

Accelerating Impact For Entrepreneurs

Lessons Learned from TechnoServe's Work
with SGBs in Central America



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Acknowledgements



Making markets work for more people, in more places, in more ways.

This research was conducted jointly by a team of faculty and student researchers recruited by *Social Enterprise @ Goizueta* at Emory University and the dedicated staff that run the *Impulsa Tu Empresa* program in El Salvador, Guatemala, Honduras and Nicaragua (see Appendices A and B).

Several things must come together for a report like this one to make it to print. First and foremost, it requires important subject matter. For this, we recognize the amazing work that Oscar and his colleagues are doing in Central America. We also thank the many entrepreneurs, mentors and advisors, as well as the panel of content experts who agreed to be interviewed or surveyed for this report. It also requires a lot of hard work on the part of a dedicated research team. For this, we recognize the efforts that Michael and Giselle put into assembling and organizing our research team, and for the amazing group of women (from across the United States) who conducted interviews and helped with analysis and report writing. Finally, it requires a lot of often-invisible background encouragement and support. For this, we call out our colleagues and supporters at *Social Enterprise @ Goizueta* at Emory University.

About Social Enterprise @ Goizueta

Social Enterprise @ Goizueta (SE@G), a research center within Emory University’s business school, aims to generate positive societal impacts by making markets work for more people, in more places, in more ways.

SE@G increases prosperity and reduces poverty in those places where markets are currently ineffective through academic research that illuminates the factors that induce and impede the realization of societal impacts; fieldwork programs that inject knowledge, networks and capital; and teaching and student activities that develop the next generation of principled social enterprise leaders. Learn more at www.socialenterprise.emory.edu.

About TechnoServe

TechnoServe is a nonprofit organization that works with enterprising men and women in the developing world to build competitive farms, businesses and industries. It is a leader in harnessing the power of the private sector to help people lift themselves out of poverty. In 2016 alone, its work benefited more 594,000 people and businesses (34 percent of beneficiaries were women) in the developing world, generating \$196 million in increased revenue and wages generated as a result of TechnoServe’s work.

TechnoServe’s entrepreneurship practice is supported by four key pillars: careful adaptation, a market-driven approach, effective capacity development and rigorous measurement and continuous learning.

- | | | | |
|-------------------------------------|--|--|--|
| <u>1</u> | <u>2</u> | <u>3</u> | <u>4</u> |
| Key Pillar 1:
Careful Adaptation | Key Pillar 2:
Market-Driven
Approach | Key Pillar 3:
Effective Capacity
Development | Key Pillar 4:
Rigorous Measurement
and Continuous Learning |

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Executive Summary: Learning from Accelerator Programs

This report focuses on an entrepreneur support program run by TechnoServe in four Central American countries.

With growing interest in the confluence between effective entrepreneurship and genuine economic development, more and more accelerator programs are working to find, select and support promising entrepreneurs, especially those working in emerging markets. As these efforts accumulate, it is critical that we learn from them, so that future programs are better able to support promising emerging-market entrepreneurs.

The best opportunities for this kind of learning come from accelerator programs that are run consistently in different sectors or settings over several iterations. This provides a comparative context that allows researchers to probe outcome differences observed across sub-samples of companies that are working in specific settings or sectors, while holding a range of factors constant.

This report focuses on an entrepreneur-support program run by TechnoServe in four Central American countries. In 2012, TechnoServe established the *Impulsa Tu Empresa*¹ program to provide small and growing businesses (SGBs) in El Salvador, Guatemala, Honduras and Nicaragua with the training, advice, market connections and access to capital they need to develop and implement promising business plans.

This report leverages and builds upon detailed data collected from more than 400 companies that participated in ten different *Impulsa Tu Empresa* cohorts from El Salvador, Guatemala, Honduras and Nicaragua. This diverse sample of entrepreneurs shows that carefully designed accelerator programs can, on average, facilitate revenue growth. However, it also shows important differences in revenue-growth performance across the companies in this TechnoServe sample. Although the program reaches and supports a range of entrepreneurs, and although participating ventures, on average, experience solid revenue growth, not every entrepreneur and company experiences the same benefits.

These revenue-growth differences were presented to a panel of subject experts, who were asked to brainstorm reasons why some companies are doing better than others. This generated a structured list of plausible explanations, including those related to *macro and policy factors*, the *type and quality of businesses and entrepreneurs*, the *technology orientation of participating businesses*, the *social and financial capital available to entrepreneurs*, and the *orientation and quality of advisors and mentors*.

¹ Impulsa Tu Empresa is funded by the Argidius Foundation, Citi Foundation, the Inter-American Development Bank's Multilateral Investment Fund, the PIMCO Foundation, and the Walmart Foundation



The best opportunities for this kind of learning come from accelerator programs that are run consistently in different sectors or settings over several iterations.

Executive Summary: Continued

Our focused quantitative and qualitative analysis—which probed the plausible explanations for differential revenue-growth performance—yielded a number of specific insights.

Our focused quantitative and qualitative analysis—which probed the plausible explanations for differential revenue-growth performance—yielded a number of specific insights:

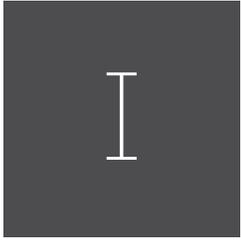
- A country's economic and business climate conditions do not fully determine the growth prospects of its entrepreneurs.
- Short-term revenue growth is possible across businesses at various stages of development and across a number of industry sectors. Moreover, there are few meaningful differences in product or customer orientations between growing and non-growing businesses.
- More successful entrepreneurs tend to have more education and tend to demonstrate superior initial business capabilities.
- Growth prospects are higher among companies classified as medium- or high-tech and among entrepreneurs that build companies using more sophisticated communication technologies.
- At the end of their programs, the majority of entrepreneurs are not satisfied with their networks or their future networking prospects. The most frequently-cited barrier when it comes to developing business networks was the lack of a positive networking culture in their home country.
- Satisfaction with current and expected future social capital outcomes is not related to positive revenue growth outcomes. Moreover, expressed concerns about networking and network building are not translating into louder and clearer demands for networking support.
- There is no strong evidence that investment aspirations or the actual ability to access capital are strong predictors of short-term revenue growth. Instead, a differentiating factor between growing and not-growing business is in their willingness to seek out financing. This diminished willingness to seek out loans could be due to several well-documented barriers, or simply to the fact that non-growing companies are not yet ready for outside finance.
- The majority of participating entrepreneurs credited the project with contributing to their growth, are very happy working with their TechnoServe advisors, and show good results in terms of their performance. However, simple satisfaction does not correspond with superior business growth. Instead, growth-oriented advice tends to focus on high-leverage topics like strategy, planning and marketing.

The report closes by sharing thoughts from Oscar Artiga, Program Manager for *Impulsa Tu Empresa*, about how program leaders might incorporate these insights into their thinking about how to best find and select promising entrepreneurs and companies, design curricula, and provide mentorship support. Oscar closes by reflecting on the specific role that access to financial capital plays for the kinds of companies that TechnoServe works with in Central America.



Entrepreneurs supported by the program come from different sectors: services, trade, agrobusiness, textile, construction, and food processing among others.

Introduction: Entrepreneurship and Inclusive Economic Growth



When local entrepreneurs are successful, economic vitality and employment options improve.

Although entrepreneurship and economic development were once considered and promoted separately, they are now seen as two sides of the same coin. As such, stimulating emerging-market entrepreneurship is now a focus for governments, nongovernmental organizations and private investors around the world. In this spirit, the Aspen Network of Development Entrepreneurs (ANDE) wrote in 2013 that “the past decade has seen considerable economic growth across countries in emerging markets. However, the wages and livelihoods of many citizens of developing countries have not kept up, and lag behind the rest of the world. Entrepreneurship has the potential to address this gap.”²

To be clear, entrepreneurship is something more than small business ownership. According to Wim Naudé, entrepreneurs are “opportunity-driven agents who drive economic change through innovative new firms.”³ This is why so many organizations are motivated to increase entrepreneurship levels around the world. Stimulating entrepreneurship is a credible path toward positive economic change and development.

At one level, the formula is simple. When local entrepreneurs are successful, economic vitality and employment options improve. These local employment options generate more spending power, while local economic vitality means that more (and more appropriate) goods and services are made available to consumers. This virtuous cycle keeps regenerating money and economic opportunities within emerging market economies.

² See “Entrepreneurial Ecosystem Diagnostic Toolkit”

³ See “Entrepreneurship and Economic Development” (Wim Naudé, 2011).



Entrepreneurship and Inclusive Economic Growth

I

The growing interest in supporting emerging-market entrepreneurship is creating an explosion in the number of accelerator programs around the world.

However, even in the best-case scenario, entrepreneurship is a high-stakes game with few winners and many losers. Entrepreneurs everywhere face several challenges: accessing talent, overcoming market inertia and government bureaucracy, and securing investment when early-stage capital is scarce.⁴ Entrepreneurs in emerging markets frequently have the added obstacle of a weak entrepreneurial ecosystem (“the elements, individuals, organizations or institutions outside the individual entrepreneur that are conducive to, or inhibitive of, the choice of a person to become an entrepreneur, or the probabilities of his or her success following launch”).⁵

The issue for those working in the nexus between entrepreneurship and economic development becomes that of stimulating local ecosystems so that they support, rather than inhibit promising entrepreneurs. Here, we are seeing the emergence—throughout the developing world—of accelerator programs that are designed to find and encourage promising entrepreneurs; either by filling in the gaps left by dysfunctional ecosystems or by using their resources and connections to make these ecosystems more supportive.

