



**TECHNOSERVE**  
BUSINESS SOLUTIONS TO POVERTY



**SIPA**

# Building Post-Program Services for Entrepreneurs in Central America

Economic and Political Development Workshop

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May 7, 2018



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# Table of Contents

Executive Summary: Slide 3

Introduction: Slide 4

Approach and Findings: Slide 10

Recommendations for Product: Slide 22

Recommendations for Implementation: Slide 28

Budget: Slide 34

Conclusions: Slide 42

Acknowledgments: Slide 43

Appendix: Slide 44

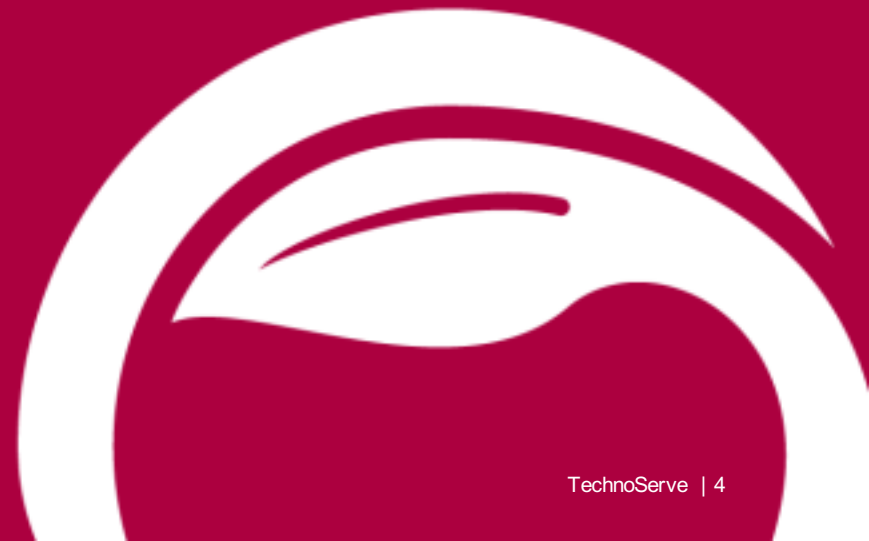


# Executive Summary

- TechnoServe (TNS) is a nonprofit organization that works with enterprising men and women in the developing world to build competitive businesses. In 2012, TNS launched two multi-country business accelerator programs in Central America. A team from Columbia University's School of International and Public Affairs worked for six months to develop post-program services for these two business accelerator programs.
- Through field trips to Nicaragua and Guatemala, the team developed the proposed program to address the three main challenges identified with the post-programs phase, including financial sustainability, lost relationships, and measuring effectiveness.
- The program consists of three levels of membership: (1) La Red (2) La Red + and (3) La Comunidad. The different levels of membership provide businesses with a newsletter, business directory, business diagnosis, professional workshops, and consulting hours.
- Considering the organization's current capacity, the team recommends piloting the program in El Salvador and Guatemala before rolling out the program with all three levels in Central America.



# Introduction



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# Introduction

- TechnoServe (TNS) is a nonprofit organization that works with enterprising men and women in the developing world to build competitive farms, businesses, and industries.
- TNS launched two multi-country business accelerator programs in 2012 to spur growth of small-medium businesses as a tool for poverty reduction and inclusive economic growth.
- The workshop project focused on the two business accelerator programs in Central America.



# Project Objectives

- Build an alumni program in Central America to institutionalize and maintain post-business program connections with and between graduates of the two business accelerators.
- Create a self-sustaining model through the generation of revenue.
- Develop an implementation plan and a toolkit.



# Overview of Programs

## Impulsa tu Empresa ITE

Focused on businesses that have been operating for more than 5 years.

- **Annual Sales:** Between 20k-2m
- **Average Age:** 40-55 years
- **Requirements:** Minimum 2 year of sales prior to admission
- **Reach:** 60-65 businesses per program cycle
- **Capacity:** 15-20 enterprises per business advisor
- **Countries:** Guatemala, El Salvador, Honduras, and Nicaragua

## Crece tu Empresa CTE

Focused on youth and businesses that have been operating for less than 1 year.

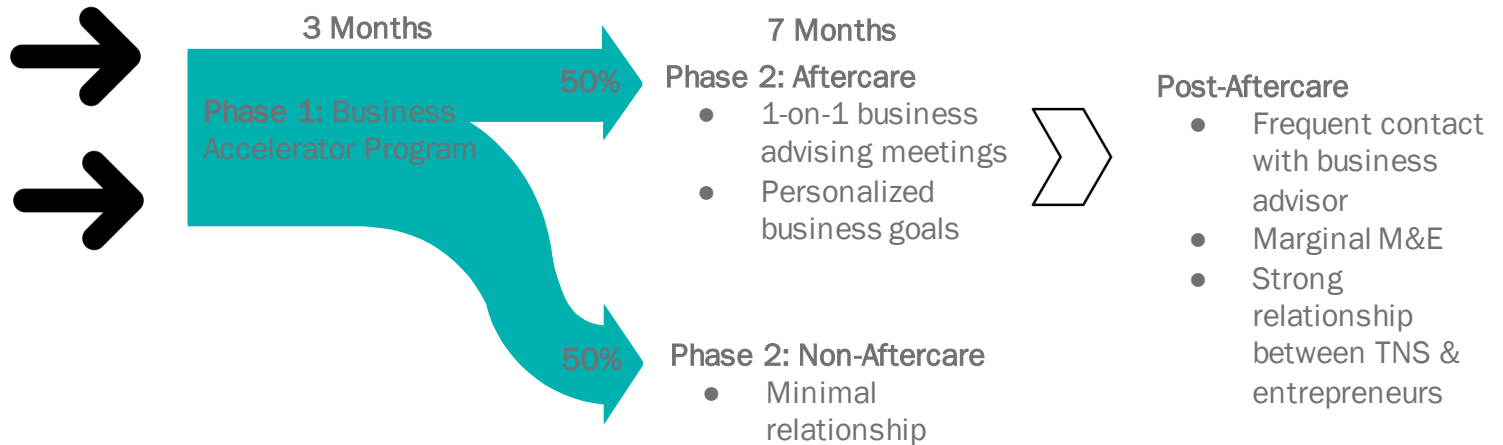
- **Annual Sales:** Between USD 3K-10K
- **Average Age:** 18-30 years
- **Requirements:** Minimum 6 months of sales prior to admission
- **Reach:** 60-65 businesses per program cycle
- **Capacity:** 15-20 Enterprises per business advisor
- **Countries:** Guatemala, Panama and El Salvador



