details under negotiation. Africa Guarantee Fund is hoping for a certain % of businesses to raise investment (at least 50%) and then for the fund to provide the guarantee 	Yes
Standard Chartered	Kenya	Under negotiation	Implementation S4S lite	<ul style="list-style-type: none"> ■ SC want to increase their focus on SME lending, hence have an interest in capacity building ■ TBN has submitted proposal to implement 'S4S lite' including breakfast workshops, 1-day bootcamps and coaching sessions (staged approach) 	Yes

Annex 4. Enterprises receiving investment raising support

Business	Cohort	Status	Amount sought	Detail	Active TBN pipeline
Nulands Limited	1	Stopped with no deal	\$200,000	<ul style="list-style-type: none"> ■ Was in advanced discussion to raise debt through Arrow/Sidian partnership in 2018 ■ Investment failed due to partnership not moving ahead 	No
Ecomaji	1	Stopped with no deal	\$200,000	<ul style="list-style-type: none"> ■ Was in advanced discussion to raise debt through Arrow/Sidian partnership in 2018 ■ Investment failed due to partnership not moving ahead 	No
Livewell	2	Closed	\$950,000	<ul style="list-style-type: none"> ■ Discussion started in 2018 ■ Deal closed in late July 2019, led by Inqo Investment (Kim Tan, co-founder TBN) 	Yes
Flare	2	Closed	\$500,000	<ul style="list-style-type: none"> ■ Raised from J&J 	Yes
Kasha	2	Have raised through other sources	N/A	<ul style="list-style-type: none"> ■ Were in early discussions with J&J for a small debt amount in 2018 ■ Discussions have stopped; have since raised money through other sources outside TBN support 	No
Melchizedek Hospitals	2	Not interested in raising currently	N/A	<ul style="list-style-type: none"> ■ Were in early discussions with Inqo Investments in 2018, Inqo still thinks there is an investment opportunity, but the enterprise indicated they don't feel ready yet for external investment and are looking to raise a bank loan for expansion 	No

Business	Cohort	Status	Amount sought	Detail	Active TBN pipeline
Olive Link Healthcare	2	Have successfully closed a deal	\$60,000	<ul style="list-style-type: none"> ■ Have raised successfully with TBN's help. ■ Investors include Ninety Foundation: \$30,000, and three HNWI who invested \$10,000 each ■ Loan with low interest rate and 7-year repayment period ■ May consider follow on investment in 2-3 years 	No
Zana Africa	2	Initial discussions failed, still in pipeline, but slow	\$30,000-\$50,000	<ul style="list-style-type: none"> ■ Were in advanced discussions with Ninety Foundation for \$11,000 loan with low interest rate (5.3%) and 7-year repayment period in 2018. Foundation decided against investing. ■ Enterprise approached TBN again in early 2019 for investment raising support. TBN provided feedback to their financial projections and business plan and agreed to review again in August 2019. 	Yes
Kitengela Hot Glass	3	Ongoing	\$250,000	<ul style="list-style-type: none"> ■ One investor has expressed interest, started in July 2019 	Yes
Exotic EPZ	4	Ongoing	\$280,000	<ul style="list-style-type: none"> ■ Were introduced to the investor during the Scale for Success Program ■ \$30k has been disbursed with the remaining \$250k in advance investment discussion. ■ Was part of the showcased businesses at the 2019 summit in Uganda 	Yes
Herdy Limited	4	Ongoing	\$100,000	<ul style="list-style-type: none"> ■ One investor has expressed interest in the business ■ Was part of the showcased businesses at the 2019 summit in Uganda 	Yes
Samaki Express E.A Ltd	4	Ongoing	\$5,500,000	<ul style="list-style-type: none"> ■ Interest expressed by an investor, however TBN is of the opinion they work on a phase out expansion plan as it is a new venture 	Yes
Bashem Transporters	5 Uganda	Ongoing	\$30,000	<ul style="list-style-type: none"> ■ Business originally wanted \$236,000 but TBN thinks \$30,000 is more realistic ■ Was part of pitch deck for Uganda investment summit 2019 	Yes
Malfini Gas	5 Uganda	Ongoing	\$200,000	<ul style="list-style-type: none"> ■ Business wanted to raise much more, but TBN thinks \$200,000 realistic ■ A US fund showed initial interest, but discussions did not go anywhere ■ Was part of pitch deck for Uganda investment summit 2019 	Yes
Pameric Organic Shea Butter	N/A	Stalled	\$200,000	<ul style="list-style-type: none"> ■ Uganda-based. Were not able to join cohort 5 or 7. TBN had recommended that. ■ Want to raise \$200,000. No current active TBN support 	No

