

Scaling Impact Enterprises through Innovative Platforms

GIIN Investor Forum

October 10, 2013



Rockefeller Foundation

Innovation for the Next 100 Years

Monitor **Deloitte.**

A photograph of a woman and two children in a dry, desert-like environment. The woman, on the right, is carrying a baby on her back and holding a young child. She is wearing a blue patterned top and a purple skirt. The child is wearing a red top and yellow shorts. The background shows a vast, arid landscape with sparse vegetation and distant, rocky hills under a hazy sky. The text "Why this Initiative?" is centered over the image, flanked by horizontal lines.

Why this Initiative?

Background to This Initiative

Rockefeller Foundation believes Impact Enterprises - enterprises that intentionally seek to grow to sustain financial viability, realize increasing social impact, and influence the broader system in which they operate - are a promising means of addressing social issues and the wider challenges affecting the poor and/or vulnerable

Challenge

Impact investors observe there are too few investable impact enterprises in the world

Today, limited insight exists into what it takes to build impact enterprises that are 'investor ready' and operate at scale



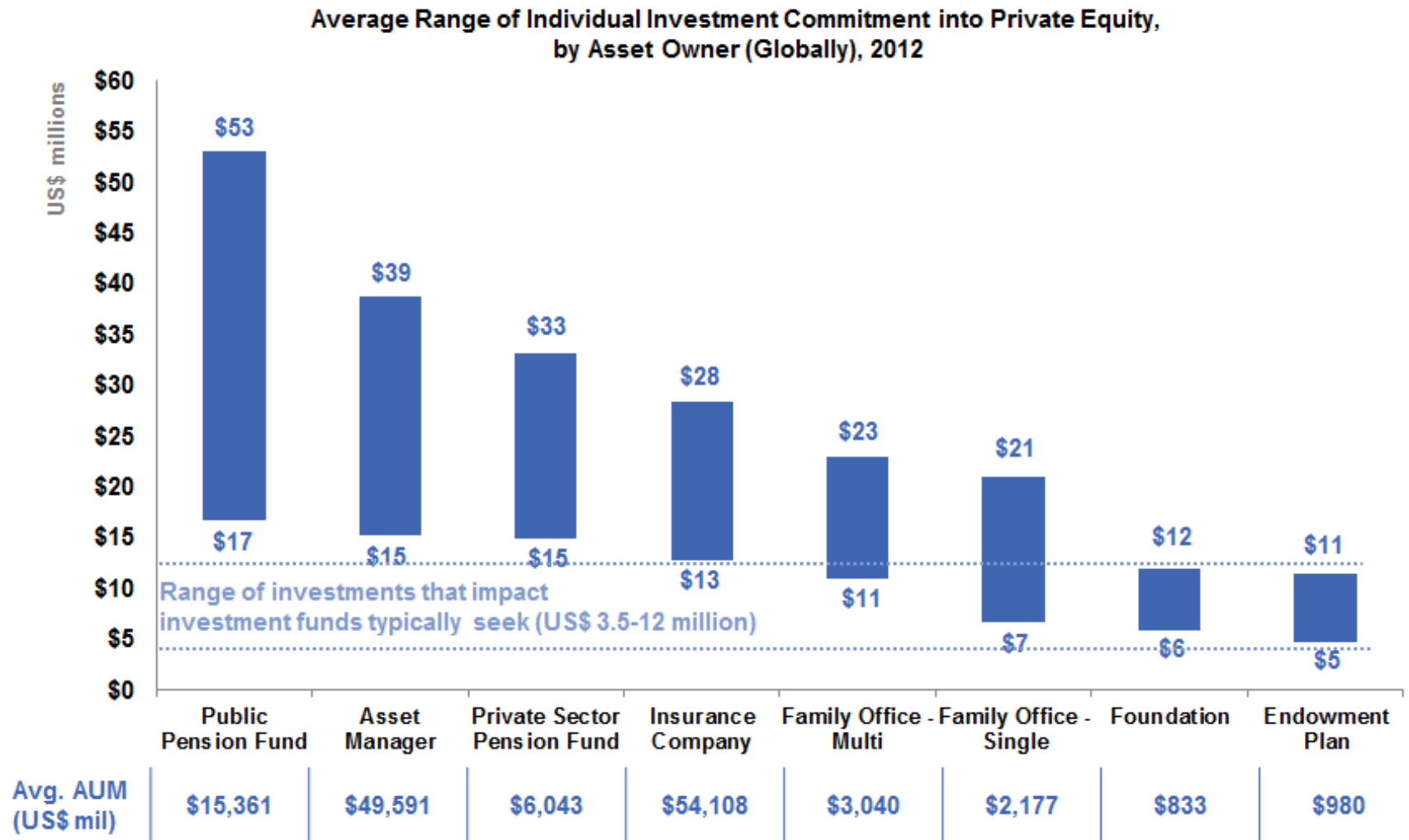
Our Initiative

The Rockefeller Foundation seeks to identify and support innovative acceleration solutions to help social enterprises achieve scale

As part of this initiative, we aim to ...

- Conduct research to understand current best practices and promising innovative practices
- Encourage experimentation by funding innovative acceleration models across North America, Sub-Saharan Africa, and Asia
- Deepen our understanding of what works (and what doesn't) with recipients of our grant funds and the field

The Challenge: A Lack of Investable Impact Enterprises



Note: Sovereign Wealth Funds (SWFs) average allocation range to Private Equity ranges from US\$46 – \$118 million (but n= 10, so was excluded from the analysis). Analysis assumes that impact investment funds seek between 3 – 10 percent of fund size.

Source: Preqin, Deloitte Analysis; World Economic Forum *From the Margins to the Mainstream*, 2013

This Initiative: Supporting Innovative Acceleration Models



Acceleration Models

form a meaningful way for bridging the 'supply and demand gap' that exists in the market today



Impact Enterprises

are a promising means to address the challenges facing the poor and vulnerable, but often lack the scale to have significant impact

Impact Investors

seek to support impact enterprises while generating financial returns, but often struggle to find investable impact enterprises

This Initiative: Why Accelerators



Acceleration Models

form a meaningful way for bridging the 'supply and demand gap' that exists in the market today



This initiative is focused on supporting innovative acceleration models given the existence of ...