Accelerators “support early-stage entrepreneurs by providing them with: (a) business development support (e.g. consulting, technology assistance); (b) infrastructure support (e.g. access to office space, shared back-office services); (c) network support (e.g. access to potential customers, investors, mentors); and (d) financial support (in the form of grants/investments).”⁶ These programs are typically fixed-term, cohort-based programs that combine education (to close knowledge gaps), mentorship (to close network gaps) and investment (to close capital gaps) for the most promising entrepreneurs selected for participation.

While the most famous accelerators (e.g., Y Combinator and Techstars) emerged from developed-country ecosystems, many believe that they are even more useful in places that are not as conducive to entrepreneurship. The growing interest in supporting emerging-market entrepreneurship is creating an explosion in the number of accelerator programs around the world. However, no one really knows what is working, because there is a paucity of research into the nexus between entrepreneurship, ecosystems and accelerators, especially in emerging markets.^{7,8} Therefore, in places like Central America—where the need for more productive entrepreneurship is arguably greatest, and the challenges are arguably more severe—entrepreneur acceleration remains a vague concept that is inadequately understood.

⁴ See “The Big Idea: How to Start an Entrepreneurial Revolution” (Daniel Isenberg, Harvard Business Review, 2014).

⁵ See “Entrepreneurship Ecosystem”

⁶ See “Bridging the Pioneer Gap: The Role of Accelerators in Launching High-Impact Enterprises”

⁷ See “[Incubators Are Popping Up Like Wildflowers ...But Do They Actually Work?](#)”

⁸ See “Aren't Accelerators Great? Maybe...”

For these efforts to improve over time, we must learn more about the critical relationships between the numbers and types of promising entrepreneurs that seek acceleration, the quality of support offered by local ecosystems, the impediments and supports related to macro political and economic factors, and the various decisions that accelerator program managers make as they design their programs.

This report contributes to this research agenda by studying revenue growth outcomes among the entrepreneurs who participated in the accelerator programs run by TechnoServe in Central America. TechnoServe has run similar programs in four Central American countries (see Box 1) over several years, making it an ideal setting to learn about the factors that correlate with entrepreneurial success in emerging markets.

BOX 1. MACRO CONDITIONS IN FOUR COUNTRIES (2015)

	El Salvador	Guatemala	Honduras	Nicaragua
Population	6.1 million	16.3 million	8.1 million	6.1 million
Surface area ('000 sq. km)	21.0	108.9	112.5	130.4
Per capita GNI	\$8,240	\$7,530	\$4,750	\$5,060
GDP growth	2.5%	4.1%	3.6%	4.9%
Share agriculture	11.3%	11.1%	13.7%	18.8%
GINI Index (2014)	41.8	48.7	50.6	47.0

■ High figure ■ Low figure

World Development Indicators (www.databank.worldbank.org/)

The *Impulsa Tu Empresa* Program

I

Impulsa Tu Empresa provides mentoring, market connections and access to capital that help SGBs develop and implement promising business plans in El Salvador, Guatemala, Honduras and Nicaragua.

\$25M+

increase in sales by entrepreneurs supported by *Impulsa Tu Empresa* (\$US)

TechnoServe works from the belief that by delivering the tools, information and connections that small and growing businesses (SGBs) need, it can fuel growth and unlock new opportunities for communities across the developing world. This belief led it to establish *Impulsa Tu Empresa* (“Boost Your Business”), its largest business accelerator program in Central America. *Impulsa Tu Empresa* provides mentoring, market connections and access to capital that help SGBs develop and implement promising business plans in El Salvador, Guatemala, Honduras and Nicaragua. As of 2016, the program had supported more than 900 entrepreneurs in the region, helping these enterprises increase sales by more than \$25 million and obtain more than \$3 million in (mostly loan) capital to support continued growth.

Impulsa Tu Empresa runs in annual cohorts, each passing through two different program stages: core programming and aftercare. The first cohorts worked with entrepreneurs from Guatemala, Honduras, and Nicaragua in 2014. Cohort 2 was launched in March 2015 and kept its geographic focus on Guatemala, Honduras and Nicaragua, targeting 420 entrepreneurs. Cohort 3 was launched in March 2016, with the specific objective of improving gender equity across the region and a particular focus on women-led SGBs.

The accelerator programs run by TechnoServe in Central America are known to support revenue growth among participating businesses. According to the latest impact report (released in 2016), approximately 40 percent of the \$25 million of incremental revenue generated by *Impulsa Tu Empresa* participants is a direct result of TechnoServe support (the remaining 60 percent being due to the entrepreneurs’ own initiative, plus market and other factors).⁹

This report leverages the TechnoServe program platform to generate data-driven insights about entrepreneurs’ experiences working in various sectors and geographic settings (e.g., urban versus rural) across four similar—but different—emerging-market countries. Our objective was to learn more about the various factors that contribute to positive revenue growth among accelerated entrepreneurs, in order to support the design of more effective accelerator programs in the future.

⁹ Less is known about the relative effectiveness of different business development tools (e.g., using paid advisors versus volunteer mentors, focusing on business plans versus models, or offering training-only versus training-plus-aftercare). TechnoServe is teamed up with the Argidius Foundation and IADB to test these different approaches to small business acceleration.



The *Impulsa Tu Empresa* Program

TechnoServe Businesses and Entrepreneurs

The analysis in this report is based on 432 SGBs that participated in one of the *Impulsa Tu Empresa* country cohorts over the last three years (see Table 1). The sample is fairly evenly distributed across the four countries, with fewer businesses in El Salvador given its later start in the program. The dominant industry sectors are services and trade, but there is an adequate spread across a range of other sectors. In terms of regional footprints, roughly two-thirds of the businesses operate in the capital cities, while one-third operate in more rural settings.

Looking more closely at these businesses and entrepreneurs, the average business was in operation for roughly 11.6 years when the programs started. Most of the businesses are classified as small businesses (less than \$100,000 in annual revenues) with a smaller number divided into the large (more than \$250,000 in annual revenues) and medium size ranges. Finally, roughly two-thirds of the TechnoServe-assisted businesses are run by female founders.

To learn about some of the specific businesses and entrepreneurs that participate in the TechnoServe program, see the four profiles in Box 2.

Roughly two-thirds of the TechnoServe-assisted businesses are run by female founders.



Summary of *Impulsa Tu Empresa* Businesses

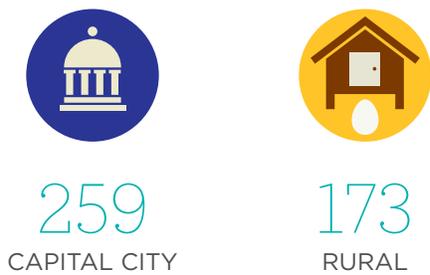
COUNTRY



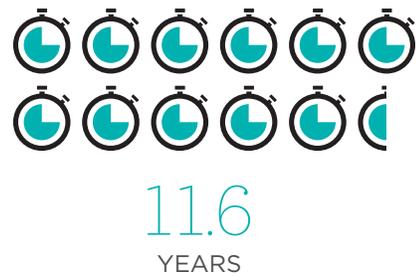
INDUSTRY SECTOR



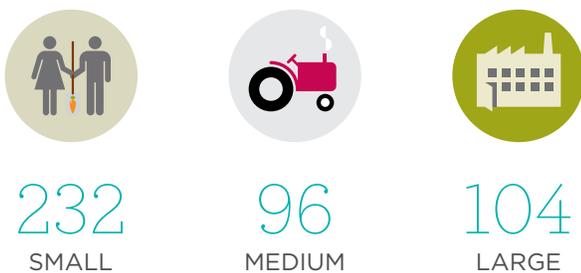
REGION



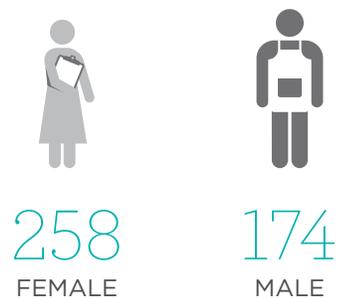
BUSINESS AGE



BUSINESS SIZE*



FOUNDER GENDER



* Small: less than \$100,000 in revenues during baseline period
 Large: more than \$250,000 in sales during baseline period

Four TechnoServe Entrepreneurs*

EL SALVADOR

Soya Nutribar, María Martha Delgado Molina

Soya Nutribar is an organic grocery store and restaurant located in the business district of San Salvador, El Salvador. Founded in 2010 by lawyer Maria Martha Delgado and her husband, who is a licensed naturopathic physician, the business now has six full-time employees and works towards promoting a healthy lifestyle and environmental consciousness in El Salvador.

“It’s really important to encourage businesses that focus on environmental issues.”



GUATEMALA

La Feria Mágica, Gerardo Corzo Valladares

La Feria Magica is a carnival-games services provider based in Guatemala City. Founded in 2004 by Gerardo Corzo, it started planning events for friends and family and now has 20 full-time employees, serving corporate clients and families in Guatemala.

“We never thought our business would go this far.”



* All profiled entrepreneurs participated in Cycle 3 programs

Four TechnoServe Entrepreneurs

HONDURAS



Laboratorios Bio Productos Naturales, Rene Adolfo Merino Contreras

Laboratorios Bio Productos Naturales is a beauty product manufacturer. Founded in 1992 by Rene Merino, the company now has 15 full-time employees and three part-time workers. It manufactures its own original formulas of beauty products and uses wholesalers to distribute the products.

“It is difficult to be an entrepreneur in Honduras, but with the help of family members, we have overcome many obstacles.”