Business	Cohort	Status	Amount sought	Detail	Active TBN pipeline
Minawa International	4	Stalled	\$200,000	<ul style="list-style-type: none"> ■ Business suffered from long draughts. He had planned to scale up in a certain way, but then had to scale back planned goals. Entrepreneur now wants to pivot his business model. No current active TBN support 	No
Insurance for All	6	Ongoing	\$30,000-\$50,000	<ul style="list-style-type: none"> ■ Expression of interest from 90 Foundation to put in \$30-50k with similar terms such as Olive Link. Not fully confirmed. 	Yes
Pasaiba Tourmaline	6	Ongoing	\$1,000,000	<ul style="list-style-type: none"> ■ Expression of interest from one investor ■ Was part of the showcased businesses at the 2019 summit in Uganda 	Yes
Machakos Orthopedic	6	Ongoing	\$120,000	<ul style="list-style-type: none"> ■ Long term want to raise \$2m. But TBN thinks that now they should raise about \$120,000 to build/upgrade a new theatre. 	Yes
Beacon of Hope	2	Ongoing	\$200,000	<ul style="list-style-type: none"> ■ Trying to do raise \$850k for a new hospital. TBN thinks \$200,000 realistic at this point. ■ Business feels that they need a greater share of commercial income sources. 	Yes

Annex 5. TBN's revenue sources

	31 Dec 17	31 Dec 18	31 Mar 19*
Income			
Conference fees	\$0.00	\$45.08	\$0.00
Conference Sponsorship	\$0.00	\$6,580.05	\$0.00
Conference Tickets	\$0.00	\$3,759.88	\$262.91
Directors Publication Income	\$130.00	\$0.00	\$0.00
Grants Received	\$227,972.81	\$354,457.46	\$106,051.10
Interest Income	\$272.84	\$334.19	\$3.38
Membership fees	-\$200.00	\$0.00	\$0.00
Other income	\$426.01	\$6,883.03	\$0.00
Post-Investment Support Income	\$0.00	\$414.33	\$286.89
Scale to Success Fees	\$28,822.41	\$29,896.28	\$13,467.63
Total Income	\$257,424.07	\$402,370.30	\$120,071.91

*At time of writing, audited information was only available for Q1 2019.

Annex 6. One-one interviews enterprise snap shots

Bawa Hope - <http://bawahope.com> - cohort 3

- **Entrepreneur:** Andrew Mutisya, Founder & CEO (co-Founder: wife Annah Nzilani)
- **First year with revenues:** 2016
- **Sector:** Arts & Crafts
- **Latest annual revenue (2018):** KES 10 million (approx. \$95,000)
- **CAGR 2016,17,18:** 100%
- **CAGR trajectory rationale:** New orders from European and American clients which have also led to opening up new workshop in Karen with 3 additional full-time artisans
- **Current number of employees:** 7 FTE plus several part timers
- **Number of jobs created / lost between years 2017 and 2018:** 3 new FTE jobs
- **Type of business in TBN context:** Small outlier, S4S participation based on TBN scholarship

The business in brief:

- Jewellery business working with local artisans
- Production primarily for international export. Currently have approximately five global clients

Expectations from S4S support/challenges faced at time of application:

- Did not actively look for support. Came across TBN via TBN M&E Officer. The TBN impact investor conference convinced him to attend the first training. The first training convinced him to attend the whole programme.
- Production capacity, management of suppliers (artisans). Challenges around product quality and reliability of suppliers.
- "By the end of TBN I would like have database running, a strategic plan in place and also implementing it. These are the two most critical things."