Early 'Proof of Concept'

- **Investors & Impact Enterprises see value in accelerators**
 - A recent survey by I-Dev revealed that 2 of 3 investors believed that accelerators save time and money in deal origination or due diligence
 - Nearly 90% of enterprises surveyed saw value in accelerators and 36% indicated having improved their business model as a result
- **Investors are increasingly turning to accelerators for support**
 - According to research by Village Capital and I-Dev, up to 50% of investors in their studies have used an accelerator to source a deal

Innovation & Impact Potential

- **Impact Enterprises require a range of assets and capabilities to scale**
 - E.g., Market research, strategy development, financing, sales and marketing, distribution
- **Acceleration models typically address multiple needs, unlike some other intermediary models**
 - E.g., Innovation challenge funds and impact investors only help with financing needs, while 'leadership intermediaries' primarily provide leadership and business skill support
- **The multi-faceted nature of acceleration models signals significant innovation and learning as well as impact potential**

innocuous
innocuous

mushrooms
deadly

Research Findings

innovation

An **innovation** is a new
of doing something.
introduction of

Overview of Research Agenda

Challenges

Identify the challenges impact enterprises face when seeking to scale



Accelerator Support

Identify the typical services accelerators provide to address these challenges and how these differ across regions



Innovation

Identify and learn from promising innovations in accelerator support that can address challenges and scale impact enterprises



Research Methodology

Primary Research

- **20+ interviews were conducted with various stakeholders in the field**
 - Accelerators (e.g., Village Capital, NESsT)
 - Investors (e.g., Bridges Ventures)
 - Funders (e.g., Hitachi Foundation)
 - System Players (e.g., Global Accelerator Network, Impact IQ, Emory University, ANDE)
- **Typical Questions**
 - Challenges facing impact enterprises
 - Accelerator best practices
 - Innovative practices
 - Gaps in the market

Secondary Research

- **Mapping of 150+ accelerators in the US, SSA, and Asia**
 - Description of organization
 - Program inception date
 - Length of program
 - Scale of program
 - Impact of program
 - Lifecycle or Industry Focus of program

Challenges Facing Impact Enterprises as they Scale

Challenges

Identify the challenges impact enterprises face when seeking to scale



Accelerator Support

Identify the typical services accelerators provide to address these challenges and how these differ across regions

Innovation

Identify and learn from promising innovations in accelerator support that can address challenges and scale impact enterprises

Overview of Impact Enterprise Development Needs



Source: Analyses conducted by Monitor Deloitte in support of Rockefeller Foundation's Innovations in Accelerating Impact Enterprise Growth to Scale Project

Key Challenges for Impact Enterprises Globally

8

Leadership & Business Acumen

“Most social enterprises require significant capacity building and training to attain the education, skills, and access to information in order to execute their business plan.”

– GIZ

6

Distribution & Market Access

“Access to customers remains a critical gap holding back social ventures”

– Nesta

2

Business Development & Strategic Planning

“The challenge for entrepreneurs... is the ability to attract and retain managerial talent, especially in light of severe competition with well-established corporate firms”

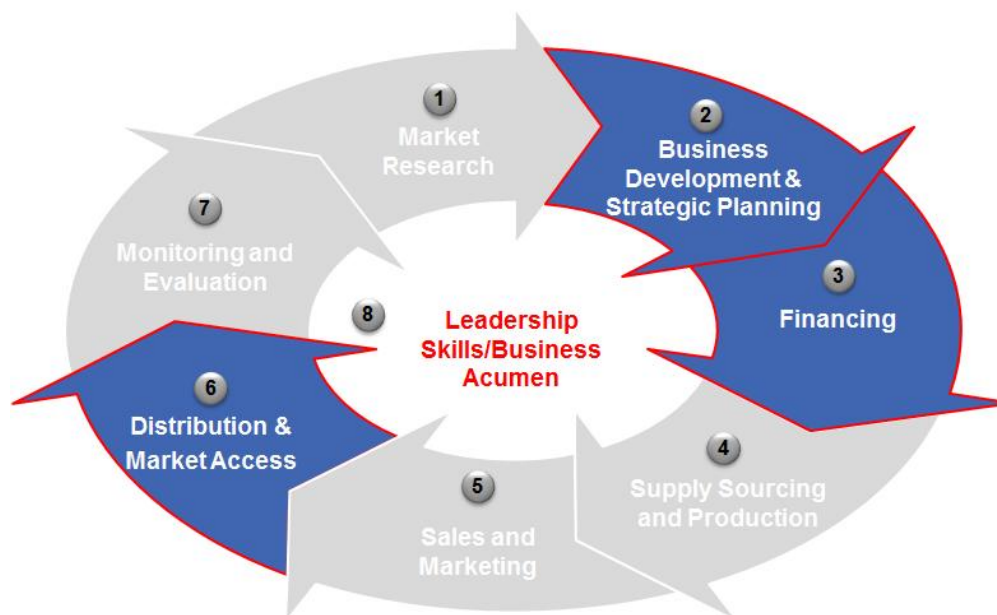
– Omidyar Network

3

Financing

“Social entrepreneurs struggle to access finance and face capital that is inappropriately structured for their needs”

– ANDE



Source: Analyses conducted by Monitor Deloitte in support of Rockefeller Foundation's Innovations in Accelerating Impact Enterprise Growth to Scale Project

Accelerating Organization Support for Impact Enterprises

Challenges

Identify the challenges impact enterprises face when seeking to scale



Accelerator Support

Identify the typical services accelerators provide to address these challenges and how these differ across regions



Innovation

Identify and learn from promising innovations in accelerator support that can address challenges and scale impact enterprises

Profile of a Typical Accelerator Program

Office space and other physical infrastructure

Pro-bono services (e.g. legal, accounting)

Introductions to Investors

Demo/Pitch Day

Seed Funding

Pathway of an Impact Enterprise through an Accelerator

Training on business strategy development, financial modeling, marketing, etc.

Mentorship from business experts, industry experts, etc.

Discussion and engagement with fellow enterprises to refine business strategy

Source: Analyses conducted by Monitor Deloitte in support of Rockefeller Foundation's Innovations in Accelerating Impact Enterprise Growth to Scale Project

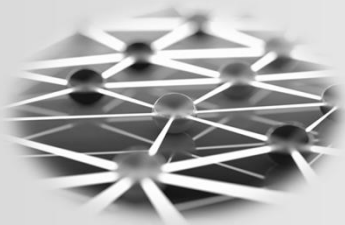
Areas of Accelerating Organization Support

Direct Resource Provision



Providing enterprises needed resources such as funding or office space directly

Networks



Providing access to networks of funders, mentors, suppliers, etc.