# Structure of Programs

ITE: 2 years of operation pre-accelerator

CTE: <1 year of operation pre-accelerator

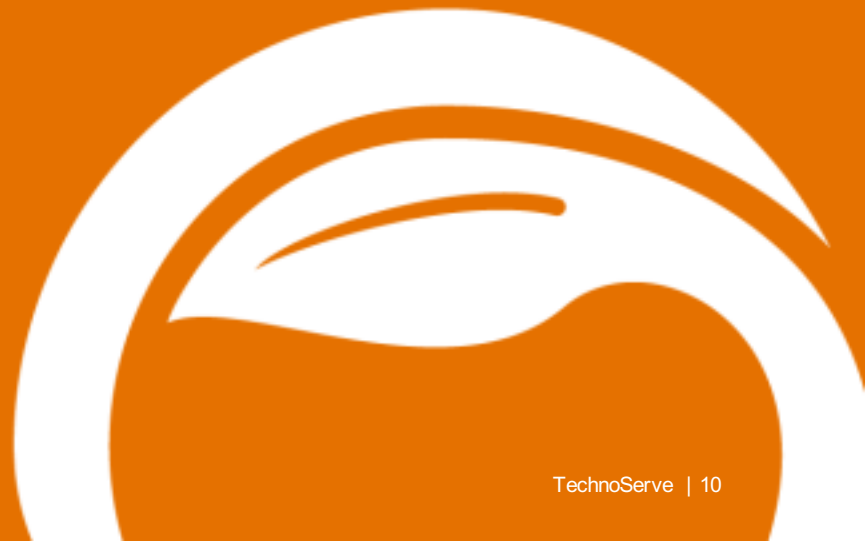


# Challenges Post-Programs

- **Financial Sustainability:** TNS creates measurable value for its beneficiaries, but lacks mechanisms to capture any of that value for reinvestment in the program.
- **Lost Relationships:** The population of ITE/CTE graduates dedicated to TNS' mission grows every year, but no formal mechanism to provide and monetize post-program services.
- **Measuring Effectiveness:** Post-program growth and benefits cannot be measured if relationships are lost.



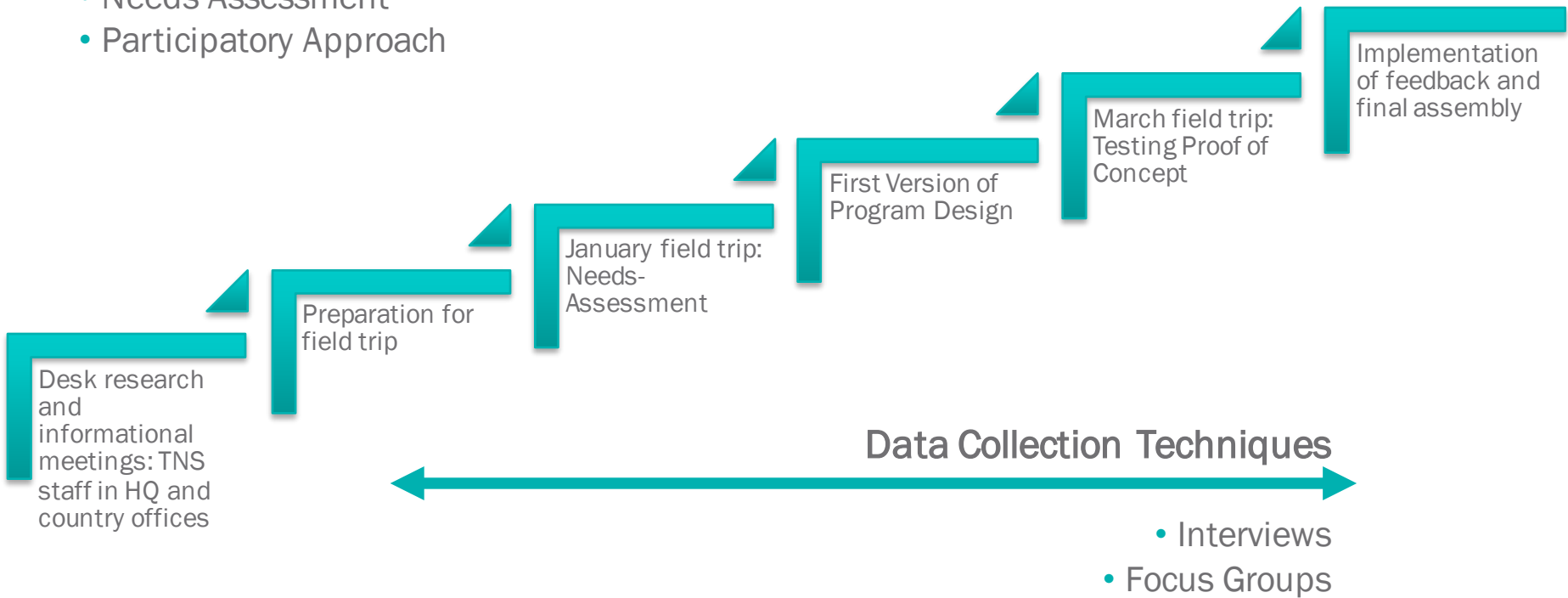
# Approach and Findings



# Methodology

## Analytical Framework:

- Needs Assessment
- Participatory Approach



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# Preparation for January Field Trip

## Overview:

- Preliminary conversations with TechnoServe staff.
- Design and refine focus group guides.
- Prepare materials to obtain objective feedback on different components of the program.
- Develop work plan for field trip.



# Nicaragua Field Trip

## Overview:

- Discussed overview of program and conducted a needs assessment with:
  - 3 focus groups
    - 10 early stage/small businesses
    - 8 mature and medium-sized businesses
  - Visited 2 enterprises



# Nicaragua Field Trip: Findings (I)

## Interviews & Focus Groups with Enterprises:

- Businesses seek additional services post program completion, rather than a traditional “alumni program.”
- Businesses have evolved as result of TNS services and their needs have grown complex (e.g. the mature businesses like to have legal/financial advisory).
- Most value-added activity during the program was the “Learn by Doing.”
- Graduates maintain relationship with cohort members through WhatsApp chats.
- Graduates have demand for continued services, and expressed a willingness to pay for them.
- Networking in the traditional sense was not an appealing part of the program.



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# Nicaragua Field Trip: Findings (II)

## Interviews with TNS Staff:

- Missed business opportunities: population from post-Aftercare & non-Aftercare.
- The only post-program connection between TNS and graduates are their business advisor.
- A revenue stream for program and financial sustainability is crucial.
- Program should include a data collection component to track progress of the graduates.