Main progress made since cohort completion:

- Participation at international trade fair which has resulted in additional clients and repeat orders
- Opened their own workshop enabling greater control about sample production

Changes observed / made attributable to TBN support:

- HR changes: Changed responsibilities for one of their staff, after realising the tasks she had previously did not fit her strengths. Are seeing immediate improvements. Have appointed a different supervisor for their workshop after encountering some issues with the previous one. Employment of a production manager, freeing up time of the Founder/Director to focus on strategy and growth. Collaboration with accountant to allow for better financial management.
- Have made some progress towards a market access strategy
- Better knowledge how to pitch for investment which has resulted in current conversations with a potential investor (outside TBN)

Main current challenges faced:

- Production capacity is still a challenge

Outlook for the next 12 months:

- Further improve production capacity
- Open online shop
- Not currently looking for investment, but in early conversations with one of their clients who may be willing to provide a loan to finance set up of their own workshop (currently renting premises)

Olivelink Healthcare - cohort 2

Entrepreneur: Josephine Suleiman, Founder & CEO

First year with revenues: 2013

Sector: Primary healthcare

Latest annual revenue (2018): KES 10,240,797 (approx. \$97,500)

CAGR 2016,17,18: 27%

CAGR trajectory rationale: Received funding to the tune of 6M KES and has invested in business expansion.

Current number of employees: 30

Number of jobs created / lost between years 2017 and 2018: 13 new full-time jobs created

Type of business in TBN context: Small outlier

The business in brief:

Private enterprise operating a health clinic for low-income households in the second largest slum in Nairobi (Sinai)

Provide outpatient services and maternity inpatient services.

Approximately 50 patients per day

Expectations from S4S support/challenges faced at time of application:

The founder knew TBN well before she applied; considered the programme to be useful to support the businesses expansion plans, including building another clinic

Challenges around how to scale the business

Human Resource Management including staff recruitment and retention

Main progress made since cohort completion:

Successfully raised a loan (with TBN support) enabling the opening of a second clinic

Also expanded premises for first clinic enabling more child birth and post-natal services, as a result patient numbers have increased

Changes observed / made attributable to TBN support:

Has implemented some HR changes (e.g. how interviews are conducted, how processes are documented) with immediate positive results: "I have a team now that is working very well. That is something I was scared to look at. I realised without that you cannot achieve what you want to achieve, your team needs to be aligned. I am very confident now because I have a good team."

Greater confidence about how to scale the business. Awareness that certain things need to be in place first before further growing the business

Knowledge about what type of investment needed and affordable for her expansion plans

Changes in management approach

Main current challenges faced:

Getting required licenses to operate for second clinic

Staff retention, especially for nurses
Competition from other similar providers

Outlook for the next 12 months:

Successfully establish second clinic, becoming fully operational and grow patient numbers

Melchizedek Hospital - <https://melchizedekhospital.org>, cohort 2

- **Entrepreneur:** Simon Karo
- **First year with revenues:** 1998
- **Sector:** Primary healthcare
- **Latest annual revenue (2018):** KES 152,862,995 (approximately \$1.5 million)
- **CAGR 2016,17,18:** -9%
- **CAGR trajectory rationale:** Whilst revenue has increased, they are undertaking some capital investments
- **Current number of employees:** 106 FTE plus 11-part timers
- **Number of jobs created / lost between years 2017 and 2018:** 1 job lost
- **Type of business in TBN context:** Large outlier

The business in brief:

- Private healthcare provider (family business) operating one hospital and one clinic in Nairobi.
- Target low-income to lower/middle income population. Approx. 150 patients daily and 35 beds

Expectations from S4S support/challenges faced at time of application:

- Business was particularly interested because it was a health sector focused cohort. Wanted to learn from others/peers in the sector and join a network
- Hoped for support around how to scale the business
- Staff retention, in particular of nurses who leave to join bigger/better paid hospitals after an initial training period.
- Credit control, long payment periods from insurances and some insurances have gone down with their money.

Main progress made since cohort completion:

- Increase patient numbers

Changes observed / made attributable to TBN support:

- Have improved credit control, now have structured and scheduled meetings to manage cash-flow.
- Started to improve non-financial staff benefits to improve staff retention, e.g. better health packages, NHIF contributions for family members, free meals. Has seen noticeable improvements in staff retention.
- Marketing: approached corporations for them to send their employees.
- Better knowledge about investment strategy: "TBN have opened my eyes about how and when to approach investors"
- Development of growth strategy, which was discussed and agreed with the whole team and is currently being implemented.