Capability Building



Building the capacity of enterprise leaders to develop and scale their business

Enabling Ecosystem



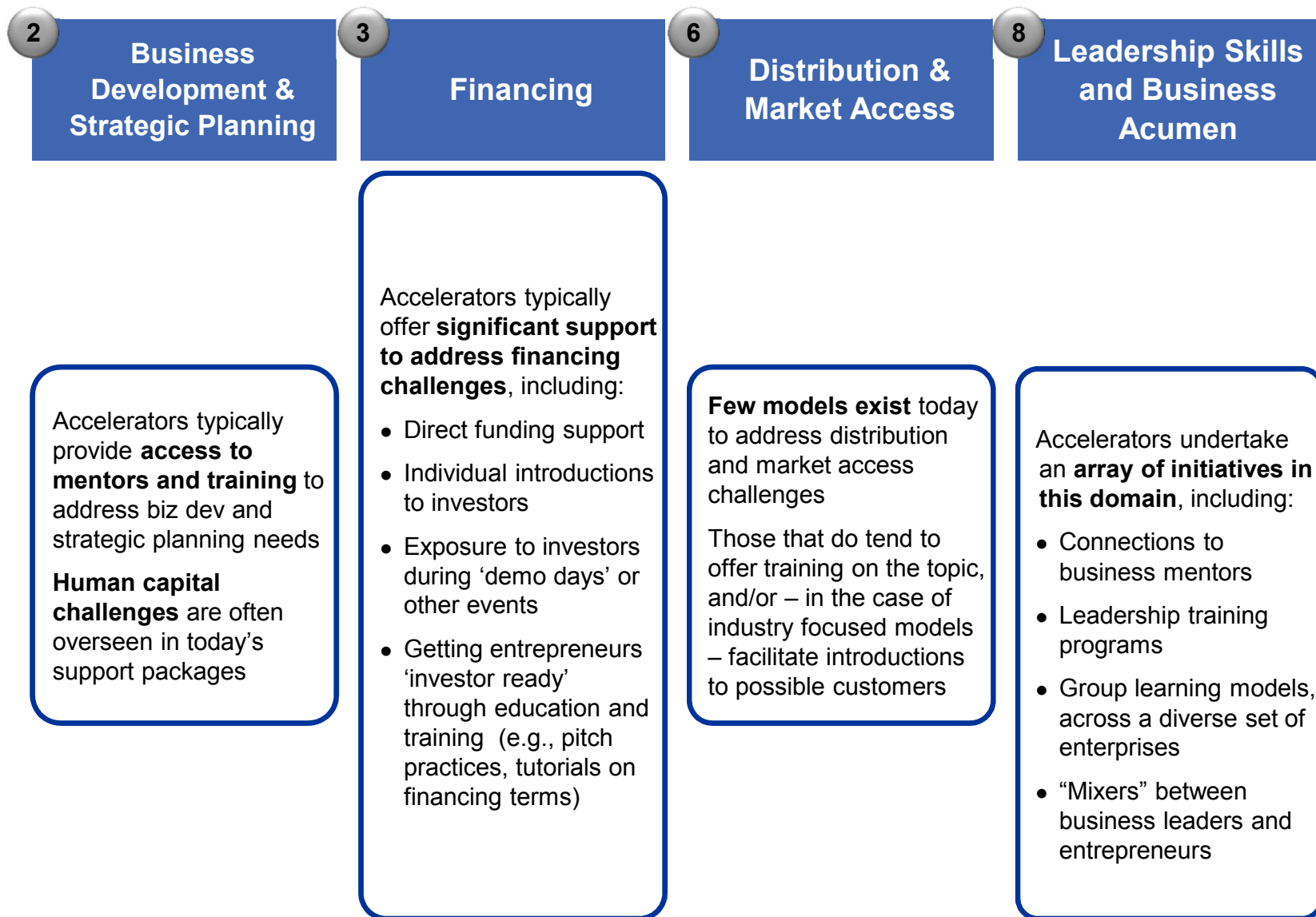
Undertaking market-level interventions such as research, policy advocacy, customer education, etc. that support the development of the broader impact enterprise environment

Source: Analyses conducted by Monitor Deloitte in support of Rockefeller Foundation's Innovations in Accelerating Impact Enterprise Growth to Scale Project

Typical Accelerator Initiatives to Address Challenges

Best Practices of Accelerating Organization Support

Key Challenges for Impact Enterprises



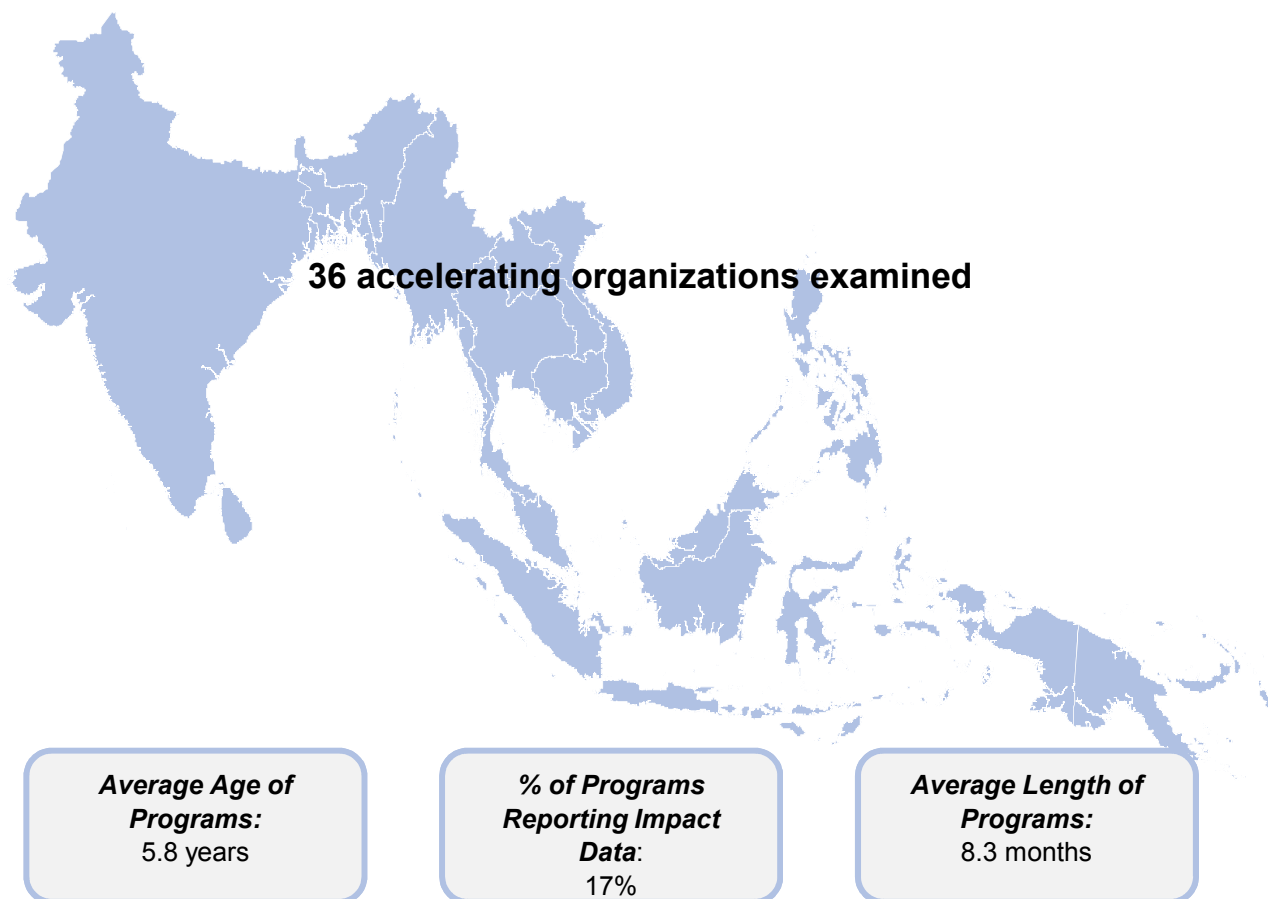
Source: Analyses conducted by Monitor Deloitte in support of Rockefeller Foundation's Innovations in Accelerating Impact Enterprise Growth to Scale Project