# Program Design: Two Points of Intervention

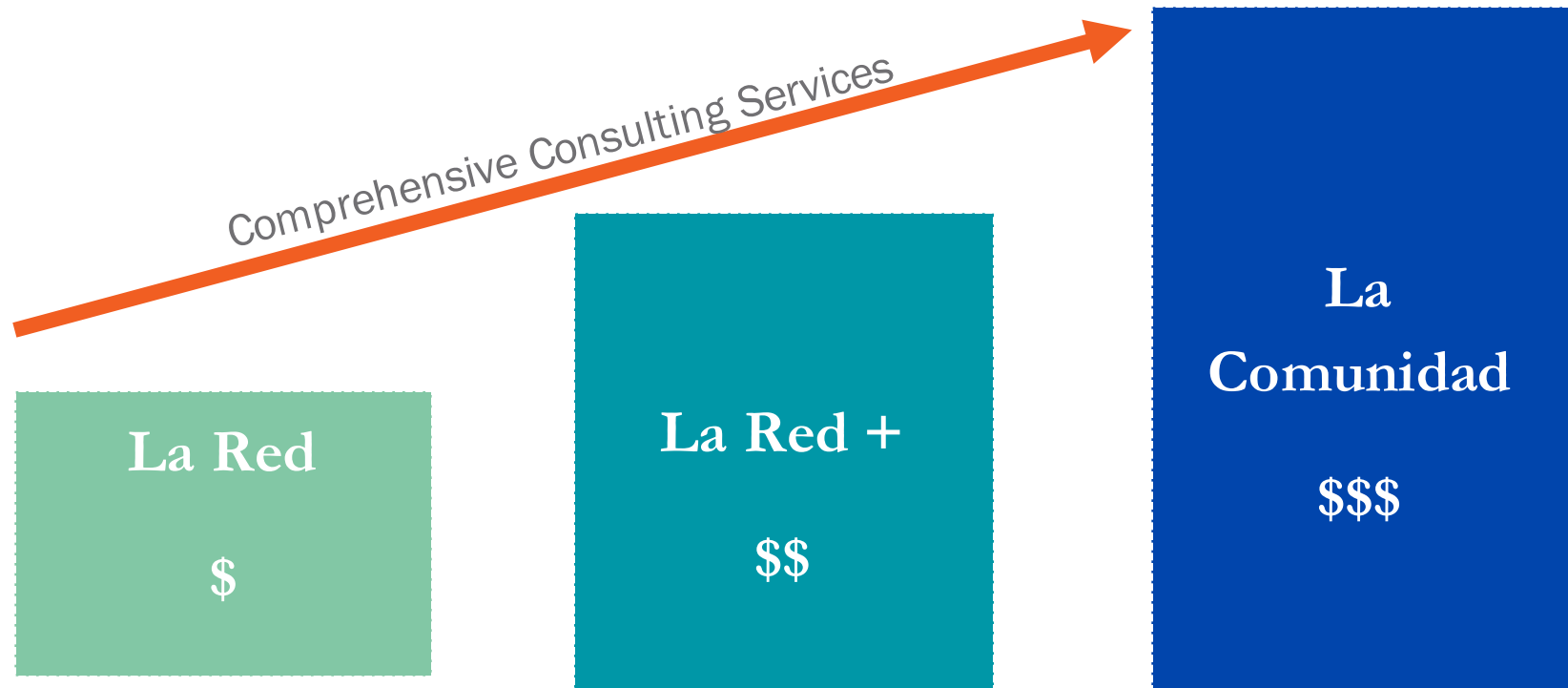
ITE: 2 years of operation pre-accelerator

CTE: <1 year of operation pre-accelerator



# Program Design: Concept

*A flexible annual membership model that connects graduates with the right services and opportunities for their business goals*



# Program Design: Concept

	LA RED	LA RED +	LA COMUNIDAD	DESCRIPTION
Monthly TNS Newsletter	✓	✓	✓	Access to TNS' community and opportunities to promote business
Business Diagnostic	✓	✓	✓	Annual performance and work plan with business advisor; M&E
Professional Workshops	Full Price	Reduced Rate	Unlimited Access	One-day intensive training sessions on various topics
Consulting Hours		✓	✓	Additional consulting time with a business advisor throughout the year
On-Site Visits			✓	Employee training conducted by TNS on site at businesses



# Guatemala Field Trip

## Overview:

- Conducted a needs assessment, tested a proof of concept, received participatory feedback, and adjusted recommendations based on:
  - Interviewing 10 businesses
    - 6 CTE and 4 ITE
  - Conducting 2 Focus Groups with graduates
    - 3 CTE/ITE
    - 8 ITE
  - Conducting 1 Focus Group with TNS staff



# Guatemala Field Trip: Findings

## Needs Assessment:

- Businesses are interested in participating in workshops that could include topics such as: legal, finances, marketing/branding, human resources, business expansion/franchising.
- Workshop topics should reflect the level of development and operation that businesses are at post-program.
- There is no formal means for graduates to connect with graduates from other cohorts.
- Most of the needs were similar to Nicaragua - but graduates in Guatemala placed a stronger value on opportunities for collaboration among businesses.



# Guatemala Field Trip: Findings

## Proof of Concept

### Newsletter

- Newsletter should include promotions to buy products or services from other enterprises.
- Avoid heavy written content and focus on graphics.

### Networking

- Even though entrepreneurs find value in networking, most of them would not just meet for networking.
- Entrepreneurs find strong value in opportunities to collaborate.

### Implementation

- Current local TNS staff do not have the capacity to implement a program.
- A pilot phase is needed.

### Business Diagnosis

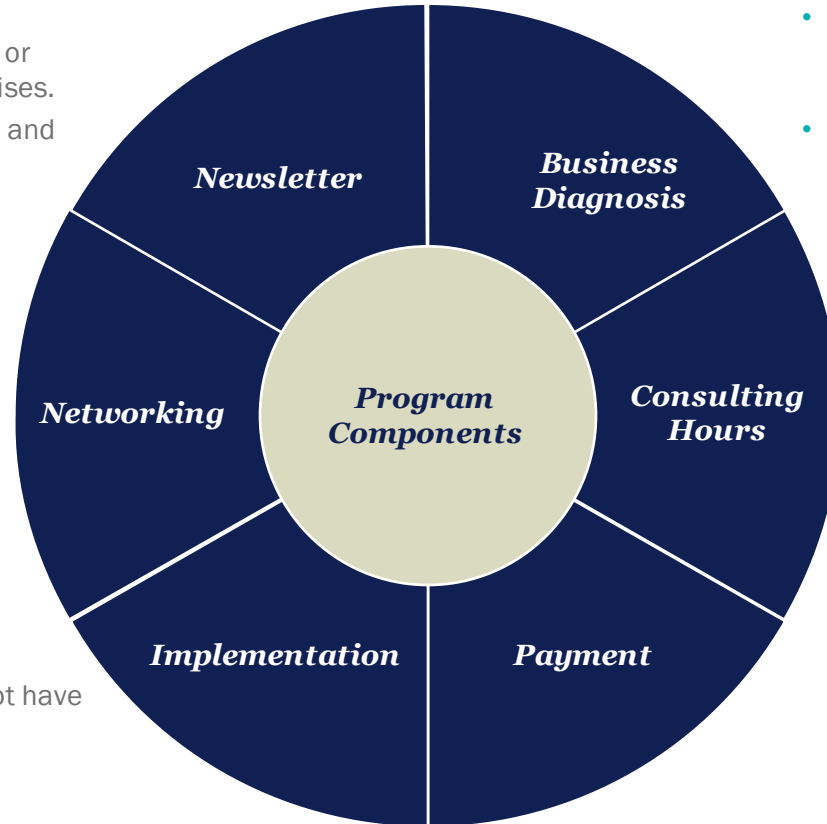
- Very interested in the business diagnosis component, but with a work plan attached.
- Value added if it includes an analysis on environmental impact.