Main current challenges faced:

- Timely payments from some insurances, high dependency on NHIF clients
- Accessing bank loan to finance expansion

Outlook for the next 12 months:

- Open third facility - outpatient clinic
- Add new facilities in existing clinics including ICU, ICHD.
- Not currently looking for external investment (equity) but aware about the importance to start the progress now as it takes time. Plans to raise a bank loan to finance third clinic

Ecomaji - <http://www.ecomaji.com> (only interviewed once in 2018)

- **Entrepreneur:** Kimutia Wanjihia
- **First year with revenues:** 2011
- **Sector:** Water supply; sewerage, waste management
- **Latest annual revenue (2018):** KES 20,188,453 (approximately \$192,000)
- **CAGR 2016,17,18:** 2%
- **Current number of employees:** 3
- **Number of jobs created / lost between years 2016 and 2018:** 2 jobs lost

The business in brief:

- Waste water recycling business. Supplier/distributor of waste water recycling equipment mostly to the construction industry, but also some home owners, NGOs and restaurants.
- Also selling other water solutions such as fresh water treatment, bulk water storage solutions, water pumps, irrigation pumps and solar heating solutions.
- Original business model is based on selling equipment with some potential additional revenue from maintenance services.

Why Ecomaji applied to the S4S programme:

- Awareness that the business faced challenges that he was unable to address by himself
- Came across TBN from a newspaper article when sitting together with his mentor and then applied

Challenges faced at time of application and expectations from support:

- Cash-flow challenges arising from client payment delays and default
- Access to working capital for business expansion (to develop additional business lines)
- Challenges around streamlining operations to operate more effectively
- Clear expectation to raise finance as a result of programme participation: "The promise of TBN is that you get presented with a cookie jar of potential investors in which you can put your hand in and when you come out you come out with a cookie."

Changes observed / made attributable to TBN support:

- Ecomaji was able to crystalize its thinking around changes to its business model (see below) and was able to prioritise certain products to focus on
- Now the company has a business plan which previously did not exist on paper

Outlook for the next 12 months:

- Objective to change the business model to provide equipment through a special purpose vehicle (SPV) where the client has an interest in the SPV and Ecomaji finances, builds and operates the equipment based on regular monthly fees from the client. In addition to selling equipment.

- Raise working capital
- Ecomaji is receiving investment raising support from TBN and is in discussion with Arrow Capital/Sidian Bank to receive \$200,000 of debt financing.

Beacon of Hope - cohort 2

- **Entrepreneur:**
- **First year with revenues:**
- **Sector:** Primary healthcare
- **Latest annual revenue (2018):** KES 107,043,666 (approximately \$1 million - including grant funding)
- **CAGR 2016,17,18:** -14%
- **CAGR trajectory rationale:** Ambitious expansion plans requiring heavy capital expenditure; Some services also offered free of charge.
- **Current number of employees:** 120
- **Number of jobs created / lost between years 2017 and 2018:** 40 jobs created

The business in brief:

- Registered as an NGO with income generating activities. Pursue the overall goal of empowering women and disadvantaged groups through access to health services and economic development.
- Operate a health centre/clinic, technical training facility and education facilities (kindergarten and primary)

Expectations from S4S support/challenges faced at time of application:

- Participated with a focus on their health services. Primary interest was to network with and learn from other health facilities operated commercially

Main progress made since cohort completion:

- Slow progress in implementing learnings
- Founder was appointed Board Chair for a different hospital thanks to newly gained knowledge

Changes observed / made attributable to TBN support:

- Previous TBN mentor became a Board member actively involved in planning the hospital expansion plans
- Learnings around how to generate business plans
- Implemented some leadership changes

Main current challenges faced:

- How to achieve sustainability of the organisation
- Succession and growth planning

Outlook for the next 12 months:

- Aim to build a bigger hospital (expand from current level 3 to level 4), fundraising required. Currently receiving some investment raising support from TBN

Almasi School - <http://www.almasischool.org/> Cohort 1

Entrepreneur: Sophia Mwende Musyoka

First year with revenues: 2014

Sector: Education

Revenue last year (2018): KES 14,426,222 (approximately \$137,000)

CAGR 2016,17,18: -7%

CAGR trajectory rationale: Pricing strategy reviewed which led to an initial drop in student numbers but the school now has a better bottom line and student numbers are rebounding again.