NICARAGUA



Productos El Sol, Irene Del Socorro Vallecillo

Productos El Sol is a chemical products distributor based in Managua, Nicaragua. Founded in 1991 by chemical engineer Irene Vallecillos, it now has 15 full-time employees and has served over 100 customers across Nicaragua. It operates as a family business, and now Irene’s son has taken a management role in the company.

“We are always trying to introduce new technologies to our customers.”

Part 2: Revenue Growth And Its Drivers



Studies that examine the interplay between accelerator programs and ecosystem conditions tend to focus on at least one of three variables that are central to the success of early-stage businesses: revenue growth, employee growth and investment growth. This report follows in this tradition by focusing on the extent to which the TechnoServe-assisted businesses were able to grow revenues during their first year in the program.

Participants in the TechnoServe program submit monthly reports that include, among other items, revenues earned. We organized this monthly data into two twelve-month windows. The baseline window covers the twelve months prior to the start of each training program, and the implementation window covers the first twelve months after the training program starts (see Table 2).

TABLE 2. BASELINE AND IMPLEMENTATION WINDOWS FOR EACH PROGRAM

	Cohort 1		Cohort 2		Cohort 3	
	Baseline window begins	Implementation window begins	Baseline window begins	Implementation window begins	Baseline window begins	Implementation window begins
El Salvador	n/a	n/a	n/a	n/a	November 2014	November 2015
Guatemala	April 2012	April 2013	July 2013	July 2014	July 2014	July 2015
Honduras	May 2012	May 2013	August 2013	August 2014	October 2014	October 2015
Nicaragua	April 2012	April 2013	July 2013	July 2014	September 2014	September 2015

Because response rates for these monthly reports hover around 70 percent, and because monthly revenues are highly cyclical, we only use data from matching (and therefore comparable) months in the baseline and implementation windows to estimate average monthly revenues in each window. We create annual estimates by multiplying these monthly figures by twelve. The annual revenue estimates are used to generate three different measures of revenue growth:

$$\text{Absolute Revenue Growth} = \text{Revenue}_{\text{implementation window}} - \text{Revenue}_{\text{baseline window}}$$

$$\text{Percentage Revenue Growth} = (\text{Revenue}_{\text{implementation window}} / \text{Revenue}_{\text{baseline window}}) - 1$$

$$\text{Growing Business} = 1 \text{ if Absolute Revenue Growth} > 0$$



Focusing on Revenue Growth

II

9

33.1%

percentage by which the average participating business grew revenues during its first year in the program.

For all of the 432 participating businesses with valid revenue data, the average absolute revenue growth was \$28,927.¹⁰ In percentage terms, the average participating business grew revenues by 33.1 percent in its first year in the program. Finally, a simple comparison of growing versus non-growing businesses reveals that 70 percent of the sampled businesses grew revenues during their first year in the program, while 30 percent did not.¹¹ Looking at Figure 1, businesses in Guatemala demonstrated the highest average revenue growth performance (+\$39,371; +46.9 percent; and 77 percent growing), while businesses from Honduras were at the lower extreme (+\$7,543; +19.3 percent; and 57 percent growing). Businesses from El Salvador and Nicaragua were in the intermediate range, with average revenue growth outcomes closer to Guatemala than Honduras.

Figure 2 shows that average revenue growth outcomes varied across sectors, but were fairly consistent across capital city versus rural businesses, and across male versus female founders.

The next section looks behind these revenue growth numbers to isolate the factors that might be responsible for superior revenue growth outcomes among groups of accelerated businesses in Central America.

¹⁰ The correlation between one-year absolute revenue growth and the corresponding growth of full-time equivalent employees is small but positive ($r=0.07$). Moreover, the 302 businesses that grew revenues during their first twelve months in the program added an average of 0.73 employees, while businesses whose revenues did not grow experienced a slightly lower average employee growth of 0.55.

¹¹ We acknowledge the potential for bias in these estimates because we only analyze entrepreneurs who were selected to participate in a TechnoServe program.

FIGURE 1. REVENUE GROWTH AVERAGES

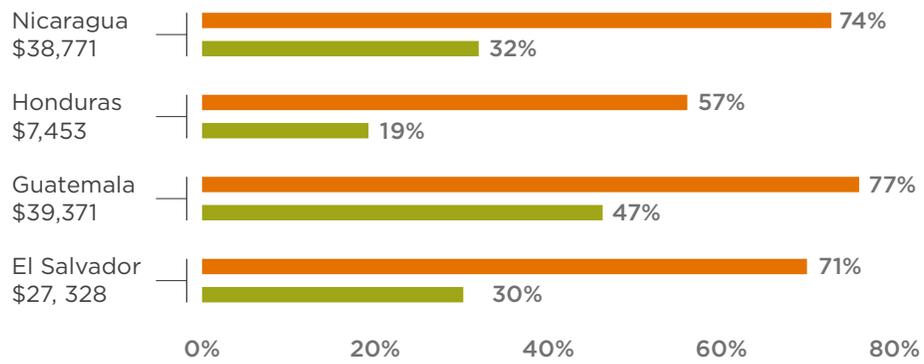
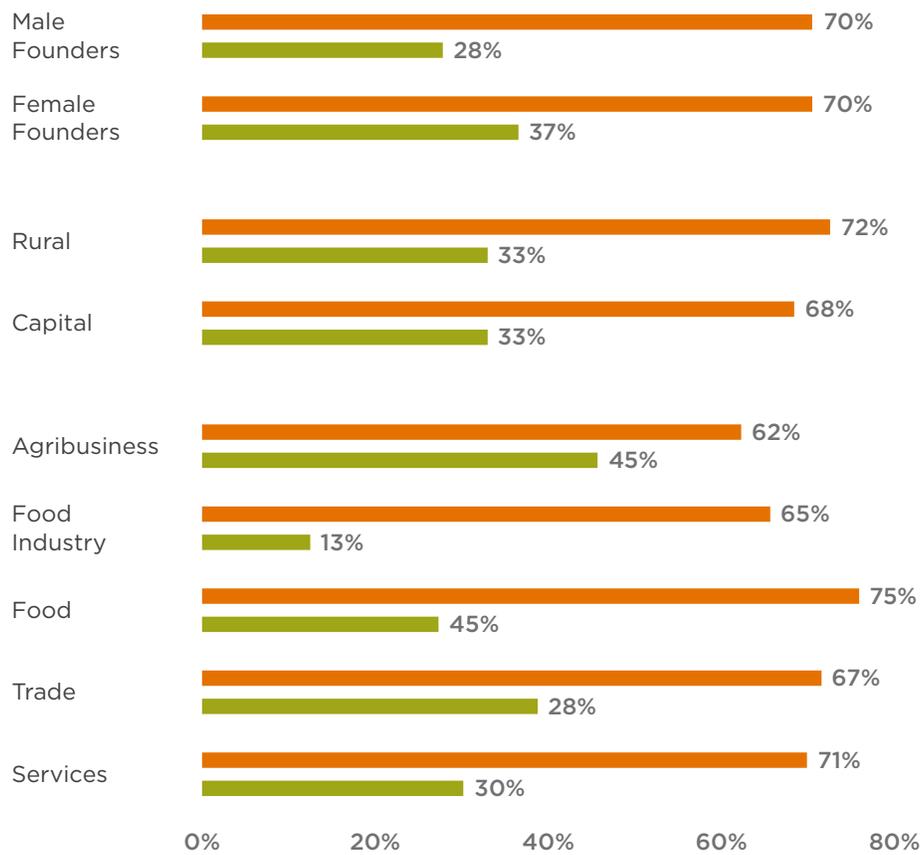


FIGURE 2. REVENUE GROWTH BROKEN DOWN



■ Percentage Growing Business ■ Average Percentage Revenue Growth

II

The major categories revealed by our panel of experts include:

Macro and Policy Effects

Ecosystem Effects

Pipeline Effects

TechnoServe Program Effects

Focusing on Revenue Growth

Expert Views on Revenue Growth

To generate a comprehensive list of factors that *might* account for differential revenue growth across businesses, we recruited twelve subject matter experts and asked each to brainstorm possible reasons why one group of businesses is experiencing higher or lower revenue growth. In this exercise, we presented each expert with a statement like:

“On average, businesses in Guatemala grew revenues more than businesses in Nicaragua, and both grew revenues by more than businesses in Honduras. What specific factors might explain the superior revenue growth among the Guatemalan and Nicaraguan businesses?”

Appendix B presents the six revenue growth contrasts that were presented to this panel, which produced a large set of potential explanations, such as:

- “Guatemala SMEs are further along in adopting technology”
- “Medium-sized businesses don’t attract the lucrative large investment deals, nor the easily-available small loans”
- “Capital-city entrepreneurs likely had access to more established networks before participation in the program”
- “Agribusiness attracts more talented entrepreneurs than the textiles sector”

This brainstorming exercise generated a list of more than 250 potential explanations for observed revenue growth differences. Our research team consolidated these into a concise framework of categories and sub-categories. Appendix C presents this ‘collective mental map’ that is held by people with interest and knowledge in this subject area. The major categories revealed by our panel of experts include:

- *Macro and Policy Effects*, or factors that describe the broader market or regulatory context;
- *Ecosystem Effects*, or factors that relate to the individuals, organizations and institutions that directly influence entrepreneurs and the growth of their businesses;
- *Pipeline Effects*, which relate to the quality or type of entrepreneurs and businesses; and
- *TechnoServe Program Effects*, which specifically relate to the quality of programming, mentorship and advice received by the entrepreneurs.

Focusing on Revenue Growth

Another category refers to general contextual factors; i.e., effects that relate to a specific year. The final category focuses on the quality of the data that generate the revenue growth observations.