### Consulting Hours

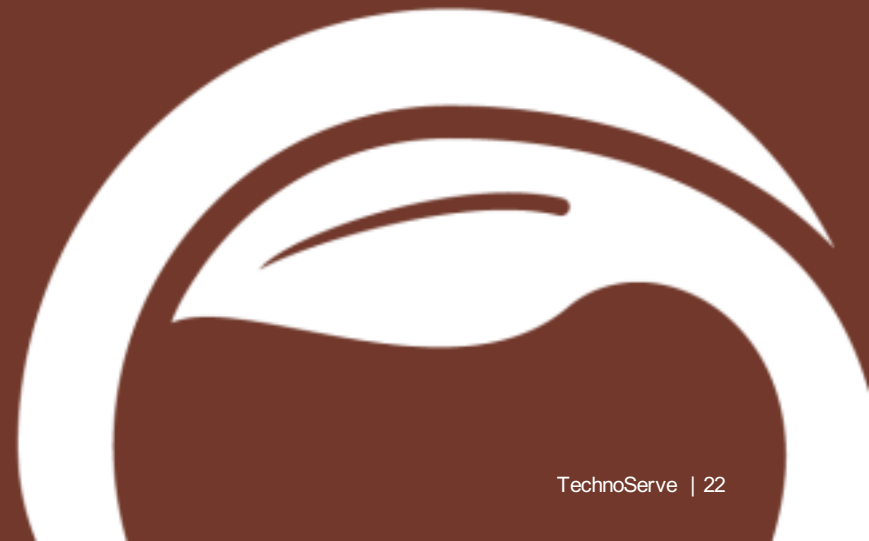
- Hours should be flexible.

### Payment Structure

- Preferred monthly payment.
- Most preferred "La Comunidad" and would pay up to 500 Quetzales (\$67.5 US) per month.



# Recommendations for Product



# Key Recommendations

## Product

- The final product should include the same three levels of engagement, with additional incentives to “La Red” membership, in accordance with the findings from the March field trip.
- Graduates from both ITE and CTE should be eligible to enroll for all levels.
- The newsletter and the directory should be accessible to all graduates, even if they are not registered to the program, as a marketing tool.
- Consulting hours will be allocated on a first-come-first-serve basis.
- Considering current capacity and budget constraints, TNS should execute the program gradually, in three phases: Pilot, Roll Out and Scale-Up in two countries.
- Implement pilot between two cohorts of regular programming to reduce constraints on staff capacity.

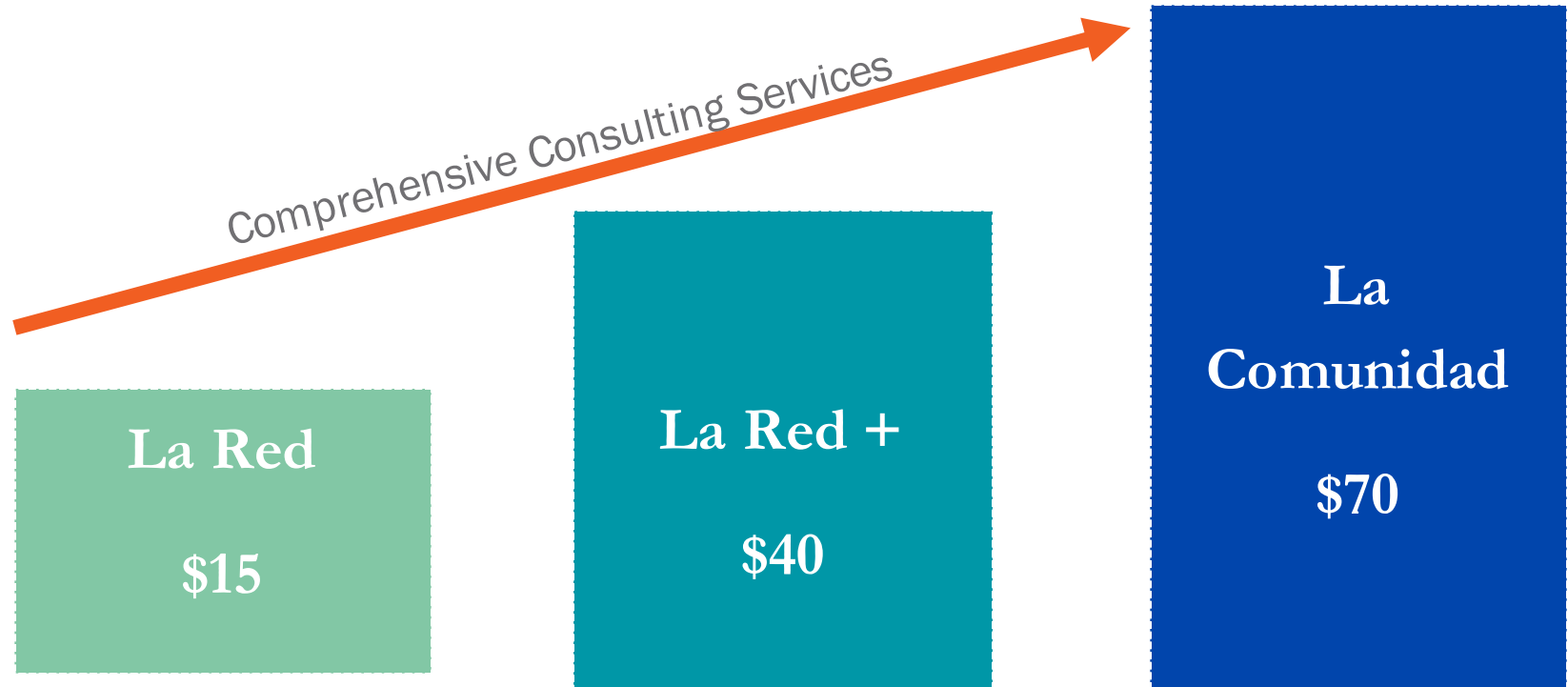
## Pricing

- Membership fee will be paid on a monthly basis.
- Considering the flexibility in the usage of consulting hours, members should make a 3-month commitment, with no refund before they enroll in either “La Red+” or “La Comunidad”, and could use up to 2 hours/4.5 consulting hours, respectively, during that time period.
- The price for “La Red+” should be at least half of the price for “La Comunidad” to incentivize graduates to choose the latter.
- The optimal budget model suggest that membership fee will cover approximately 84% of program expenses. Therefore, TNS should seek supplemental sources of funding to cover the remaining program expenses.



# Recommendations: Product

*A flexible monthly membership model that connects graduates with the right services and opportunities for their business goals*



# Recommendations: Product

	W/O	LA RED	LA RED +	LA COMUNIDAD	DESCRIPTION
Monthly TNS Newsletter	✓	✓ Promotion Package Included	✓ Promotion Package Included	✓ Promotion Package Included	Access to TNS' community and opportunities to promote business
Business Directory	Access but business is not listed	✓ Access and registration	✓ Access and registration	✓ Access and registration	Access to online directory to search for graduates of TNS programs
Business Diagnostic		✓	✓	✓	Annual performance and work plan with business advisor*
Professional Workshops (Quarterly)		Full Price (\$25)	Reduced Rate (\$15)	Unlimited Access	One-day intensive training sessions on various topics (Ex. marketing, finance, and legal)
Consulting Hours ★			✓ 2hr/3months	✓ (4.5 hr/3 months)	Additional consulting time with a business advisor throughout the year in TNS offices

★ Additional option to buy more consulting hours for \$50/hr, for La Red+ and La Comunidad Members only



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# Recommendations: Product Components

## Business Directory:

- A comprehensive database with contact details of members from all three levels, that serves as a platform for business collaboration and self-promotion.
- All graduates of ITE and CTE will have access to a directory, but only member businesses will be registered in the directory.