Current number of employees: 20

Number of jobs created / lost between years 2017 to 2019: 3 new jobs created

The business in brief:

- The school provides education using the ACE curriculum.
- At the time of application, the school has grown and had 87 students with a total of 150 having passed through the school.

Expectations from S4S support/challenges faced at time of application:

- Training on business principles and knowledge sharing on how to optimize business systems for growth;
- Guidance on what is needed to scale the school and;
- Financing to settle the school in its own facilities and become profitable.

Main changes made since cohort completion:

- 3-year strategic plan finalized;
- Pricing strategy reviewed which led to an initial drop in student numbers from 86 to 66. Despite the reduced revenues brought about by drop in student numbers, the bottom line was improved and with time the student numbers are on the increase again;
- During the training a need was identified for marketing activities which the school has gone on to work on - Revamped their website, Put up sign boards and invested in school transport (1 bus and 2 vans) - this is a big marketing tool and huge draw for parents who want the headache of picking and dropping students taken away.
- Social impact – opened a special needs unit within the school.

Changes observed / made attributable to TBN support:

- Biggest gain attributed to the S4S engagement has been gaining clarity on her overarching business strategy.
- Written up a strategic plan;
- Restructured the company ownership and governance structure to improve efficiency and have a common vision;
- Revised the fee structure in line with rising costs - The action to revise upwards the fee structure resulted in a drop-in student numbers (to 66) but has on the flipside increased her revenues and left her in a positive cash position.

Main current challenges faced:

- Expansion plans hampered by land availability and capital constraints;
- Falling out with some of the board members slowed down decision making process but this has now been resolved - they have resigned and will be bought off.

Outlook for the next 12 months:

- double capacity, multiply graduation options (Introduce IGCE in addition to ACE) which would diversify revenue streams;
- Register school with ministry of education (currently just registered with the company's office).

Askadoc - <http://www.askadoc.co.ke/> Cohort 2

Entrepreneur: Dennis Nturibi

First year with revenues: 2007

Sector: Primary Health

Revenue last year (2018): KES 7,890,037 (approximately \$75,000)

CAGR 2016,17,18: -1%

CAGR trajectory rationale: Reduced revenues especially on the OHS side of business.

Current number of employees: 4

Number of jobs created / lost between years 2017 to 2019: 9 jobs lost

The business in brief:

- Focus on 3 services: Hospital (Mt View medical centre); Occupational Safety & Health (Main cash cow); Be Well (Lifestyle changes focussed on Diabetes & Hypertension).

Expectations from S4S support/challenges faced at time of application:

- Dennis's application to the S4S programme was necessitated by the realisation that he was ill equipped to run a business and needed some practical lessons and tools to help him through this journey.

Main changes made since cohort completion:

- 12 months ago, the company kickstarted the process of scaling down (closing down of the hospital - Mountain View Medical Centre) upon realisation that this business wasn't going to pick up as anticipated and the costs were continuing to accumulate. They renegotiated an exit clause on a 10-year lease and left the premises in November 2018 and have now moved to premises in Adams Arcade, Kilimani.
- They continue to focus on the Occupational Health & Safety business and Be Well (Lifestyle). The Diabetes and Hypertension clinic is a now almost kicking off.
- Staffing - Big drop in number in late 2017 / early 2018 (Dropped from 13 to 7). Currently, permanent staff are 4 (Including Dennis) with 2 part time staff members;

Changes observed / made attributable to TBN support:

- Strategic shift in direction - They reworked their strategy and this informed the move away from the hospital route.

Main current challenges faced:

- Reduced revenues especially on the OHS side of business (despite this being a statutory requirement especially for businesses in construction / civil works, manufacturing, mining & extraction, many have opted to put this on the back-burner).
- Refusing to pay bribes to get contracts has also been a hinderance to business growth.

Outlook for the next 12 months:

- Clear all outstanding debts then build up a cash reserve.
- Askadoc plans to address their weakest link – marketing – and have brought in a marketing expert within their board to assist with this.