This collective mental map provides a structure for analyzing how different factors might be influencing revenue growth outcomes. To ensure that our report remains focused on the most promising expert predictions, we settled on six factors that were raised most often during the brainstorming session (see Infographic).

FACTORS EXAMINED IN THIS REPORT



1.

MACRO AND POLICY FACTORS:

Revenue growth improves when market size (country, sector or region) is larger; when (country, sector or region) is growing faster than others; and when there are policies in place that support entrepreneurs



2.

TYPE AND QUALITY OF BUSINESSES AND ENTREPRENEURS:

Revenue growth improves with the quality of the entrepreneurs; and when businesses are more advanced



3.

TECHNOLOGY ORIENTATION:

Revenue growth improves when businesses have access to better technology



4.

SOCIAL CAPITAL FOR ENTREPRENEURS:

Revenue growth improves when there is better entrepreneurial social capital.



5.

ACCESS TO FINANCIAL CAPITAL:

Revenue growth improves when there is better access to financial capital



6.

TECHNOSERVE ADVISORS AND MENTORS:

Revenue growth improves with the quality of mentors/advisors; with the level of mentor/advisor motivation; and with the level of affinity between entrepreneurs and mentors/advisors

II

Focusing on Revenue Growth

Collecting Additional Quantitative and Qualitative Data

Each of these factors requires a specific research strategy to assess whether it is consistent with the patterns of revenue growth found in the Impulsa Tu Empresa data, and with the specific experiences of the entrepreneurs and advisors that participated in the program. In a few cases, this required us to go back to detailed quantitative data collected by TechnoServe. For example, ideas about the quality and type of businesses and entrepreneurs can be evaluated using specific quantitative information about them. In other cases, this assessment required additional qualitative insights from structured interviews. For example, to evaluate ideas about the importance of social capital or mentorship, we must speak to entrepreneurs and mentors about their specific experiences.

In the first half of August 2016, our research team visited the four countries covered by this report to conduct interviews with Impulsa Tu Empresa entrepreneurs, TechnoServe advisors and mentors, and other program informants (see Box 3). For the most part, these interviews were conducted in Spanish and lasted roughly one hour each.

BOX 3. COUNTS OF INTERVIEWS IN FOUR COUNTRIES

	El Salvador	Guatemala	Honduras	Nicaragua
Entrepreneur interviews	10	13	9	9
Advisor/Mentor interviews	4	2	8	4
General Program Informants	5	5	4	2

The entrepreneur interviews focused on business models, employees, social capital, access to financial capital, and contributions from advisors and mentors (see Box 4).

Focusing on Revenue Growth

BOX 4. ENTREPRENEURS INTERVIEW QUESTIONS



BUSINESS MODEL:

What is your main product or service? How would you describe the focus of your business? Do you think your customers are more interested in price or quality? Who are your primary customers? Is technology important to your business? If yes, which technologies do you use? How do you communicate with your current and potential customers?

EMPLOYEES:

How many people do you currently employ? How would you describe the skills of your employees? Are you looking for additional employees? If so, do you think you will be able to find the right people?

ACCESS TO SOCIAL CAPITAL:

How many other advisors (besides your TechnoServe mentor) do you have among your connections? What

do you value most about these connections? If you needed more connections for your business, how easy would it be to find them?

ACCESS TO CAPITAL:

In the last 1-2 years, have you sought outside funding for your business? If so, how much and what type of funding did you seek? Were you successful in your quest for external funding?

ADVISORS AND MENTORS:

What are the main supports you are looking for from your TechnoServe advisor? How often do you communicate with your advisor? Could you give us more details about your advisor's contributions? What are one or two ways to improve your relationship with your advisor? On a scale of 1 to 5, how would you rate the quality of your TechnoServe advisor?



Focusing on Revenue Growth

II

Collecting Additional Quantitative and Qualitative Data

The interviews with advisors and mentors were more high-level, focusing on entrepreneurs, advisors and specifics about the TechnoServe programs (see Box 5):

BOX 5. ADVISORS AND MENTORS INTERVIEW QUESTIONS



About how many TechnoServe-supported entrepreneurs have you worked with so far?

About how many other entrepreneurs outside TechnoServe programs have you advised in your career so far?

In your opinion, what specific characteristics does a successful entrepreneur have? What specific characteristics does a less successful entrepreneur have?

What specific characteristics does a successful advisor have? What specific characteristics does a less successful advisor have? What are the most important factors that advisors and mentors provide to entrepreneurs?

Could you mention one or two things that you think TechnoServe does "well" regarding your work with entrepreneurs?

What would be one or two areas that TechnoServe could improve on its work with entrepreneurs?

Is there anything else you would like to add about your experience with the TechnoServe program?

Is there anything else you would like to add about your mentor / advisor experience in [country]?



Focusing on Revenue Growth

Finally, our interviews with general program informants focused on general impressions about local ecosystem and macro policy conditions (see Box 6).

The next section leverages these quantitative and qualitative data to generate specific insights that speak to the six factors generated by our panel of experts.

BOX 6. GENERAL PROGRAM INFORMANT INTERVIEW QUESTIONS



What kind of business is most/least likely to be successful in [country]? Why?

In what ways does the regulatory environment (and NGOs) favor/disadvantage new businesses and small businesses?

Is it easier to start and grow a business in the capital city or the countryside? Why?

How easy is it for promising entrepreneurs to have access to capital to grow their business in [country]? Is it easier in some sectors than in others?

In your opinion, what is the biggest mistake that entrepreneurs tend to make when they are trying to raise capital to start or grow their business?

How easy is it for promising entrepreneurs to have access to contact networks for their business? Is it easier in some sectors than in others?

How easy is it for promising entrepreneurs to find qualified staff to hire and grow their business? Is it easier in some sectors than in others?

If you were an entrepreneur looking to start a new business, in which country would you rather be (El Salvador, Guatemala, Honduras or Nicaragua)? Why?



Part 3:

Critical Insights



Factor 1. Macro and Policy Factors

Members of our expert panel suggested that “*revenue growth improves when market size (country, sector or region) is larger; when (country, sector or region) is growing faster than others; and when there are policies in place that support entrepreneurs*”. These ideas align with a top-down view of entrepreneurship that emphasizes market, societal and policy drivers of new business success.

The general informant interviews provide additional insights about macro-level factors that might influence revenue growth outcomes. Some suggest that it might be harder doing business in El Salvador because of higher costs of logistics and electricity—something that was also mentioned about Nicaragua. Moreover, while support for business seems to be getting stronger and more stable, there is still a need to simplify the processes for navigating government support systems. Others stressed that Guatemala has a larger domestic market and more developed business systems that are generally supportive of entrepreneurship. On the other hand, some think that Guatemalan investment networks have yet to fully develop. Several informants indicated that Honduras might be a relatively good country for starting a business because there are many opportunities—especially in sectors linked to technology, sustainable tourism and agro-business. However, it was also noted that Honduras could benefit from policies that focus on financing for new and existing businesses. Finally, Nicaragua is seen as more politically stable and less prone to violence. In addition, government policies are perceived as being supportive of starting small businesses. However, this favorable assessment changes as small businesses try to grow to medium-sized businesses.

The data collected for this report is not well-suited to generate insights that compete with other top-down reports focusing on structural inducements and barriers to business growth. However, it is informative to take a quick look at several indicators in order to assess whether certain country-level variables are systematically influencing the revenue growth outcomes presented earlier. In doing so, it is important to recall the ranking of average revenue growth outcomes across the four countries: Guatemala (average revenue growth: 47 percent), Nicaragua (32 percent), El Salvador (30 percent), and Honduras (19 percent).

Ranking of average revenue growth outcomes across the four countries:

47%

Guatemala

32%

Nicaragua

30%

El Salvador

19%

Honduras



Critical Insights

III

Economic conditions at the country level do not fully determine the growth prospects of a country's entrepreneurs.

Factor 1. Macro and Policy Factors

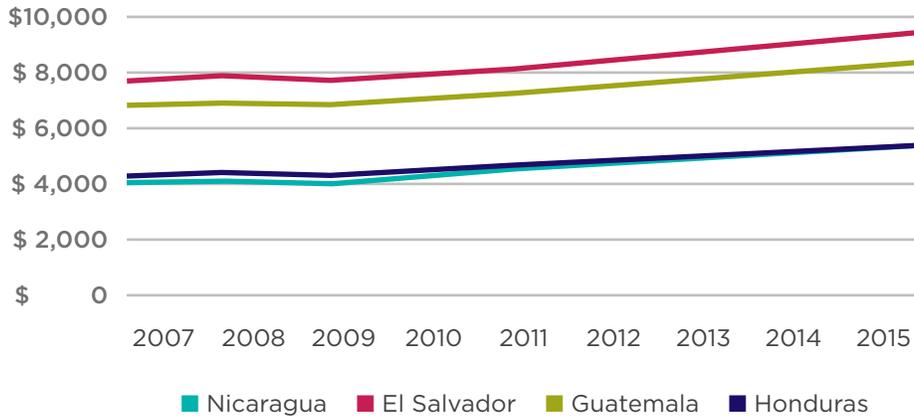
Figure 3 shows that while Guatemala fares well in terms of per capita GDP, it is not quite as strong as El Salvador, whose entrepreneurs experienced inferior average revenue growth outcomes. Moreover, Honduras and Nicaragua have very similar per capita GDP levels, but are very different when it comes to revenue growth prospects at the business level.

Figures 4 and 5 show that El Salvador and Nicaragua—whose entrepreneurs experience similar average revenue growth outcomes—also cluster in terms of poverty rates (relatively low) and unemployment rates (relatively high). However, Guatemala and Honduras also cluster—at higher levels of poverty and lower levels of unemployment—but are very different when it comes to average revenue growth outcomes at the business level.