Landscape Overview: Asia

5ideas	Pasha Social Innovation Fund
Apna Aarsh Pakistan	Rural Technology Business Incubator
Artha Venture Challenge	SE Hub
Asian Social Enterprise Incubator (Philippines)	Shujog
Change Fusion Thailand	SIDBI Innovation and Incubation Center - IIT Kanpur
CSIP Vietnam	Smiling World Accelerator Program
Dasra Social-Impact	Social Ventures Hong Kong
Ennovent	Society for Technology and Action for Rural Advancement (TARA)
Frontier Markets	StartUp! India
iAccelerator	Synergy Social Ventures
iLab	Tata Social Enterprise Challenge
Indian Angel Network	TREC STEP
Insitor Management	UnLtd India
Intellectap	Upaya Social Ventures
Invest2Innovate	Venture Center
Khosla Labs	Venture Nursery
Milagrow Venture and Knowledge Solutions	Villgro
National Innovation Fund - Business Development Department	Waste Ventures

Market Overview

- Less developed impact enterprise market with fewer investors and impact accelerators overall; India most developed
- Social enterprises typically focused on solutions to basic needs (e.g. health, education, etc.)



Note: N for each indicators calculation equals 23, 12, and 9 accelerators

Source: Analyses conducted by Monitor Deloitte in support of Rockefeller Foundation's Innovations in Accelerating Impact Enterprise Growth to Scale Project

Landscape Overview: Sub-Saharan Africa

88 mph	Mara Foundation
Afribiz Accelerator	Meltwater Entrepreneurial School of Technology (MEST)
Alitheia Capital	mlab
Angels Initiatives	Nailab
Anzisha Prize	Nigeria Co-Creation Hub
Burundi Business Incubator	One Acre Fund
CTIC Dakar	Open Capital Advisors
FATE Foundation	Orange African Social Venture Prize
Founder Institute	Raizcorp
Ghana Multimedia Incubation Centre	Reach for Change
Global Catalyst Initiative	Reachup!
Growth Africa	Rlabs
Growth mosaic	Root Capital
Growthhub	Sinapis Group
Heart Social Enterprise Accelerator	Spark
Idea2Seed Incubation Program	Stanford (SEED)
IFC SME Solutions Centre	Synapse Center
ihub	The IVD
iLab Liberia	The REAL Business Accelerator
Impact Amplifier	Unltd South Africa
Innodev Incubator	Venia Business Hub
iSpace	Wenovation Hub
Kinu Tanzania	World Bank CIC: Climate Innovation Centre Kenya
Lagos Angel Network	Zenzele Circle
m: lab East Africa	

Market Overview

- Growing market with a small but increasing number of accelerators and a fair amount of impact investor interest
- Many accelerators do not focus on social enterprises per se, but work directly with poor & vulnerable groups to facilitate business start-ups



Average Age of Programs:
3.7 years

% of Programs Reporting Impact Data:
20%

Average Length of Programs:
9 months

Note: N for each indicators calculation equals 37, 20, and 22 accelerators

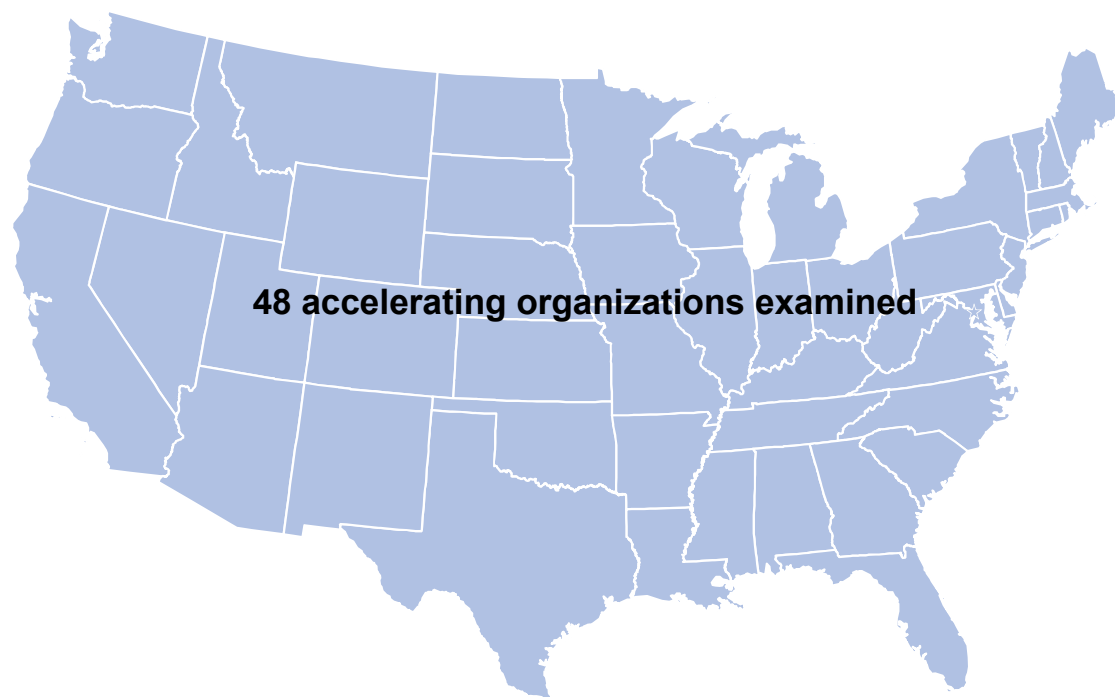
Source: Analyses conducted by Monitor Deloitte in support of Rockefeller Foundation's Innovations in Accelerating Impact Enterprise Growth to Scale Project