## Workshops:

- Quarterly 1-day workshops will be offered on the topics proposed by the graduates in the focus groups in January and March
  - Implementing and improving financial accounting systems
  - Marketing and branding methods
  - Human resources management
  - Regulatory compliance for small businesses
  - Tax fundamentals




# Recommendations: Product Components

## Newsletter:

TNS Newsletter May 1st, 2018

**TNS Monthly**



Dear TNS Graduates,

**A short text to describe the main content of this monthly newsletter**



**Regulatory Roundup**  
New regulation relevant to small and medium sized business, content changed by the demand of members

**Workshop Promotion**  
Information about the upcoming workshop and the link to register the workshop

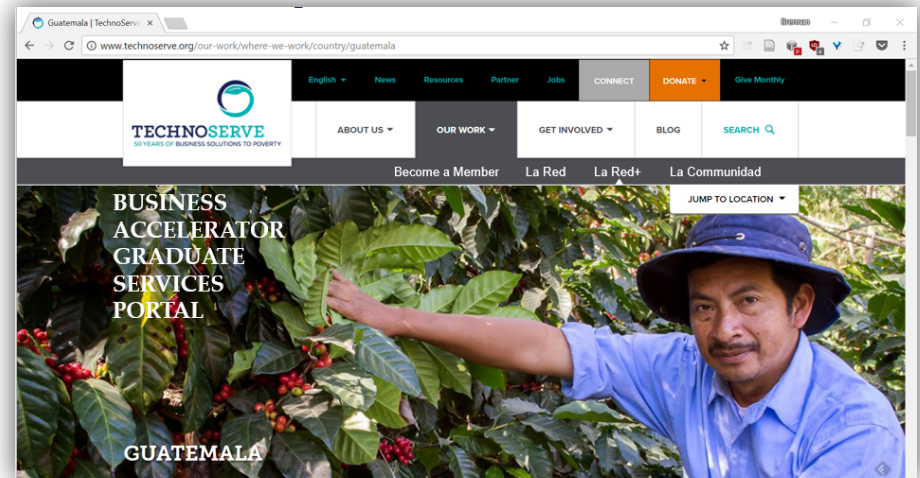
**Program Promoter**  
Registration link of the program and detailed description of the program

**Peer Collaboration Link**  
A link to directory to find collaboration with peer business in all sectors

**Business Promotion**  
Open to registered member to market their business to peers  
Can include coupons, discounts, etc.