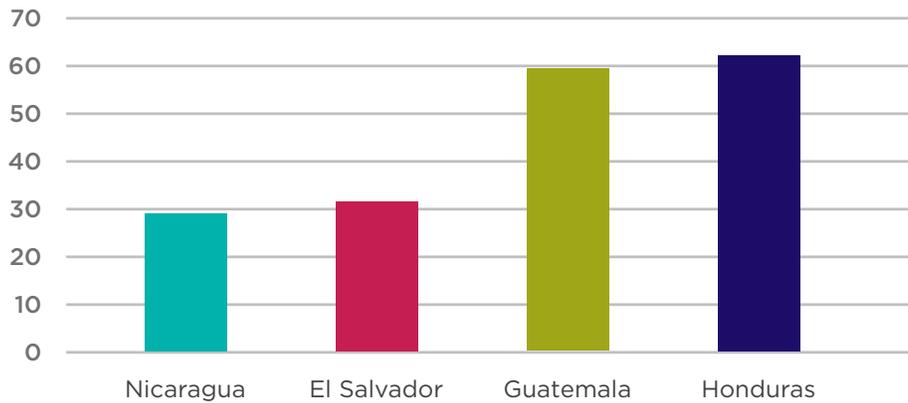
These (and other) tabulations of aggregate economic indicators suggest that *economic conditions at the country level do not fully determine the growth prospects of a country's entrepreneurs.*

Several prominent organizations regularly rank countries on a host of factors thought to influence the growth prospects of small businesses (see Table 3). Here, Guatemala is ranked highest of the four countries on the *Ease of Doing Business Index* and the *Global Competitiveness Index*, and second-highest on the *Index of Economic Freedom*. Because Guatemala is also first in among our four countries when it comes to average revenue growth outcomes, it makes sense to diver deeper into the specific components of each index.

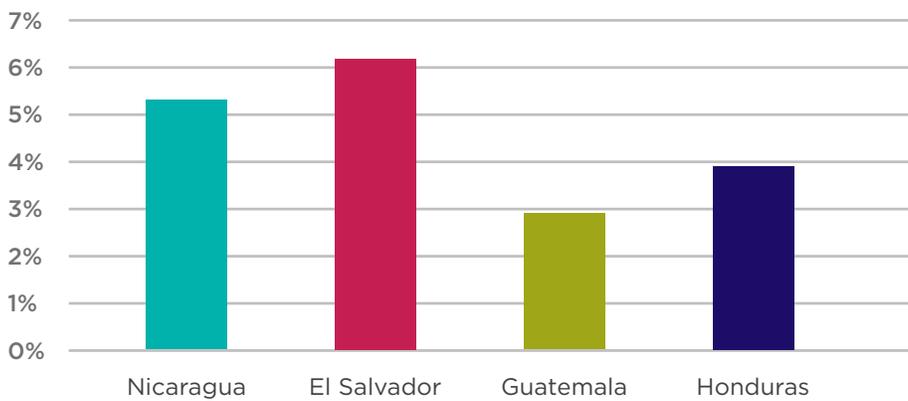
**FIGURE 3. GDP PER CAPITA, PPP (CURRENT INTERNATIONAL \$):
WORLD BANK**



**FIGURE 4. POVERTY HEADCOUNT RATIO
AT NATIONAL POVERTY LINES (% OF POPULATION) (2014)**



**FIGURE 5. UNEMPLOYMENT, TOTAL (% OF TOTAL LABOR FORCE)
(MODELED ILO ESTIMATE) (2014)**



Critical Insights

III

Factor 1. Macro and Policy Factors

This examination reveals that, according to the *Global Competitiveness Index*, Honduras ranks 55th globally in terms of ‘levels of innovation,’ while Nicaragua is almost last with a global ranking of 137. This contrast is not consistent with our observations of average revenue growth outcomes, which are much higher for Nicaragua. When it comes to factors that are problematic for doing business, Honduras, Guatemala, and El Salvador each show ‘crime and theft’ as leading problems, while Nicaragua indicates lower levels of crime and theft. This clustering of countries is also at odds with the country-level averages for revenue growth outcomes, which might have suggested three relatively secure countries, with one negative outlier (Honduras). More generally, Table 3 shows that Honduras actually ranks highest on the Index of Economic Freedom and second highest on the Global Competitiveness Index. These (and other similar) observations suggest that business climate conditions at the country level might influence revenue growth in some important ways, but do not fully determine the growth prospects of a country’s entrepreneurs.

TABLE 3. LOCAL BUSINESS CLIMATE RANKINGS

Ease of Doing Business Index ¹² 2016	Global Competitiveness Index ¹³ 2015-2016	Index of Economic Freedom ¹⁴ (2016)
Guatemala: rank = 88	Guatemala: 4.1 (rank = 78)	Guatemala: rank = 82
Nicaragua: rank = 127	Nicaragua: 3.8 (rank = 108)	Nicaragua: rank = 109
El Salvador: rank = 95	El Salvador: 3.9 (rank = 95)	El Salvador: rank = 95
Honduras: rank = 105	Honduras: 4.0 (rank = 88)	Honduras: rank = 63

¹² See “[Doing Business](#)”

¹³ See “[The Global Competitiveness Report 2015-2016](#)”

¹⁴ See “[2016 Index of Economic Freedom](#)”

> KEY INSIGHTS ABOUT MACRO AND POLICY FACTORS:

Economic conditions at the country level do not fully determine the growth prospects of a country's entrepreneurs.

Guatemala, the country with the best average revenue growth outcomes, also fares well on several global business climate rankings. However, Nicaragua—the country with the second-best average revenue growth outcomes—fares very poorly in these rankings.

The overall pattern of business growth outcomes suggests that there is no clear correlation between a country's business climate conditions and the growth prospects of its entrepreneurs.



Critical Insights

III

Factor 2. Type and Quality of Businesses and Entrepreneurs

Our expert panel also suggested that *“revenue growth improves with the quality of the entrepreneurs and when businesses are more advanced.”*

They also believed that *“revenue growth improves when businesses have better products and services and when they target appropriate customers.”*

While these comments suggest that success is limited to businesses and entrepreneurs of certain types, our quantitative and qualitative data suggest that accelerated revenue growth is possible across a range of businesses.

We begin by comparing the 302 growing and 130 non-growing businesses on a number of key variables. As a proxy for ‘more advanced,’ we calculated the age of each business. The Impulsa Tu Empresa program works with a range of businesses, from those in their first year of operations, to one that has been operating for more than 100 years. The average age is 11.6 years, ranging from a low of 9.2 years in Guatemala (the country with the highest average revenue growth performance) to 12.6 years in El Salvador. Looking more closely, the average age of the growing businesses is 11.3 years, roughly one year younger than the average for the non-growing businesses (12.2 years). This small difference, combined with the wide range of business ages in the TechnoServe program, suggests that *revenue growth is possible for businesses at different stages of development*. This insight runs counter to the common belief that growth potential is strongest among very young companies, and that accelerators should only focus on companies that are less than five years old.

The data also reveal a few minor sector differences. A two-way table that plots the distribution of growing versus non-growing businesses across industry sectors reveals fewer-than-expected growing businesses in textiles (13 businesses relative to an expected count of 17.5). On the other hand, there are more than the expected number of growing businesses in food (46 relative to 42.6 expected) and light manufacturing (23 relative to 16.8 expected). These differences are not particularly dramatic, suggesting that *revenue growth is possible across a range of different industry sectors*.



Critical Insights

III

Education might be an important driver of revenue growth performance among Central American entrepreneurs.

Factor 2. Type and Quality of Businesses and Entrepreneurs

For additional evidence that revenue growth is possible across a range of businesses, we turn to our interview data. In this smaller sample, 28 businesses experienced positive revenue growth during their first year in the TechnoServe program, while thirteen experienced no growth or negative growth. This ratio is roughly the same as that observed in the larger sample of TechnoServe businesses. We used the qualitative information from these entrepreneur interviews to code businesses on several dimensions. Table 4 examines the product/service mix, the quality/price emphasis, and the customer types for the growing versus non-growing businesses. Once again, there is little to distinguish the two groups of businesses.

TABLE 4. GROWING VERSUS NOT-GROWING BUSINESS DIFFERENCES

	Growing Businesses	Non-Growing Businesses
Offers Product(s)	14 (50%)	7 (54%)
Offers Service(s)	19 (68%)	7 (54%)
Competes on Quality	26 (93%)	12 (92%)
Competes on Price	10 (36%)	7 (54%)
Sells to Businesses	18 (64%)	9 (69%)
Sells to Individuals	18 (64%)	7 (54%)
Sells to Government	1 (4%)	1 (8%)
Targets Local Customers	18 (82%)	7 (88%)

Critical Insights

Turning to the founders themselves, we found no major gender differences in revenue growth performance; male and female entrepreneurs are equally likely to fall into the growing or non-growing groups. However, there are differences associated with the founders' education levels. TechnoServe asks each program applicant about his/her highest level of education. A statistical test applied to a two-way table that plots the distribution of growing versus non-growing businesses across education levels (maximum of primary/secondary education versus university/post-graduate degree) returns a p-value of 0.01. A higher-than-expected number of growing businesses have founders with university or post-graduate degrees (194 relative to 181.8 expected). Founders with the higher maximum education levels reported an average revenue growth rate of 36 percent, compared to 29 percent for founders with primary or secondary education levels. This suggests that education might be an important driver of revenue growth performance among Central American entrepreneurs.