Landscape Overview: USA

Accelerating Appalachia	NewME Accelerator
Blue Ridge Foundation NYC	NYC Acre
Boston University Urban Business Accelerator	Pacific Community Ventures
Capital Innovators	Panzanee
CHANGE Accelerator	Points of Light Civic Accelerator
Compass Partners	Points of Light Ventures in Residence
DreamIt Ventures	Portland State University Social Innovation Incubator
Fledge	Praxis Accelerator Program
Groundwork Labs	Presentense
HealthBox	Propeller
Hitachi Foundation Yoshiyama Young Entrepreneurs Program	Queen City Forward
Hub Ventures	reSET
Imagine K12	RockHealth
Impact Engine	SBA
Impact Space	Sbanj
Inner City Advisors	Seed Spot
James Lee Sorenson Global Impact Investing Center	StartI Accelerator
Joshua Ventures	StartX Accelerator
Kaplan EdTech Accelerator	Surf Incubator
MassChallenge	Sustainable Enterprise Hatchery
Matter Media Entrepreneurship Accelerator	Tumml
Merrimack Valley Sandbox	Venture Greenhouse
National Collegiate Investors and Innovators Alliance	Virtue Ventures
New Profit Inc.	William James Foundation

Market Overview

- Established market with the growing development of networks that bring diverse stakeholders in the impact enterprise space together
- Increased emphasis on making enterprises



Average Age of Programs:
4.5 years

% of Programs Reporting Impact Data:
33%

Average Length of Programs:
6 months

Note: N for each indicators calculation equals 38, 28, and 23 accelerators

Source: Analyses conducted by Monitor Deloitte in support of Rockefeller Foundation's Innovations in Accelerating Impact Enterprise Growth to Scale Project

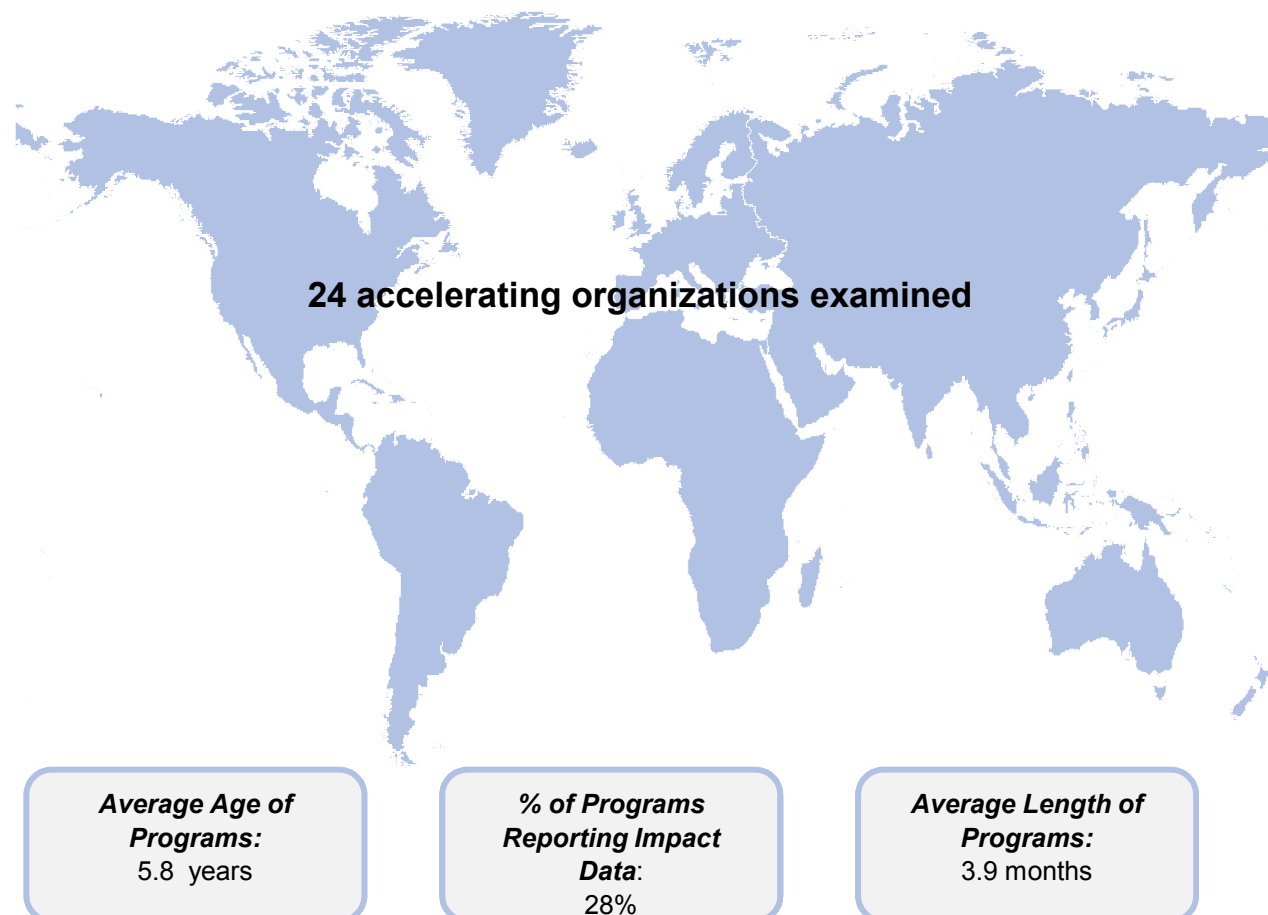
Landscape Overview: Globally Focused Accelerators

List of 24 Accelerators Examined

Accion Venture Lab	Hult Accelerator
B Lab	Imagine H2O Prize Competition and Accelerator
Betaspring	Innovation Hub
Bid Network	New Ventures
Duke University Social Enterprise Accelerator	National Collegiate Inventors and Innovators Alliance
Echoing Green Fellowship	Outreach Accelerator Program
Emerge Venture Lab	SOCAP Impact Accelerator
Endeavor	Social Innovation Camp
Global Social Benefit Institute	Unreasonable Institute
GoodCompany	Village Capital
Grassroots Business Fund	Women Change Makers
GrowLab	Yunus Social Business/AfDB