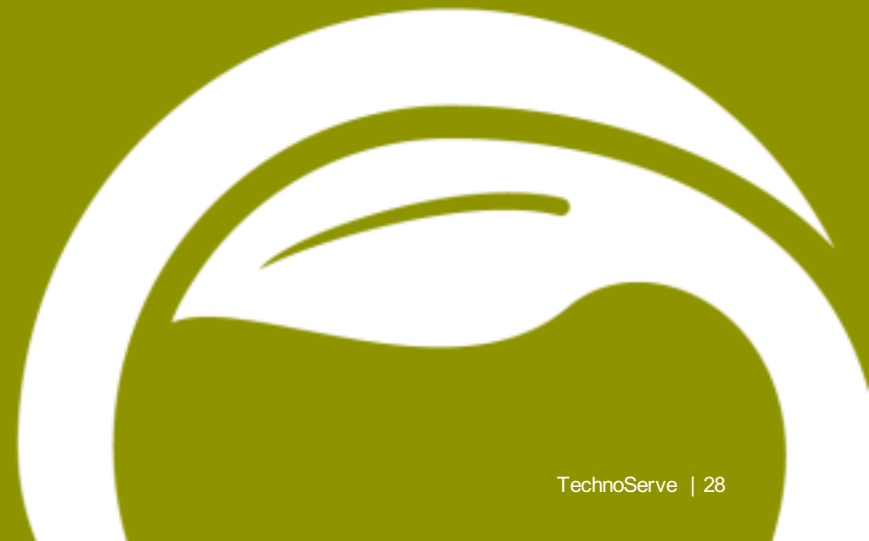


## Website

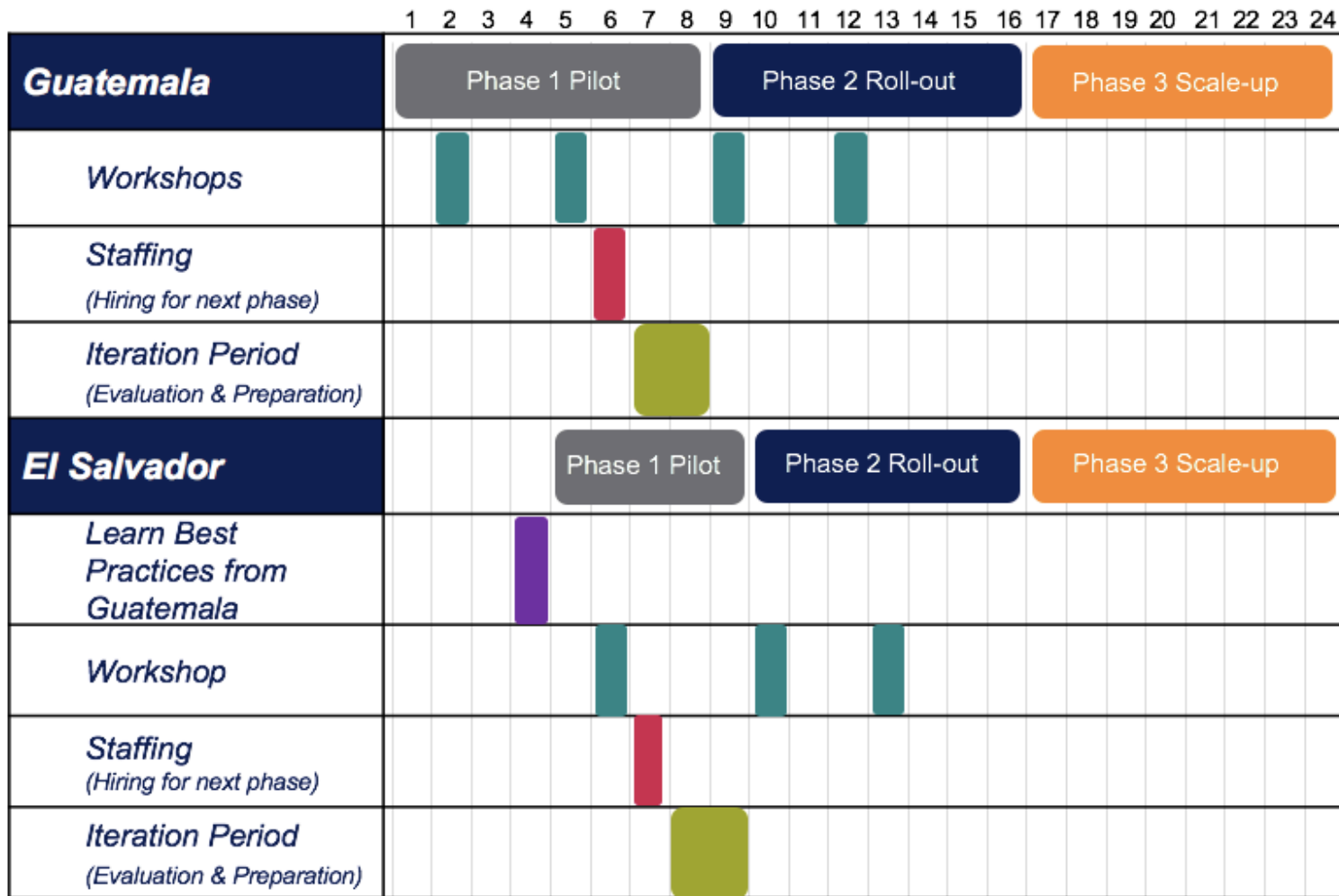


The screenshot shows the website for TechnoServe in Guatemala. The URL is [www.technoserve.org/our-work/where-we-work/country/guatemala](http://www.technoserve.org/our-work/where-we-work/country/guatemala). The page features a navigation menu with options like English, News, Resources, Partner, Jobs, CONNECT, DONATE, and Give Monthly. Below the navigation, there are links for ABOUT US, OUR WORK, GET INVOLVED, BLOG, and a SEARCH function. A prominent banner image shows a man in a blue shirt and hat working in a coffee field, with the text "BUSINESS ACCELERATOR GRADUATE SERVICES PORTAL" and "GUATEMALA" overlaid. There are also links for "Become a Member", "La Red", "La Red+", and "La Comunidad", along with a "JUMP TO LOCATION" dropdown menu.

# Recommendation for Implementation



# Timeline



# Key Considerations for Implementation

## *Before piloting*

- Staff Training:
  - Roles and responsibilities for program implementation
  - Importance of not offering advising hours for free as TNS moves to new program model
  - Program Coordinator (hired exclusively for the program): .75 FTE dedicated to advising and .25 FTE dedicated to coordination of program
  - Regional Communications Coordinator: monthly newsletter
- TNS prepare marketing materials to distribute to businesses
- Identify staff who are “experts” in certain fields and able to facilitate workshops
- Prepare a scorecard to evaluate key conditions for each phase, evaluate viability of program, and adopt necessary changes before advancing to subsequent phase of program
- Use regional M&E coordinator to employ standardized monitoring and evaluation tool to collect data on business growth (# of employees, sales, etc.)
- Consulting hours should be conducted at TNS offices
- Build a web page to house information about the products, scheduling and registration



# Phase 1: Pilot Program

- **Goal:**
  - Pilot 'La Comunidad' with 30 businesses (15 in Guatemala and 15 in El Salvador)
- **Program:**
  - 3 workshops (marketing, finance, and legal)
  - Business consulting hours
- **Capacity:**
  - Implement using current staff capacities
  - Current business advisors to provide 3 hours of advising monthly
- **Hypothesis Testing:**
  - Response rates of businesses to join program
  - Data collection tool through initial business diagnosis
  - Utilization of business advisory hours
  - Willingness to pay and participate in workshops



# Phase 2: Roll Out Program

- **Goal:**
  - Iterate program based on lessons learned from pilot
  - Scale up participation to 60 participants (30 in Guatemala and 30 in El Salvador)
  - Create standard operating procedure and marketing plan for program
- **Program:**
  - Quarterly workshops
  - Business consulting hours
  - Incorporate all 3 levels of the program
- **Capacity:**
  - Hire 1 new staff member to provide business advising (.75 FTE) and coordinate program (.25 FTE)
- **Hypothesis Testing:**
  - Proportion of businesses utilizing each level of programming
  - Staffing capacity needs
  - Response rates of businesses to join program
  - Data collection tool through initial business diagnosis
  - Utilization of business advisory hours
  - Willingness to pay and participate in workshops



# Phase 3: Scale Up Program

- **Goal:**
  - Iterate program from lessons learned during roll out phase
  - Train staff in Nicaragua and Honduras on standard operating procedures
  - Scale up program to all graduates of CTE and ITE in Central America
- **Program:**
  - Quarterly workshops
  - Business consulting hours
  - Explore regional opportunities for collaboration
- **Capacity:**
  - Hire additional business advisors for each country office
- **Hypothesis Testing:**
  - Staffing capacity needs
  - Response rates of businesses to join
  - Data collection tool utilization
  - Utilization of business advisor hours
  - Willingness to pay and participate in workshops
  - Timeline to scale



# Budget

# Pricing the Program

An adjustable financial model forecasts financial impact for a 24 month scale period