To provide additional insights about what more successful founders are bringing to their businesses, we leverage the fact that TechnoServe formally assesses the business capabilities of their entrepreneurs at the launch of each cohort¹⁵. These ratings (on a scale of 1-3) have a limited but significant ability to predict short-term business success. The overall capability index returns a value of 1.96 (out of 3) for growing businesses, compared to 1.80 for non-growing businesses. This difference is significant at the $p=0.01$ level. Looking at the different dimensions, we see the following ordering of capabilities when it comes to predicting short-term revenue growth:

HUMAN RESOURCES;
2.22 (growing) versus 2.02 (0.20 difference significant at $p=0.01$)

MANAGEMENT AND FINANCE;
1.78 (growing) versus 1.62 (0.16 difference significant at $p=0.04$)

OPERATIONS;
2.05 (growing) versus 1.89 (0.16 difference significant at $p=0.05$)

MARKETING AND SALES;
1.81 (growing) versus 1.68 (0.13 difference significant at $p=0.05$)

LEGAL AND TAX;
2.15 (growing) versus 2.04 (0.11 difference not significant)

¹⁵ This process of formally assessing entrepreneurs at the start of each program was meant to be described by the TNS team.

Critical Insights

III

Our quantitative and qualitative data suggest that accelerated revenue growth is possible across a range of businesses.

Factor 3. Technology Orientation

Reflecting a widespread belief that the technological sophistication of Central American SGBs is relatively low, our expert panel suggested that *“revenue growth improves when businesses have access to better technology.”* In support of this, several of our general program informants think that computer-based businesses (like e-learning platforms and digital marketing services) have a better chance of succeeding because these industries are in earlier stages of development. Others believe that businesses relying on more sophisticated technologies may be better-positioned when it comes to securing early-stage investment.

To assess these beliefs, we evaluated three dimensions of technology: technology orientation, use of administration and production technologies, and use of communication technologies. Using interview data from the Impulsa Tu Empresa entrepreneurs, we coded each business as low-tech (e.g., restaurants or courier services), medium-tech (e.g., water purification systems or furniture manufacturing) or high-tech (e.g., architecture design services or medical tourism packages). Table 5 displays the breakdown of technological orientation by country, region and gender. Guatemala (the country with the best average revenue growth performance) has the smallest share of low-tech businesses. This observation is not surprising, as several TechnoServe advisors and mentors described Guatemala as a promising country for computer-based services and products. Table 5 also shows that medium-tech businesses are less prominent in rural areas, but that technology orientation does not vary systematically by founder gender.



Critical Insights

TABLE 5. TECHNOLOGY ORIENTATION OF PARTICIPATING BUSINESSES			
	Low-tech Businesses	Medium-tech Businesses	High-tech Businesses
Guatemala	3 (23%)	10 (77%)	0 (0%)
Honduras	3 (33%)	4 (44%)	2 (22%)
Nicaragua	7 (78%)	2 (22%)	0 (0%)
El Salvador	3 (30%)	7 (70%)	0 (0%)
Capital City	8 (50%)	17 (74%)	2 (100%)
Rural	8 (50%)	6 (26%)	0 (0%)
Female Founder	11 (37%)	17 (57%)	2 (7%)
Male Founder	5 (45%)	6 (56%)	0 (0%)
Growing Businesses	8 (29%)	18 (64%)	2 (7%)
Non-Growing Businesses	8 (62%)	5 (38%)	0 (0%)

The prospects for revenue growth are influenced by the technology orientation of the business.

The final two rows of Table 5 show that both of the high-tech businesses we interviewed are growing businesses, and a higher percentage of medium-tech businesses are also growing businesses (64 percent, compared to 30 percent non-growing businesses).. On the other hand, the majority of the non-growing businesses are classified as low-tech. This suggests that the *prospects for revenue growth are influenced by the technology orientation of the business.*

Critical Insights

III

Finally, we coded whether entrepreneurs mention using advanced or minimal production and administration technology to run their businesses. Because the ratio of growing to non-growing businesses is roughly 2.2 (28 divided by 13), the rows in Table 6 where this ratio exceeds 2.2 suggest a positive relationship between technology use and revenue growth. The upper rows reveal that the use of advanced administration or production technology is equally prevalent among growing and non-growing businesses. The only case where technology use seems to differentiate the two groups is when it comes to adopting minimal office technology; i.e., using Excel versus pen and paper to manage administrative tasks like tracking clients, inventories, and bills. Here, it seems that *businesses should aspire to achieve a minimal level of back-office technological sophistication to improve their growth prospects.*

TABLE 6. BUSINESS TECHNOLOGY - GROWING VERSUS NOT-GROWING BUSINESSES

	Growing Businesses	Non-Growing Businesses	Ratio
Administration and Production Technology:			
Advanced Administration	11	6	1.8
Minimal Administration	9	2	4.5
Advanced Production	11	5	2.2
Minimal Production	4	2	2.0
Communication Technology:			
Communicates by phone (low sophistication)	10	8	1.3
Communicates via email/WhatsApp (medium sophistication)	14	6	2.3
Communicates via website (medium sophistication)	8	3	2.7
Communicates using social media (high sophistication)	19	7	2.7

Critical Insights

Finally, we examined whether growing businesses make differential use of sophisticated communication technologies when interacting with customers, suppliers and others. We noted when each entrepreneur indicated relying on the telephone (low sophistication), email and website communications (medium sophistication), and/or social media (high sophistication). The lower rows of Table 6 show that the non-growing businesses are more likely to rely on the telephone for communications, whereas growing businesses are more likely to use email, and even more likely still to have active websites and social media campaigns. Consistent with the intuitions expressed by our expert panel, *revenue growth seems to be associated with the willingness and ability to use more sophisticated communication technologies.*





> KEY INSIGHTS ABOUT TECHNOLOGY ORIENTATION:

Revenue growth prospects are higher among medium and high-tech businesses.

Growing businesses should be encouraged to adopt at least a minimal level of back-office technology.

Entrepreneurs that build their businesses using more sophisticated communication technologies tend to achieve more positive revenue growth outcomes.

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Critical Insights

Factor 4. Social Capital for Entrepreneurs

Several studies identify social capital—or the knowledge and resources made available through networks and relationships—as a vital contributor to entrepreneurial growth.¹⁶ Echoing this belief, our panel of experts suggested that *“revenue growth improves when there is better entrepreneurial social capital.”*

Our interviews with Impulsa Tu Empresa entrepreneurs specifically touched on current networks and future networking prospects. The various responses were analyzed, and each entrepreneur was coded as either ‘mainly satisfied’ or ‘mainly unsatisfied’ with their social capital. Only 28 percent of the entrepreneurs were mainly satisfied with their current networks and future networking prospects, while 60 percent expressed concerns on both dimensions.

When probed about the source of this dissatisfaction, the most frequent barrier cited was the lack of a positive networking culture in their home country. Entrepreneurs are afraid that connections might steal ideas; or they feel obligated to include current friends and family members in their businesses, even when they would be better off seeking ‘outside’ social capital. We also learned that it can be difficult to connect with genuinely useful contacts when expertise is sparsely distributed and travel is difficult. Accordingly, entrepreneurs in rural areas reported lower levels of satisfaction with their social capital.

Notwithstanding these concerns, Table 7 breaks down the social capital satisfaction ratios and shows an almost identical breakdown for growing and non-growing businesses. Therefore, we might conclude that *although most entrepreneurs have concerns about the current and future status of their social capital, these concerns are uncorrelated with revenue growth prospects.*

III

Entrepreneurs in rural areas report lower levels of satisfaction with their social capital.

TABLE 7. SATISFIED VERSUS UNSATISFIED WITH SOCIAL CAPITAL

	All Businesses	Growing Businesses	Non-Growing Businesses
Mainly satisfied (current and future)	11 (28%)	7 (26%)	4 (31%)
Mixed	5 (13%)	3 (11%)	2 (15%)
Mainly unsatisfied (current and future)	24 (60%)	17 (63%)	7 (54%)

¹⁶ See [“Entrepreneurship in Latin America: A Step up the Social Ladder?”](#)

Critical Insights

III

The data suggests that investment aspirations and future revenue growth outcomes are not strongly correlated.

This surprising finding makes some sense if similar levels of overall satisfaction are masking differences in how networks are enacted and leveraged. Here, we noticed that entrepreneurs whose businesses are not growing seem to acknowledge that more effort is required, and seem aware of opportunities to join additional organizations or business associations. However, the quality (and therefore usefulness) of these opportunities is unclear. Moreover, the advice that entrepreneurs expect from these meetings is very general or very basic. On the other hand, entrepreneurs with growing businesses—who also express frustration with their current networks—cite more tangible and specific social capital benefits. Rather than making vague statements about connections and business knowledge, these entrepreneurs are more likely to be proud members of industry organizations. One café owner in Guatemala belongs to the Institute for Café Owners. Others mentioned receiving targeted legal support related to business expansion and marketing strategy. Still others point to how their networks facilitate productive connections to larger corporations. Based on these more nuanced observations, we might infer that *deeper and higher-quality connections correspond with more positive growth outcomes (even if the process of social capital building remains frustrating)*.

When prompted, entrepreneurs and others caution that while social capital may be critical for business success, it is difficult for entrepreneurs to grow their networks. They also reveal that few robust strategies are available to unlock the potential of social networks in Central American countries. It was therefore unexpected that only five of the entrepreneurs that we interviewed specifically mention a desire for more networking support from TechnoServe. *So, concerns about social capital are not translating into specific requests for greater support.*



Nica Textil,
calidad in

**Confecciones, Bordados, Serigrafía
y Artículos Promocionales**



> KEY INSIGHTS ABOUT SOCIAL CAPITAL:

A large majority of entrepreneurs are not satisfied with their current networks and future networking prospects.