Market Overview

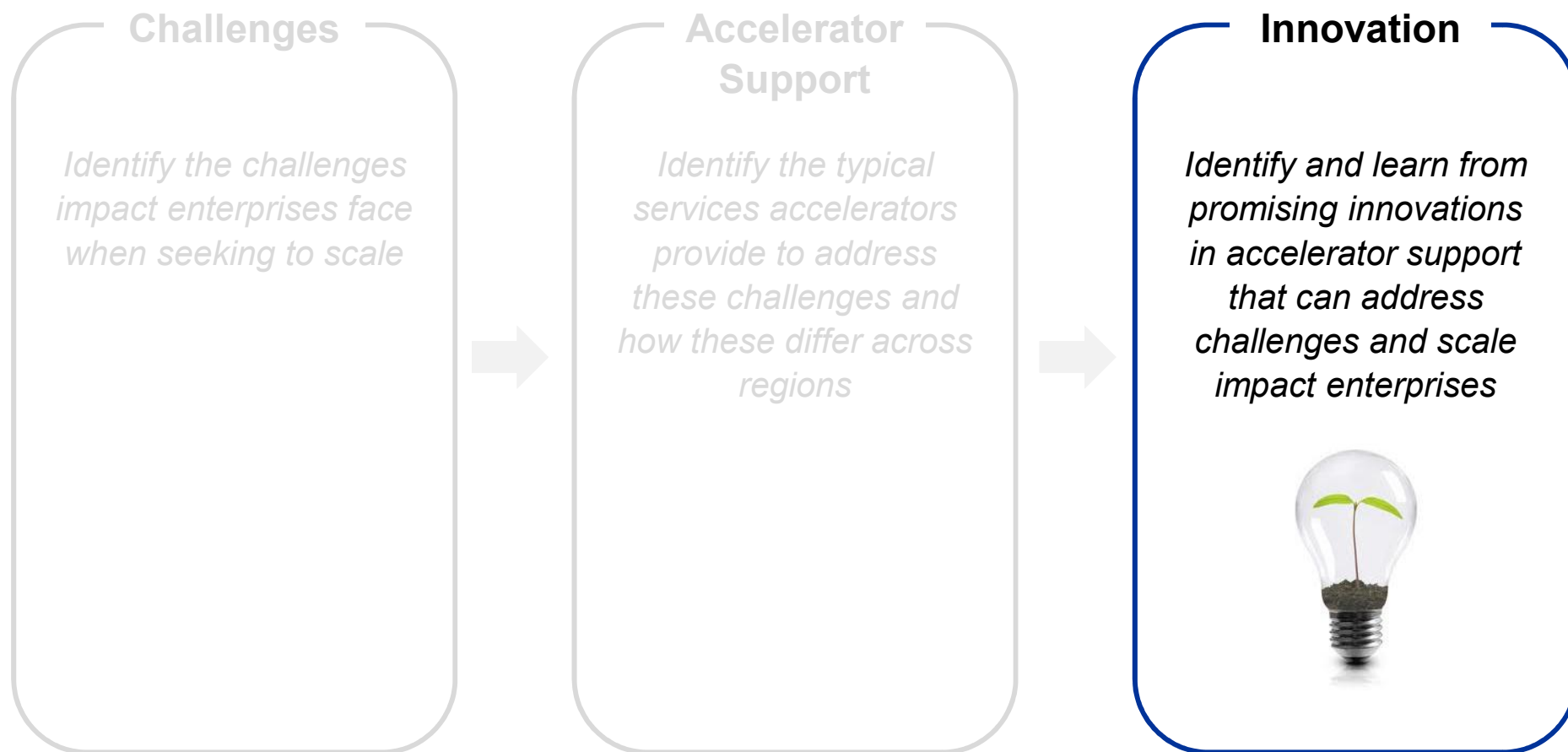
- Accelerators are typically located in the US or Europe and are focused on social enterprises globally
- Tend to be more established in the sector and likely have adjusted business model to different needs over time



Note: N for each indicators calculation equals 20, 12, and 9 accelerators

Source: Analyses conducted by Monitor Deloitte in support of Rockefeller Foundation's Innovations in Accelerating Impact Enterprise Growth to Scale Project

Innovation in Accelerating Organization Support for Impact Enterprises



Reminder: Key Challenges for Impact Enterprises Globally

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Leadership & Business Acumen

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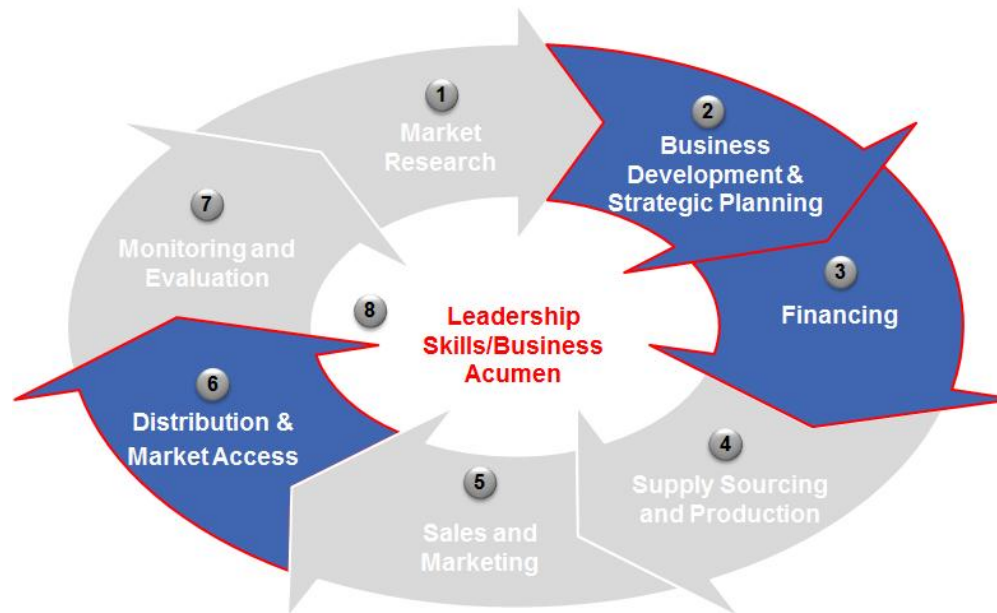
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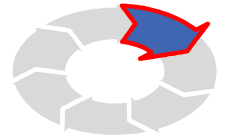
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Innovative Practices: Business Development and Strategy Planning

Additional Human Resources

Provide a fellow, business retiree, gap year student, or a private sector secondee to work within an enterprise

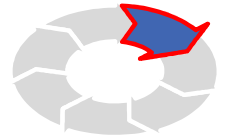
Example/Source of Idea:



Villgro places mid-career professionals in enterprises for one year



Source: Analyses conducted by Monitor Deloitte in support of Rockefeller Foundation's Innovations in Accelerating Impact Enterprise Growth to Scale Project



Innovative Practices: Business Development and Strategy Planning

Shared Resources

Facilitate the sharing of human capital across enterprises

or

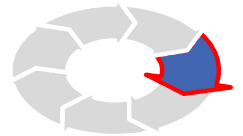
Facilitate partnerships between impact enterprises for a discounted rate on support services (e.g., IT, HR)

Example/Source of Idea:

GIZ Report “Enablers for Change: A Market Landscape of the Indian Social Enterprise Ecosystem”



Source: Analyses conducted by Monitor Deloitte in support of Rockefeller Foundation's Innovations in Accelerating Impact Enterprise Growth to Scale Project



Innovative Practices: Financing

Alternative Distribution Methods

Allow impact enterprise peers to select how accelerator seed funding is distributed amongst their cohort