## What and Why

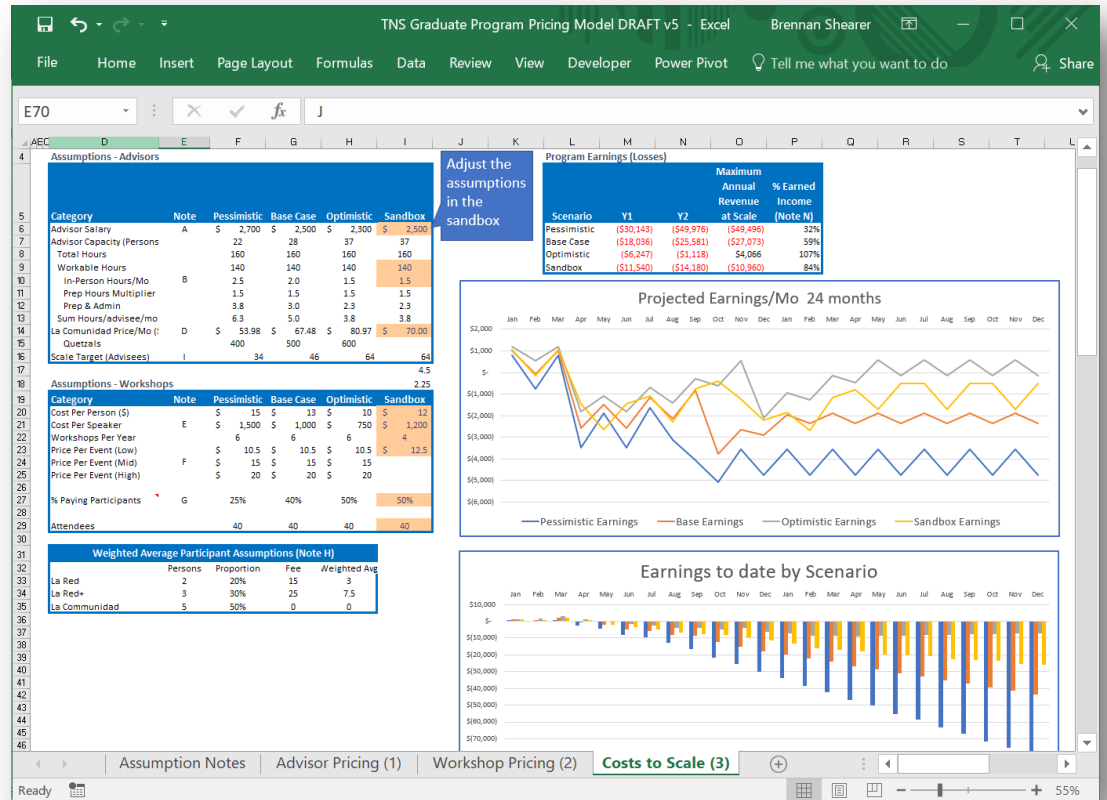
### The model

- Uses 'La Comunidad' as a benchmark to consider
- the combination of products
- Sensitivity, or "What-If" analysis examines three scenarios
- "Sandbox" allows user to adjust assumptions

### What this tells us

- How much to charge
- Financial impact of program over 24 month pilot period, and at scale
- What will this program cost

## Illustration of the financial model



# Driving Assumptions

*Advising Services and Workshops drive the cost and revenues of La Comunidad*

## Advisor Assumptions

Category	Pessimistic	Base Case	Optimistic
Advisor Salary	2700	2500	2300
Advisor Capacity (Persons)	22	28	37
Sum Hours/advisee/mo	6.25	5	3.75
La Comunidad Price/Mo (\$) \$	53.98	\$ 67.48	\$ 80.97
Quetzals	400	500	600

## Costs

- Advisor Salary (Including Fringe Benefits)

## Revenues = Advisees x Price Per Month

- Max capacity: monthly hours divided by hours spent per advisee
- Price: Range based on Guatemalan focus groups

## Workshop Assumptions

Category	Pessimistic	Base Case	Optimistic
Cost Per Person (\$)	\$ 15	\$ 12.5	\$ 10
Cost Per Speaker	\$ 1,500	\$ 1,000	\$ 750
Workshops Per Year	4	4	4
Price Per Event (Low)	10.5	10.5	10.5
Price Per Event (Mid)	15	15	15
Price Per Event (High)	20	20	20

## Costs

- Venue: Cost per attendee
- Speaker: Varies based on specialty

## Revenues = Attendees x Average Price

- Attendees: assume 40 attendees
- Price: The weighted average of declining fee model



# 24 Month Summary

## Program Earnings (Losses)

Scenario	Maximum Annual Revenue at Scale	% Earned Income	Phase 1 Net Revenues (6) Mo's	Phase 2 Net Revenues (3) Mo's	Phase 3 Net Revenues (8) Mo's	Scaled Net Revenues (7) Mo's
Pessimistic	\$ (49,496)	32%	\$ 118	\$ (8,771)	\$ (33,613)	\$ (29,752)
Base Case	\$ (27,073)	59%	\$ 2,833	\$ (4,094)	\$ (19,743)	\$ (15,113)
Optimistic	\$ 4,066	107%	\$ 5,177	\$ (2,367)	\$ (4,432)	\$ 1,155
<b>Recommended</b>	<b>\$ (10,960)</b>	<b>84%</b>	<b>\$ 3,920</b>	<b>\$ (4,130)</b>	<b>\$ (12,010)</b>	<b>\$ (6,000)</b>

Revenues cover 84% of program expenses – an annual shortfall of \$(10,960) is expected at scale

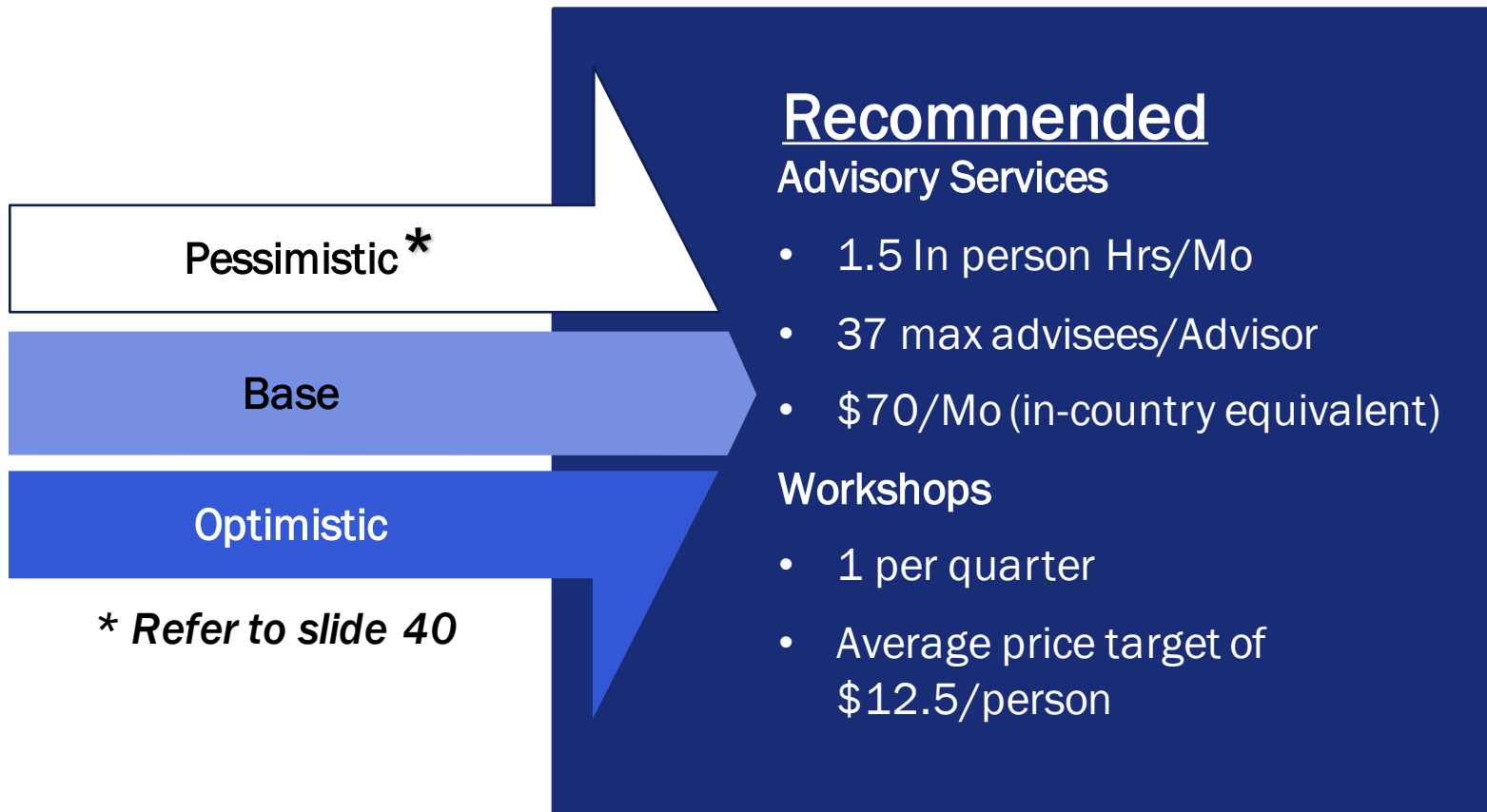
24 month net financial impact of Recommended program is \$(18,220)