Entrepreneurs face several barriers when it comes to developing their business networks, including an under-developed networking culture and sparse business and geographic landscapes.

Satisfaction with current and expected future social capital outcomes is not related to positive revenue growth outcomes.

The stated concerns about networking and network building are not translating into louder and clearer demands for networking support.



BLICA DE

Critical Insights

III

We believe that revenue growth improves when there is better access to financial capital.

Factor 5. Access to Financial Capital

ANDE's recent report on Impact Investing in Latin America identified a lack of early stage funding as one of the biggest challenges to entrepreneurship in the region.¹⁷ Our panel of experts echoed this idea, believing that "revenue growth improves when there is better access to financial capital."

To explore the relationship between revenue growth and access to capital, we examined the stated investment aspiration of each business when they started the program. Out of 398 entrepreneurs who responded to this question, 214 (54 percent) indicated that they were looking for more than \$100,000 of additional investment. However, Table 8 shows that the percentage of businesses seeking these relatively high levels of investment is the same for businesses that did and did not grow during the first year of the program. This suggests that investment aspirations and future revenue growth outcomes are not strongly correlated.

TABLE 8. ACCESSING CAPITAL - GROWING VERSUS NOT-GROWING BUSINESSES

	Growing Businesses	Non-Growing Businesses
Seeking less than \$20,000 in total investment	65 (23%)	28 (24%)
Seeking between \$20,001 and \$50,000 in total investment	68 (24%)	23 (20%)
Seeking more than \$100,000 in total investment	148 (53%)	66 (56%)
All businesses	281	117
Reported no loans to TechnoServe staff at program start	234 (77%)	101 (78%)
Reported at least one loan to TechnoServe staff at program start	68 (23%)	29 (22%)
Interviewed entrepreneurs who sought loan(s)	22 (79%)	7 (54%)

¹⁷ See "The Impact Investing Landscape In Latin America"

Critical Insights

Of course, aspirations and outcomes are not the same thing. We therefore examined additional TechnoServe data that identified businesses that received loans during and after each program. Of 432 entrepreneurs, 97 (22 percent) reported receiving at least one business loan in the wake of their experience in Impulsa Tu Empresa. This suggests that it is generally difficult for TechnoServe entrepreneurs to secure business financing. Once again, however, it is no more or less challenging for the growing businesses.

Next, we drill down on differences in the decision to seek out loans. Our interview data indicates that growing businesses are more likely to seek out loans—79 percent compared to 54 percent for the non-growing businesses. The intended use of these new funds falls largely into two categories: working capital and funds for equipment or vehicles. Of those that formally request loans, roughly the same percentage in both groups report that their loan requests were approved; a 59 percent success rate for growing businesses versus 57 percent for non-growing businesses. This suggests that *one challenge for non-growing businesses may be found in a reduced willingness to seek out financing.*

Several (not-surprising) factors that account for a diminished willingness to seek out loan capital emerged from our interviews. Inadequate bookkeeping and accounting practices are tangible barriers to accessing traditional financing channels like banks and microfinance institutions. On top of this, many of these financial institutions require entrepreneurs to pledge their homes as collateral, something that emerging-market entrepreneurs have a hard time doing. Burdensome application and reporting requirements and high interest rates are additional deterrents to many entrepreneurs.

While these access barriers confront all entrepreneurs, they might be more binding for those who are less capable and/or confident. In this spirit, we note that many of the advisors and mentors we interviewed minimized the direct importance of these barriers in the growth process of businesses. Instead, they stressed that seeking outside capital without strong business plans is not beneficial for any entrepreneur, and that businesses with sound plans have less trouble accessing loans. This means that *troubles accessing capital may ease as the other problems facing promising emerging-market entrepreneurs are addressed.*



59%

loan approval success rate for growing businesses versus 57 percent for non-growing businesses.



> KEY INSIGHTS ABOUT ACCESS TO FINANCIAL CAPITAL:

There is no strong evidence that investment aspirations or the ability to access capital are strong predictors of short-term revenue growth.

The main differentiating factor between growing and non-growing businesses is in their willingness to seek out financing.

Diminished willingness to seek out loans could be due to several well-documented barriers, or simply to the fact that non-growing companies are not yet ready for outside finance

Critical Insights

6. The Impact of TechnoServe Advisors and Mentors

III

A recent report that examined *What's Working in Startup Acceleration* found mixed support for the idea that mentor quality improves performance in accelerator programs.¹⁸ Despite this equivocal finding, our panel of experts emphasized the contributions that advisors and mentors can make, suggesting *“revenue growth improves with the quality of mentors/advisors; with the level of mentor/advisor motivation; and with the level of affinity between entrepreneurs and mentors/advisors.”*

Our interviews with advisors and mentors followed up on these ideas by asking them to describe the traits of more and less successful advisors, and to report the most important ways that advisors can support entrepreneurs. Their (open-ended) responses sorted into two broad categories: one related to *knowledge and experience* and the other to *interpersonal skills*. More knowledge and experience leads to superior insights about the sector and the local ecosystem, better advice about specific business tools and technologies, and more thoughtful general business insights. However, advisors also emphasized the importance of interpersonal skills such as listening, empathy and commitment.

To explore the idea that men and women might be different, and therefore differentially effective, as advisors, we identified the gender of the advisor/mentor assigned to each of the entrepreneurs in the broader sample. Roughly 65 percent of the 228 entrepreneurs with female advisors experienced positive revenue growth during the program, compared to 75 percent of the 204 entrepreneurs who worked with male advisors. This small male advisor advantage is offset by the fact that women advisors coached entrepreneurs with an average percentage revenue growth of 33.5 percent, compared to 32.8 percent for the businesses with male advisors. Given the large sample (and the fact that TechnoServe randomly assigns advisors/mentors to entrepreneurs) we can conclude that *there is no overall gender effect when it comes to advice and mentorship among the entrepreneurs served by TechnoServe.*

“Revenue growth improves with the quality of mentors/advisors; with the level of mentor/advisor motivation; and with the level of affinity between entrepreneurs and mentors/advisors.”

¹⁸ See [“What's Working in Startup Acceleration: Insights from Fifteen Village Capital Programs”](#)

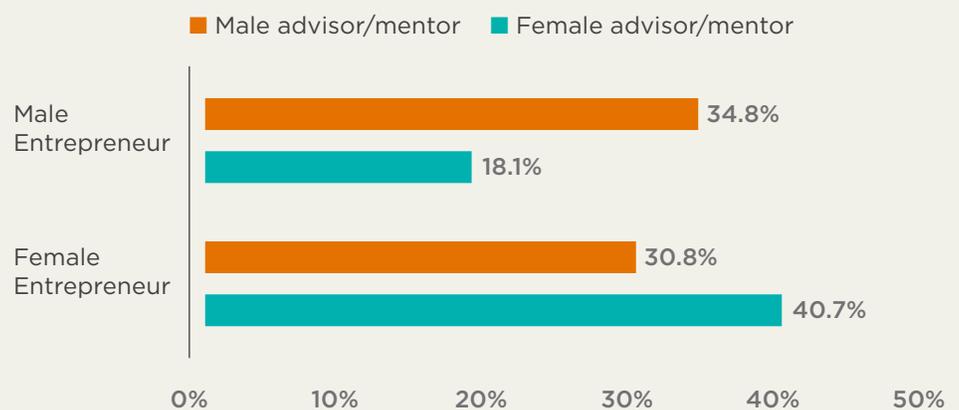
III

Critical Insights

This is not to say that all advisor-entrepreneur pairs are equally effective. When we cross-tabulate the gender of the advisor with the gender of the entrepreneur, we see that same-gender combinations produce higher revenue growth (40.7 average percentage revenue growth for female pairs versus 34.8 percent for male pairs). Yet, when female entrepreneurs work with male advisors, the average percentage revenue growth falls to 30.8 percent. The lowest average percentage growth rates are observed when male entrepreneurs work with female advisors, at 18.1 percent (see Figure 6).

When we cross-tabulate the gender of the advisor with the gender of the entrepreneur, we see that same-gender combinations produce higher revenue growth.

FIGURE 6. AVERAGE PERCENTAGE REVENUE GROWTH BY ENTREPRENEUR AND ADVISOR GENDER



Critical Insights

Interviews with specific entrepreneurs provide deeper insights into what entrepreneurs think they are getting from their TechnoServe advisors. After reviewing the interview notes, we coded each entrepreneur's implicit evaluation of his/her advisor as 'excellent' versus 'mixed' or 'poor' (with a discarded category of eight 'unsure' entrepreneurs). A total of 29 out of 33 (88 percent) entrepreneurs suggest that their TechnoServe advisor or mentor was excellent. The ratio is only slightly higher among growing businesses (20 out of 22) compared to non-growing businesses (9 out of 11). Based on these observations, *there is no strong evidence that satisfaction with the advice provided corresponds with superior short-term revenue growth performance.*



88%

percentage of entrepreneurs who suggested that their TechnoServe advisor or mentor was excellent.



Critical Insights

III

This should not be taken to mean that all advisors emphasize the same things or provide the same benefits when working with entrepreneurs. From the interviews, we coded the specific contributions that each entrepreneur mentioned when discussing their work with TechnoServe advisors. Focusing on the entrepreneurs who felt that their advisors were excellent, the specific contributions mentioned most often relate to finance, planning, marketing, strategy and organization (see Table 9). When we look at which advisor contributions are mentioned disproportionately by growing businesses, we see that their advice focuses more on *strategy, planning and marketing*.