Eco2Librium - <http://eco2librium.net/index.html> Cohort 3

Entrepreneur: Christopher Amutabi

First year with revenues: 2010

Sector: Energy

Revenue last year (2018): KES 27,566,995 (approximately \$ 262,000)

CAGR 2016,17,18: 5%

<p>CAGR trajectory rationale: The CAGR calculations factors data up until 2018. Discussions with Chris indicate that revenues have gone down due to problems accessing the raw materials for briquettes who were the main cash cow up until 2018.</p> <p>Current number of employees: 16</p> <p>Number of jobs created / lost between years 2017 to 2018: 7 jobs lost</p>
<p>The business in brief:</p> <ul style="list-style-type: none"> ▪ Sells biomass fuel briquettes; ▪ Solar business;
<p>Expectations from S4S support/challenges faced at time of application:</p> <ul style="list-style-type: none"> ▪ Christopher's application to the S4S programme was primarily driven by the need for additional investment to boost the production capacity of their briquette business (the business is also involved in cook stoves business). This need has been brought about by increased demand from hotels, hospitals, Schools and the peri urban dwellers.
<p>Main changes made since cohort completion:</p> <ul style="list-style-type: none"> ▪ Previously, the main focus / cash cow was the briquette business but they have had to change tact and are now focusing on the solar business. Main reason for this is that the source of raw materials (sugarcane bagasse). The sugarcane companies started taking the bagasse to their sister company - Webuye paper company - and as a result this has presented a problem of accessing the main raw materials. They are currently looking into other sources of raw materials such as biomass.
<p>Changes observed / made attributable to TBN support:</p> <ul style="list-style-type: none"> ▪ TBN training has helped them strengthen their systems and processes such as the financial management systems as well as improving on general service delivery efficiency. ▪ TBN also helped them develop a running strategy that has helped them achieve their set targets - operational as well as revenue targets. They have had to tweak their strategy due to reducing focus on briquette business and focusing on the stove / solar business. The BP for stove is in place but one for the solar business is WIP.
<p>Main current challenges faced:</p> <ul style="list-style-type: none"> ▪ Accessing raw materials for briquette production
<p>Outlook for the next 12 months:</p> <ul style="list-style-type: none"> ▪ Looking to take the solar business (selling solar kits - there is a range of different kits having different items - they source their kits from China) regional and ultimately national. Currently in Homabay, Ukambani areas and also in Turkana. ▪ Also working to break even within this same period.

<p>Uzuri Institute - Cohort 1</p> <p>Entrepreneur: Mercy Githinji</p> <p>First year with revenues: 2002</p> <p>Sector: Education</p> <p>Revenue last year (2018): KES 105,871,249 (approximately \$ 1million)</p> <p>CAGR 2016,17,18: 56%</p> <p>CAGR trajectory rationale: Growth in student numbers</p> <p>Current number of employees: 48</p> <p>Number of jobs created / lost between years 2016 to 2018: 8 new jobs created.</p>
<p>The business in brief:</p> <ul style="list-style-type: none"> ▪ Uzuri Institute Ltd was incorporated in November 2002 under the name of Uzuri Hair and Fashion College Ltd. The Institute has now grown to include variety of courses which include Hospitality,

Fashion & design, Hairdressing, Beauty, AIDTT, Business, CPA, ICT, Journalism, Tourism, Media, ICDL, Leadership & Development, Engineering among others.
Expectations from S4S support/challenges faced at time of application: <ul style="list-style-type: none"> ▪ Enhance business management fundamentals; ▪ To raise capital for expansion; ▪ Networking.
Main changes made since cohort completion: <ul style="list-style-type: none"> ▪ In 2018, as part of a new strategy developed in collaboration with the TBN team, they have spread out the programme - lowered fees (from 5500 to 4000) / spread the timeframe (1.5 to 2 years) - (net / net same position) - this lessens the fees burden which is ideal to those less well off - this has resulted in increased numbers. ▪ Recruited a general manager in 2019 to replace the previous one who was underperforming. A lot of work was required to clean up the finances; ▪ They have hired another campus to accommodate increase in numbers in 2018; ▪ Have also acquired a TV license to help with training especially on media / communications courses (The TV will focus on education and business issues) - expected to be an additional revenue stream and will also be a great marketing tool; ▪ They have partnered with KYEOP / NITA so far to grow numbers and plan to continue partnering with institutions;
Changes observed / made attributable to TBN support: <ul style="list-style-type: none"> ▪ They have spread out the programme - lowered fees (from 5500 to 4000) / spread the timeframe (1.5 to 2 years) - (net / net same position) - this lessens the fees burden which is ideal to those less well off - this has resulted in increased numbers. ▪ Recruited a general manager in 2019 to replace the previous one who was underperforming. ▪ Putting in place systems from the internal systems and controls training was very useful - ICT system now in place that encompasses school fees collection, attendance, exams. This will help cut losses in the near to long term;
Main current challenges faced: <ul style="list-style-type: none"> ▪ Main challenge at the moment is keeping the organisation afloat even in the middle of implementing the strategy that is unlikely to bear fruit until they hit numbers (2000). We have added courses which means additional teachers / students and therefore more space required - which has resulted in costs going up significantly. ▪ Dealing with low income presents a big problem when it comes to revenue collection
Outlook for the next 12 months: <ul style="list-style-type: none"> ▪ Hit the 2000 students number by the end of 2019.