- Year 1: \$(4,040)
- Year 2: \$(14,180)



# Three Scenarios – One Recommendation

*The optimal product combines the most likely assumptions from three scenarios*

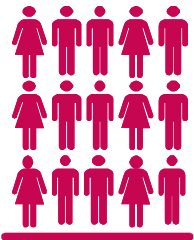


# Scaling Up

After an initial pilot period the program is scaled to 64 advisees and two advisors

Net Revenues  
\$3,920

- 15 Advisees
- mentored by current staff capacity



Pilot + Hiring  
(6 mo.'s) \*\*

Net Revenues  
\$(4,130)

- Up to 30 advisees
- 1 program coordinator / Advisor



Iteration  
(3 mo.'s) \*

Net Revenues  
\$(12,010)

- Increase by 5 advisees per Month
- 1 program coordinator / advisor
- 1 new advisor hired as necessary



Roll-out  
(8 mo.'s) \*\*\*

Net Revenues  
\$(6,000)

- 64 advisees
- 1 program coordinator / advisor
- 1 full time advisor



Scaled  
(7 mo.'s) \*\*

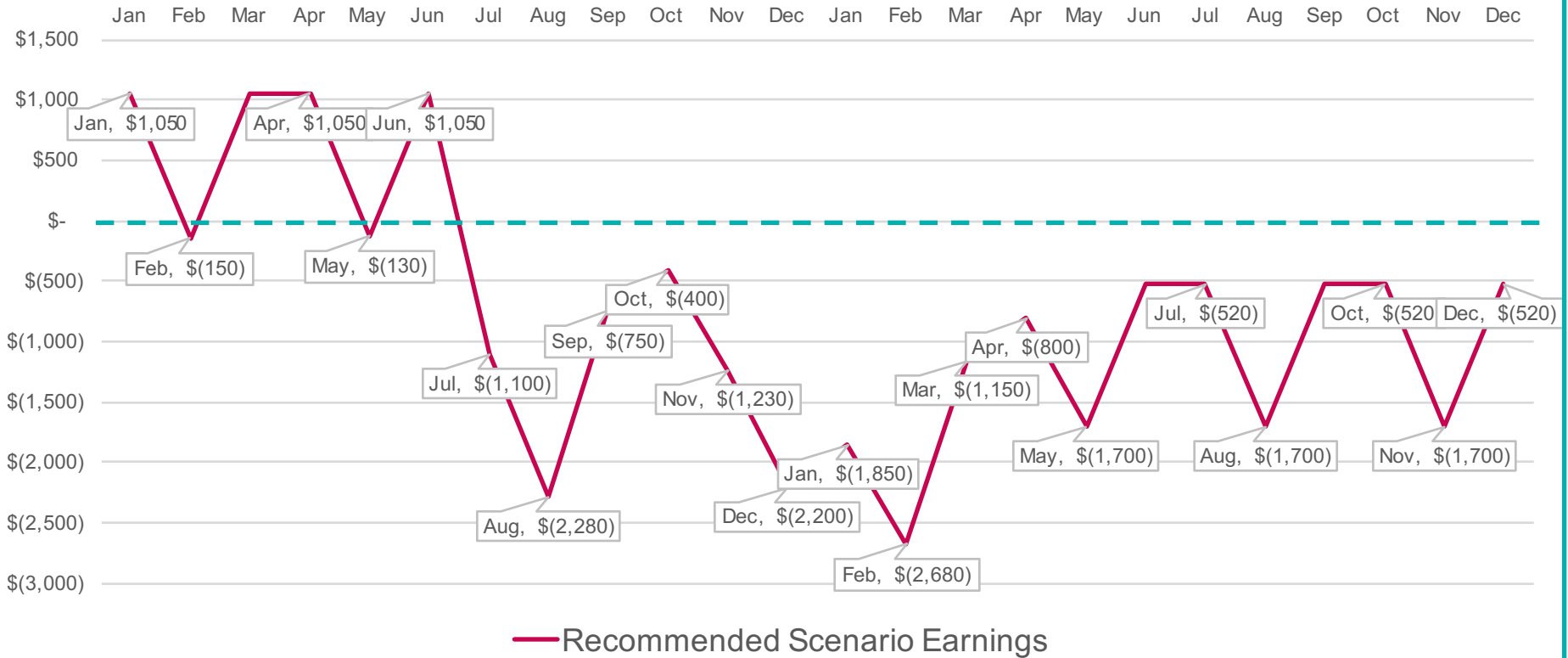
\* Indicates number of workshops



# Financial Impact of 24 Month Scale Up

*Net earnings at scale fall short of break-even – supplementary funding sources will be necessary*

## Projected Earnings/Mo 24 months



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## Key Program Financial Impact

*The pilot we designed, at scale, would reach 64 businesses, and be run by two advisors; one operates as full-time advisor with 37 advisees and the other operates also as the program coordinator, and therefore, will have only 27 advisees.*

*Revenue would cover 84% of the costs over a two-year period.*

*Our recommendation is that the remainder of the costs should be covered by supplemental funding.*



# Conclusion

- TNS launched two business accelerator programs in Central America in 2012.
- The graduates of the businesses remain engaged with TNS post-program but there was not an active way to maintain these relationships and to monetize services post-program completion.
- Our team recommends implementing a membership-based post-program service model, that will provide graduates of CTE and ITE with a comprehensive program that provides the right services and opportunities to fulfill their business goals.
- The business model will cover 84% of the costs for 64 advisees. Our recommendation is that the remainder of the costs will be covered through supplemental funds, e.g. grants and/or external funds.
- The program should be piloted in El Salvador and Guatemala before being scaled up in Central America.



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# Acknowledgements

We would like to thank everyone who helped us to complete this consulting project and to make the most out of this experience. First, to **Mr. Oscar Artiga** for trusting the consulting team and for his willingness to share information, his encouragement and his flexibility.

For the **local TechnoServe staff** in both Nicaragua and Guatemala for their invaluable support in the field; for their patience, enthusiasm, hard work and disposition to collaborate and engage with our project.

To all **members of the TNS entrepreneurs community** who we interviewed, for their eagerness, openness and time to help us gather valuable information. To all the **business advisor** who provided us with valuable points of view and information, and for their time and willingness.

To our academic advisor, **Professor Michael Silverman**, for his constant guidance along the process, for his encouragement, patience and flexibility.

Finally, to **Columbia University** and the **School of International and Public Affairs Economic and Political Development Program**, who allowed us to participate in this consultancy project and to travel to Nicaragua and Guatemala for the fieldwork, and for providing us with the the high-level education needed to thrive in this kind of demanding environments and tasks.



# Appendix



# Website Mockup

