KEY TAKEAWAYS FOR SUPPORT ORGANIZATIONS

Support organizations provide companies with valuable support, offer training and resources, and open up networking opportunities. They can also foster more productive ecosystem development by prioritizing the voices and experiences of entrepreneurs and facilitating connections between successful and up-and-coming founders.

Based on interviews with hundreds of founders, Endeavor Insight has found that there is often a mismatch between the services provided by support programs and founders' expectations of them. To mitigate this, **support organizations should be clear about their program's goals and resources.** Juan Carlos Thomas, TechnoServe's Global Entrepreneurship Director, described his organization's approach to making selection decisions in alignment with programmatic goals as such: "We design a program for a particular profile of entrepreneur that is usually driven by the segments we can add value to in the region or geography where we're going to work. After that, we present our value offering and we try to drive by mostly self-selection." Argidius's case study of TechnoServe in its **2021 SCALE report** describes that the latter also charges a fee for entrepreneurs participating in its program, which further encourages self-selection and raises the quality of applicants.

Effective entrepreneurship support requires tailoring services to the specific needs of companies, which often relate to their business model, growth stage, and sector. As an interviewed practitioner notes, millions of dollars of resources are being spent across the ecosystem on classroom-style training, when in reality what entrepreneurs need is advice on the specific challenges that their businesses face.

> A series of reports published by Endeavor Insight on **innovative entrepreneurs in emerging markets** has shown that while the majority of entrepreneurs studied were at the growth and expansion stages, most support program curricula focused on the pilot and early stages.

Programs are often geared towards software business models, neglecting support for other innovative companies like those that develop hardware products. **One-size-fits-all approaches to support programs leave out companies with great potential for transformational social impact**. In Endeavor Insight's **research on innovative entrepreneurs**, many founders of invention-based enterprises mentioned that support programs were not suitable for their needs and that they often felt pressured to adopt more software-oriented business models. Some support organizations have addressed this issue by regularly requesting feedback from their entrepreneurs to iterate and improve upon the services they provide.

Measuring impact is an important but challenging aspect of the work of support programs, as high-quality data is difficult to obtain. Rather than focusing on metrics about the success of the support organization itself, such as the number of organizations supported or amount of funding provided, **success should be measured based on the outcomes of the entrepreneurs themselves, and the wider economy.** These

include long-term variables like job creation, annual revenues, and number of customers reached. As one program manager recounts, support organizations "sometimes forget that they are working for the entrepreneurs. A lot of support organizations call themselves ecosystem builders, but they really think in terms of their own community, their own ecosystem." Some support organizations have recognized this issue and track the progress of their alumni companies to continually measure impact. The **Argidius Foundation's SCALE report** also describes the value of helping entrepreneurs develop the capacity to collect and use their data, which enables a continuous process of learning.

Photo credit: Endeavor

Support organizations should prioritize helping entrepreneurs scale up their businesses to maximize impact. Research by Endeavor Insight on **entrepreneurship and economic growth in U.S. cities** found that scaled businesses—those with 50 or more employees—create more jobs, pay higher salaries, and are more resilient to crises than their peers.

Many of the program officers interviewed for this project described how their programs have a focus on scale, but the meaning of that term varied. For some programs, it referred to their companies' number of users or international expansion, while for others, scale signified the amount of return the companies achieved for investors. Endeavor's research often uses **employee size (or "job creation") as a metric for scale** because it is highly correlated with other growth metrics such as revenue and amount of investment received. Employee data also tends to be more readily available and comparable across geographies and industries than currency-based metrics.

Scaled entrepreneurs give back to their local economies not only as job creators, but they also have a long-term effect on ecosystem development by paving the way for subsequent generations of entrepreneurs. **Many support programs have recognized the value that scaled entrepreneurs can provide as mentors or angel investors, but few have entrepreneurs in broader decision-making roles like designing programs or selecting investees.** There is room for more successful local founders to be involved in such positions.

Support programs need to prioritize local ownership and leadership, especially in nascent ecosystems as they begin to mature so that there is a strong foundation for self-propelling progress.[*] As one program manager described, their work is a success if their organization can walk away from an ecosystem in terms of providing financial or other support, while the ecosystem continues to grow.

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SELF-DIAGNOSTIC TOOL FOR SUPPORT PROGRAMS

This is a tool for the leaders and officers of support organizations that has been developed in line with Endeavor Insight's six principles of self-propelling ecosystem development. It is designed to allow for reflection and to spur dialogue within your organization about how you select and support entrepreneurs.

1 Program Planning & Curriculum

A Do your curricula focus on helping companies scale? (ALL) (SOME) (FEW) (NONE)

B How many of your portfolio companies have reached the scale of at least 25 employees (for nascent ecosystems) or at least 50 employees (for mature ecosystems)? (ALL) (SOME) (FEW) (NONE)

C How frequently do you incorporate input from successful, scaled founders about local challenges and opportunities in the ecosystem to inform program curricula?

(ALWAYS) (SOMETIMES) (OCCASIONALLY) (NEVER)

The responses "Few", "None", "Occasionally", and "Never" indicate that the program may benefit from a greater focus on scale and input from local founders.

2 Selection Process

A Identify your program's intended long-term outcomes (e.g. job creation, an SDG target, increasing incomes).

_____
_____
_____
_____
_____

B In what ways does your program select companies based on those goals?

_____
_____
_____
_____
_____

Based on your responses above, consider if the program's selection criteria need to be refocused to match its intended outcomes.

3 Support Offerings

To what extent does your program offer tailored curricula, facilities, mentors, connections, diagnostics and other services, according to...

A Sector? _____

B Geography? _____

C Business model? _____

D Growth stage? _____

Based on your responses above, consider if any aspects of the program need to be revisited and tailored more.

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4 Evaluation & Measurement

A Which metrics are currently used to measure your program's impact? Check all that apply, and write in any additional metrics under the relevant column.

Entrepreneur success metrics:

☐ Job creation

☐ Number of customers

☐ Funding amounts raised

☐ Annual revenues

☐ Number of geographies with operations/customers

_____

_____

_____

Program success metrics:

☐ Number of participants

☐ Number of grants given

☐ Value of grants disbursed

☐ Number of investments made

_____

_____

_____

B Copy a few sentences from your program materials that describe your selection strategy and program goals.

_____

_____

_____

_____

C How well does that language reflect the impact metrics you identified above?

_____

_____

_____

_____

Based on your responses above, consider if your program should alter its impact metrics to better measure entrepreneurs' success.

5 Founder Roles

A In what ways are entrepreneurs involved in your program? Check all that apply, and then add up the number of checked boxes.

☐ Program design

☐ Selection decisions

☐ Investment decisions

☐ Mentorship

☐ Other program delivery

☐ Board of advisors/directors

Total: _____

A total of 0-2 indicates a need for improvement, 3-4 indicates good program design, and 5-6 indicates excellent program design. If you scored below 5, consider additional ways to involve founders in your program.