Annex 7. Enterprise Level Revenue data of TBN businesses

Enterprise-Level Data	Revenues of Businesses Assisted					
Company Name	2016	2017	2018	Incremental revenue 1	Incremental revenue 2	Total incremental KES
Almasi School	15,504,665	17,413,436	14,112,637	1,908,771	-1,392,028	516,743
Botanic Treasures Ltd	10,057,887	13,057,705	17,094,848.11	2,999,818	7,036,961	10,036,779
Ecomaji	19,388,397	20,409,784	16,673,276.51	1,021,387	-2,715,120	(1,693,734)
International School of Advertising	12,419,624	9,838,007	13,463,950.00	(2,581,617)	1,044,326	(1,537,291)
Kubamba Company Ltd	40,255,405	41,767,941		1,512,536		1,512,536
Mango Patch						
Nulands Limited	45,697,255	53,192,381		7,495,126		7,495,126
Nyabon Enterprises Ltd	2,058,600	2,000,000	5,200,000.00	(58,600)	3,141,400	3,082,800
Oasis Adventures & Camps	4,000,000	2,415,150	3,100,000.00	(1,584,850)	-900,000	(2,484,850)
PassionProfit Ltd	5,729,488	11,865,656		6,136,168		6,136,168
Royal Business Experts	17,000,000					
Sweet Inspirations	12,065,601	6,721,290		(5,344,311)		(5,344,311)
Uzuri Institute Ltd	43,314,980	47,457,874	58,600,921	4,142,894	15,285,941	19,428,835
VAELL/Impact Lease	1,539,464,808	1,415,631,681	1,014,684,415	(123,833,127)	524,780,393	(648,613,520)
Virtuelle Products Ltd	39,311,103					
Wanjiku INC.	8,280,000					
Afyasoft Ltd						
Ask A Doc Limited		7,997,169	7,890,037.48		-107,132	(107,132)
Bdelo Ltd.		5,119,199	4,826,071		-293,128	(293,128)
Beacon of Hope		124,462,232	107,043,666.00		-17,418,566	(17,418,566)
Flare						
Gilead pharmaceuticals		31,170,961				
Hallel Pharmacy Ltd		374,235,892				
Imara Mediplus Ltd		43,962,195	66,034,907.00		22,072,712	22,072,712
Kasha		1,387,709				
LiveWell Network of Clinics and Hospitals		37,820,000	35,221,401.00		-2,598,599	(2,598,599)
MELCHIZEDEK HOSPITAL LTD		167,646,374	152,862,995.00		-14,783,379	(14,783,379)
mHealth Kenya Ltd		111,039,568				
Mums Village Ltd		5,453,190				
NEEMA HEEP LTD		11,997,261				
Olivelink Healthcare		8,200,000	10,240,797.00		2,040,797	2,040,797
St John's hospital Ltd		75,802,225	91,999,221		16,196,996	16,196,996
Tsulla Healthcare Ltd		49,935,119				
ZanaAfrica Group		6,448,261	6,075,048		-373,213	(373,213)