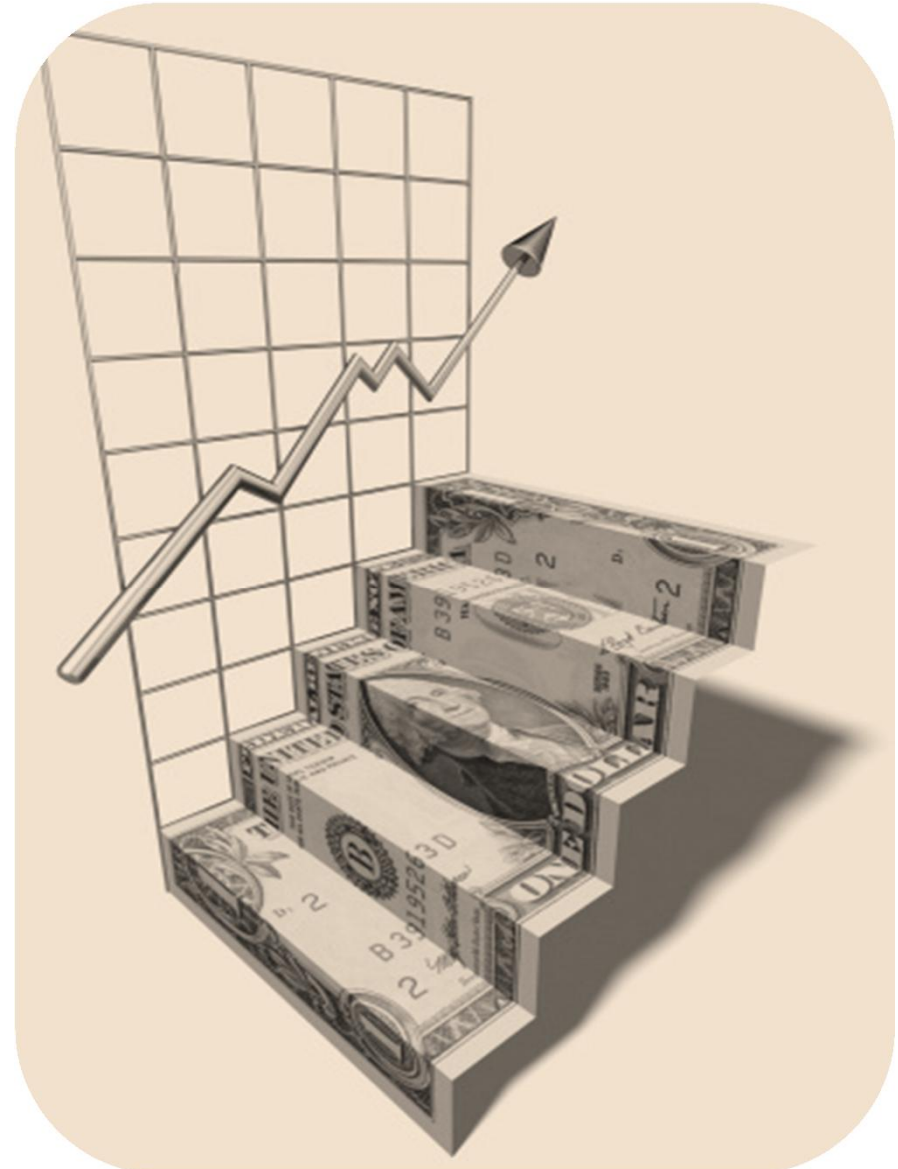
or

Deliver financing to enterprises in tranches linked to different lifecycle stages

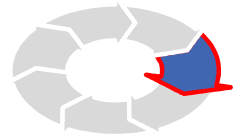
Examples/Source of Ideas:



Hitachi Foundation Interview



Note: All practices listed are for research purposes; The Rockefeller Foundation cannot provide grants for any activities of a brokerage nature
Source: Analyses conducted by Monitor Deloitte in support of Rockefeller Foundation's Innovations in Accelerating Impact Enterprise Growth to Scale Project



Innovative Practices: Financing

Alternative Funding Platforms

*Coordinate consortia of investors
that can pool resources to fund
individual enterprises or a group*

or

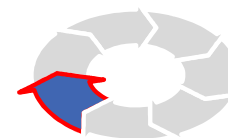
*Develop online crowdfunding
platforms*

Examples/Source of Ideas:

Several Interviews



Note: All practices listed are for research purposes; The Rockefeller Foundation cannot provide grants for any activities of a brokerage nature
Source: Analyses conducted by Monitor Deloitte in support of Rockefeller Foundation's Innovations in Accelerating Impact Enterprise Growth to Scale Project



Innovative Practices: Distribution and Market Access

Private Sector Linkages

Link with private sector organizations that can not only provide access to customers, but also access to potential suppliers and additional strategy guidance

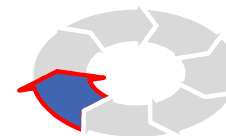
Examples/Source of Ideas:



- Program provides:
 - Market insights from Kaplan's base of students & instructors
 - Access to potential customers given Kaplan's relationships with school districts



Source: Analyses conducted by Monitor Deloitte in support of Rockefeller Foundation's Innovations in Accelerating Impact Enterprise Growth to Scale Project



Innovative Practices: Distribution and Market Access

— Linkages with Existing BoP Players —

Facilitate enterprise linkages with existing groups and distribution channels that work with the BoP (e.g., microfinance groups)

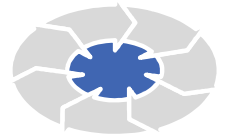
Example/Source of Idea:

Frontier Markets

Frontier Markets links with microfinance groups, farmers associations, and NGO workers



Source: Analyses conducted by Monitor Deloitte in support of Rockefeller Foundation's Innovations in Accelerating Impact Enterprise Growth to Scale Project



Innovative Practices: Leadership and Business Acumen

Best Practice Sharing

Organize forums or online locations where accelerators can come together, share best practices, curriculum, etc. and learn from one another to deliver the best leadership training

Example/Source of Idea:

Multiple Interviews



Source: Analyses conducted by Monitor Deloitte in support of Rockefeller Foundation's Innovations in Accelerating Impact Enterprise Growth to Scale Project

Innovative Practices in Service Delivery

Accelerator Partnerships

*Share resources such as mentors
& curriculum between accelerators*

or

*Pass enterprises to accelerators in
different markets to help them
learn local contexts and adapt their
strategy*

Example/Source of Idea:

ANDE Annual Members Conference

Global Accelerator Network Interview



Source: Analyses conducted by Monitor Deloitte in support of Rockefeller Foundation's Innovations in Accelerating Impact Enterprise Growth to Scale Project

Innovative Practices in Service Delivery

Distinct Training Platforms

Develop training programs specific to the unique needs of enterprises at different lifecycle stages

or

Develop online platforms to deliver training and connect mentors with enterprises in the field

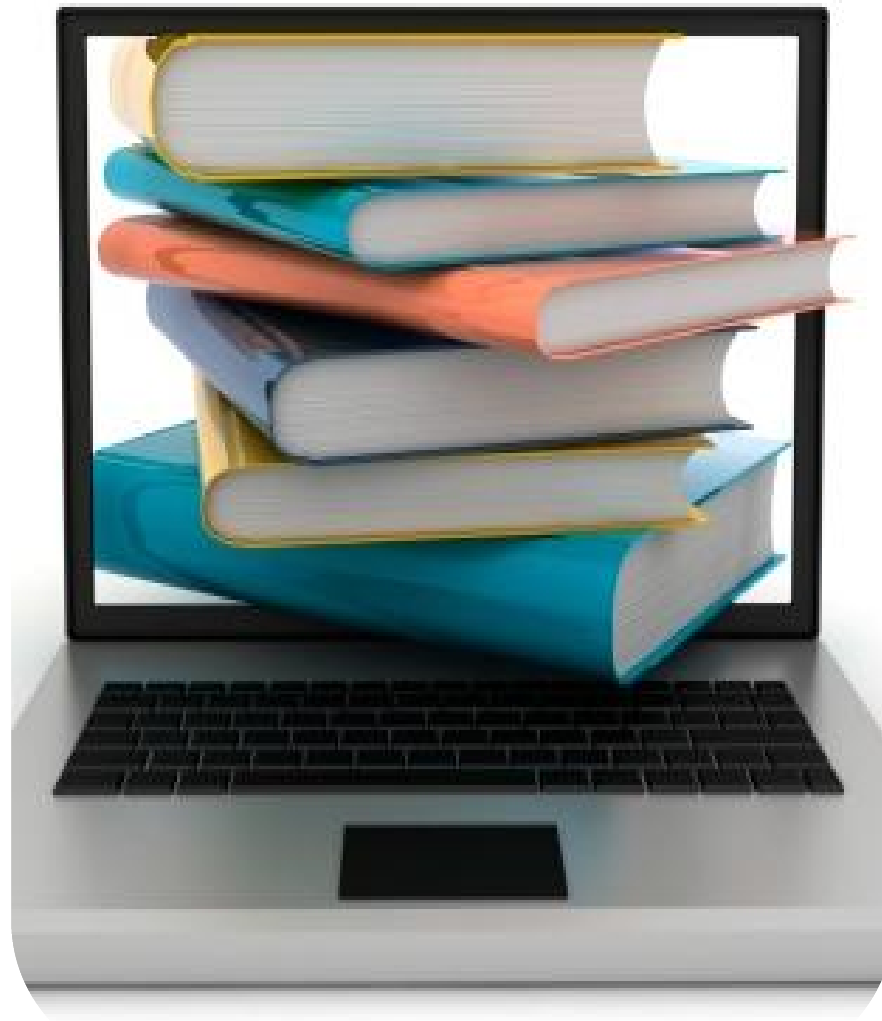
Examples/Source of Ideas:



Three levels of support based on the lifecycle stage of the business



Helps enterprises on-the-ground to formalize their business models



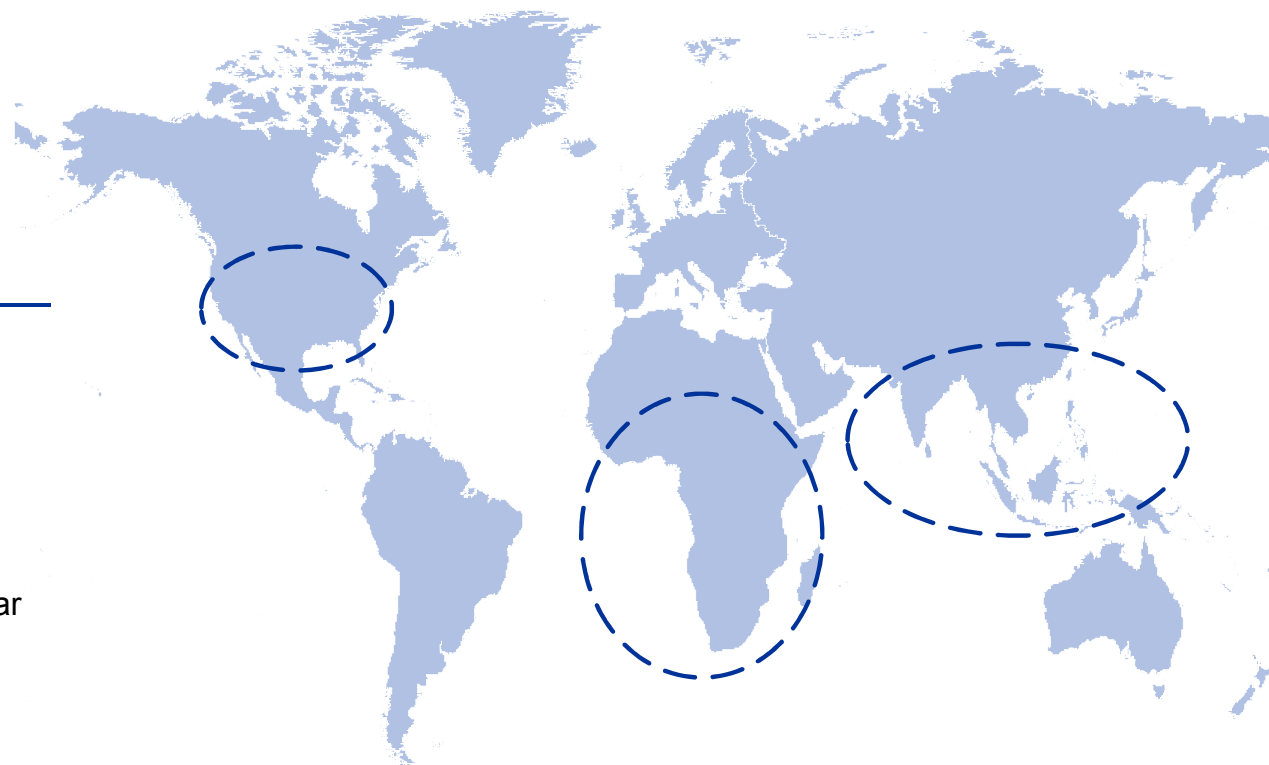
Source: Analyses conducted by Monitor Deloitte in support of Rockefeller Foundation's Innovations in Accelerating Impact Enterprise Growth to Scale Project

———— **Next Steps in Rockefeller Foundation Work** ————

Next Steps in Rockefeller Foundation Work

Path Forward

- Proposals due Friday, October 11
- Winners publicly announced by December 31st
- Grantees tracked over the next year to test the effectiveness of their models



At the end of this initiative, the Rockefeller Foundation would have surfaced a number of innovative practices employed by accelerating organizations to scale impact enterprises in various markets

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