Enterprise-Level Data	Revenues of Businesses Assisted					
Company Name	2016	2017	2018	Incremental revenue 1	Incremental revenue 2	Total incremental KES
AkiraChix		13,164,582	11,515,071.00		-1,649,511	(1,649,511)
Autoscope International		13,560,900	13,099,683.00		-461,217	(461,217)
Bawa Hope Ltd			10,012,903.00			
Bright Innovations Ltd.		21,988,167	18,560,440.00		-3,427,727	(3,427,727)
Brooms Ltd		31,306,377	30,147,926.48		-1,158,451	(1,158,451)
COREC			4,639,705			
Eco2Librium		26,162,379	27,566,995.00		1,404,617	1,404,617
Eveminet						
Hema Hospital		107,754,625				
Kilimototo LLP						
Kitengela HotGlass Ltd.		48,383,978	61,372,713		12,988,735	12,988,735
Legacy Car Rental		5,485,383	10,189,481.00		4,704,098	4,704,098
Legacy Realty						
Rizichi Creations						
Zindua Ltd		149,500.00	584,000.00		434,500	434,500
Total						(593,893,186)

	Company Name	Total Incremental Revenues (KES)	CAGR	Summary
1	VAELL/Impact Lease	(648,613,520)	-18.8%	This was a mixed cohort. 2 indicated that their CAGR growth (Uzuri) and decline (Almasi) was partly as a result of actions taken post the S4S training. The initial and anticipated decline in Almasi has now changed its trajectory and student numbers are again on the rise.
2	Oasis Adventures and Camps Ltd	(2,484,850)	-12.0%	
3	Ecomaji	(1,693,734)	-7.3%	
4	Almasi School	516,743	-4.6%	
5	International School of Advertising	(1,537,291)	4.1%	
6	Uzuri Institute Ltd	19,428,835	16.3%	
7	Botanic Treasures Ltd	10,036,779	30.4%	
8	Nyabon Enterprise Ltd	3,082,800	58.9%	
1	Beacon of Hope	(17,418,566)	-14.0%	This was a purely health cohort. Olive Link are the only business across all cohorts supported to date who have managed to raise funds through TBN support – They received a \$60,000 loan with a two-year grace period followed by a 5-year payback period at 5.3% interest rate.
2	Melchizedek Hospital Ltd	(14,783,379)	-8.8%	
3	LiveWell Network of Clinics and Hospitals	(2,598,599)	-6.9%	
4	ZanaAfrica Group	(373,213)	-5.8%	
5	Bdelo Ltd.	(293,128)	-5.7%	
6	Ask A Doc Limited	(107,132)	-1.3%	
7	St John's hospital Ltd	16,196,996	21.4%	
8	Olivelink Healthcare	2,040,797	24.9%	
9	Imara Mediplus Ltd	22,072,712	50.2%	
1	Bright Innovations Ltd.	(3,427,727)	-15.6%	Similar to cohort 1, cohort 3 comprises a mix of businesses in different sectors and years in
2	AkiraChix	(1,649,511)	-12.5%	
3	Brooms Ltd	(1,158,451)	-3.7%	

4	Autoscope International Ltd.	(461,217)	-3.4%	operation. Despite no reported direct contribution by TBN on the financial performance as yet, functional changes are already being implemented in majority businesses following S4S.
5	Eco2Librium Company Ltd.	1,404,617	5.4%	
6	Kitengela Hot Glass Ltd.	12,988,735	26.8%	
7	Legacy Car Rental	4,704,098	85.8%	

Overview of case study businesses interviewed

Company Name	CAGR	Sector	Size (Median Revenues) KES	Urban / Rural	Years in operation
Uzuri Institute Ltd	16.3%	Education - TVET	47,457,874	Urban	17
Olivelink Healthcare	24.9%	Health - Healthcare facility	9,220,399	Urban	6
Eco2Librium Company Ltd.	5.4%	Energy	26,864,687	Rural	9
Almasi School	-4.6%	Education	15,504,665	Urban	8
Ecomaji	-7.3%	Waste	19,388,397	Urban	8
Ask A Doc Limited	-1.3%	Health	7,943,603	Urban	12
Melchizedek Hospital Ltd	-8.8%	Primary Health	160,254,685	Urban	21
Beacon of Hope	-14.0%	Health	115,752,949	Urban	17
Bawa Hope	N/A	Manufacturing	10,012,903	Urban	3