TABLE 9. SPECIFIC ADVISOR / MENTOR CONTRIBUTIONS MENTIONED BY SATISFIED ENTREPRENEURS

	Growing Businesses	Non-Growing Businesses	Ratio
Finance	11	5	2.2
Planning	9	3	3.0
Marketing	9	3	3.0
Strategy	9	2	4.5
Organization	5	2	2.5
General	8	3	2.7
Other	9	8	1.1
Total	60	26	2.3



Características del Servicio:

- Seguridad
- Comodidad
- Equipados con sillas

> KEY INSIGHTS ABOUT ADVISORS AND MENTORS:

Male and female advisors/mentors are equally effective, on average.

The heightened affinity that comes from same-gender pairings tends to produce better outcomes.

Simple satisfaction with program mentors does not correspond with superior business growth.

Growth-oriented advice tends to focus on high-leverage topics like strategy, planning and marketing.



Part 4:

Implications For Accelerators

IV



This section is written by Oscar Artiga, Program Manager for Impulsa Tu Empresa.

In the past five years, there has been an increasing trend to highlight development programs that focus on entrepreneurship; programs that apply different methodologies to improve the performance of promising new and existing small businesses.

At the most general level, this report (along with other recent analyses¹⁹) confirms the importance of key elements of these accelerator programs. Program designers and implementers must pay attention to their recruiting and selection processes; they must emphasize initiatives that create more supportive market ecosystems; and they must stimulate the use of relevant business technologies that catalyze business performance in emerging markets.

TechnoServe started Impulsa tu Empresa to further our goal of supporting SGBs in Central America. We did so with the conviction of collecting information that would help us to learn about the variables that have the greatest impacts on SGB performance. This allows us to discard low-value approaches and practices, and focus on the things that truly add value to the entrepreneurs who participate in our programs. Several of the insights presented in this report align with this goal of learning to improve program efficacy.

First, the report reinforces the importance of rigorous selection processes. However, these processes need not target any one sector or type of business, because many different businesses can be successful in the countries where we work. Instead, selection should focus on the entrepreneurs themselves, analyzing experiences, skills and backgrounds. These more promising women and men are the ones who can lead their businesses positively, and who can implement the many ideas and recommendations that come from our training sessions and from regular interactions with TechnoServe advisors and mentors.

While strengthening our commitment to focus on promising entrepreneurs, I am also intrigued by the report's observations about business climates. The fact that Guatemala has the best-ranked climate for business and the most positive revenue growth outcomes in our programs highlights the importance of achieving a minimum level of economic, legal and social stability. This ensures that the business growth that we stimulate is not threatened by macro factors that undermine stronger business competences. However, I am also motivated by the fact that we are seeing positive growth outcomes in other countries (especially El Salvador and Honduras) that are working to improve country conditions. This means that TechnoServe can continue to work with promising entrepreneurs and on challenged ecosystems, while our country partners work on these broader factors.

¹⁹ See "What's Working in Startup Acceleration: Insights from Fifteen Village Capital Programs"



Implications for Accelerators

IV

We think it is important to continue to serve entrepreneurs with diverse backgrounds, and we must therefore make greater investments to close the skills and technology gaps of our participants.

What insights challenge what we know?

TechnoServe has always strived to have strict and selective processes when recruiting entrepreneurs into our programs, and this report's findings about the education, skill and technology gaps between the leaders of growing and non-growing SGBs provide more opportunity to refine our approach. From the beginning, our selection decisions have relied heavily on assessments of the business idea and its early-stage performance. Based on reviews conducted after each cycle, we now include personalized interviews and field visits to better understand each business and its leaders, as well as leader behavior in front of management teams. The insights about founders' education levels and their initial business capabilities, as well as observations about the business' technology orientation may be additional factors to consider as we strive not only to find the most promising entrepreneurs, but also to provide additional tools and invest more to overcome the differences between entrepreneurs with different educational backgrounds. At the same time, as part of our social mission, we think it is important to continue to serve entrepreneurs with diverse backgrounds, and we must therefore make greater investments to close the skills and technology gaps of our participants.

Currently, our focus and contact hours are distributed fairly evenly among various topic areas. However, insights from this (and other recent) reports make me think about redesigning our curriculum and re-thinking the allocation of time and attention to emphasize higher-leverage topics like strategy, planning and marketing. If human resources, management, and finance and operations capabilities are more strongly associated with business growth, then we should be focusing more time and attention on these topics.

However, as we think about these kinds of program changes, I also believe that the approach of emphasizing variables that matter 'on average' presents an interesting challenge. We must balance the obvious need for progress in these critical management areas against the specific development needs of each business and entrepreneur.

I also wonder whether our (unspoken) belief that ‘satisfied program participants have a higher likelihood of growing their businesses’ is challenged by the current findings. Of course, accelerator program managers should always strive for high levels of program satisfaction. However, I am intrigued by the fact that growing and non-growing Impulsa Tu Empresa businesses are similarly satisfied with various elements of our program, with their current and future social capital prospects, and with the performance and contribution of their advisors and mentors. This tells me that the best accelerator programs must sometimes look past participant satisfaction as a proxy to success in order to generate the kind of change that really matters. At the very least, there must be ongoing analysis to ensure the right balance between participant satisfaction and changes in the variables that correspond with maximum program impact.

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Implications for Accelerators

IV

We plan to leverage our advisors and mentors to maximize the networking potential of this new portal.

What will TechnoServe be changing given these insights?

Every year, we make changes to our programs. These changes take into consideration our own data and analysis, analyses of sector trends, practices that have been tested in similar programs, and suggestions from our donors and other stakeholders. They are also based on external evaluation, like the one found in this study.

While several recommendations are inspired by the findings in this report, I want to focus on a major idea that comes from: (1) insights about the use of technology (especially communication technologies) by growing businesses; (2) insights about the importance of developing a foundation for social capital development; and (3) insights about what growing entrepreneurs are getting from their advisors and mentors. The next cycle of the Impulsa Tu Empresa program will focus on breaking down knowledge and cultural barriers to using communication technologies to strengthen business-to-business networking. These barriers will be reduced (across Central America) using a customized e-learning portal, which will also serve as a social media portal and a digital directory of TechnoServe businesses (where entrepreneurs can organize trade fairs and business meetings). Although we have a long way to go in training our entrepreneurs to become familiar with this new technology and with these new practices, we plan to leverage our advisors and mentors to maximize the networking potential of this new portal.

Another potentially-critical insight relates to matching entrepreneurs and advisors based on gender. Until now, we have made these matches almost at random, only considering basic factors like geographic and logistical issues, as well as areas of advisor expertise and business needs. Gender was never considered an important factor in the matching process (or in the follow-up assessments of entrepreneur or advisor performance). Given the revealed implications of matching based on gender (along with the other learning we expect from Cycle 3, which focuses on gender empowerment), this is one matching factor we will consider more seriously in future program cycles, and that should be analyzed more deeply so as to confirm this behavior.

I would particularly like to emphasize the insights into accessing capital, simply because this comes up so often in discussions and debates about SGB growth in emerging markets. Several different looks at our program data suggest that limited access to capital is not—by itself—a major barrier to short-term revenue growth. This is not to say that accessing business financing is easy. It is not. Rather, it means that getting the right businesses connected to the right kinds of financing is more complicated than simply making more capital available or making loan processes easier. The interview data presented in this report seem to suggest that when Impulsa Tu Empresa entrepreneurs are ready and willing to take on business loans, their success rates are better than one might expect. Given this (preliminary) insight, I believe that programs like ours should continue to emphasize the capacity building, business planning and connecting work that prepares our entrepreneurs to take on the loans (and other investments) that will support further business growth. At the same time, our advisors and mentors should work to ensure that entrepreneurs have the confidence to apply for these loans when the time is right. In this way, we will view access to finance as one natural step along the way to building stronger SGBs.

Finally, I would like to say that in many cases, the insights, issues and recommendations flowing from this report are applicable not only to Impulsa Tu Empresa, but to TechnoServe's other accelerator programs in Chile, Peru, Botswana and Brazil. I also hope that they are of value to other organizations that fund, design and implement SGB accelerator programs.

Getting the right businesses connected to the right kinds of financing is more complicated than simply making more capital available or making loan processes easier.

Part 5: Appendices



APPENDIX A. SOCIAL ENTERPRISE @ GOIZUETA RESEARCH TEAM

Peter W. Roberts,

Professor of Organization & Management, Emory University

Peter's research focuses on social entrepreneurs and accelerators, microbusiness development and the global specialty coffee industry. For the past several years, he has spearheaded Social Enterprise @ Goizueta, which has led to the establishment of the global Entrepreneurship Database Program, the Start:ME accelerator program and the Transparent Trade Coffee and Grounds for Empowerment programs.

Giselle Barrera

Giselle is a graduate of Emory University's Full-Time MBA Program with a concentration in Supply Chain and Strategy. Originally from El Salvador, she is currently the Latin America Programs Lead for Social Enterprise at Goizueta. Her past experience includes Management Consulting, Project Management and Supply Chain Analysis.

Michael Belles

Michael is a recent graduate of Emory University, where he received a BA in Interdisciplinary Studies and a BA in Spanish & Portuguese. As an undergraduate student, Michael served as a Research Assistant to Professor Peter Roberts and other faculty within Social Enterprise @ Goizueta for almost three years.

Sol Eskenazi

A native of Buenos Aires, Sol believes in the potential of businesses to improve development outcomes. Sol's interest in social businesses emerged during her year as a Princeton in Africa Fellow at an education-focused social venture based in Benin. She graduated from the University of Pennsylvania in 2015.

APPENDIX A. SOCIAL ENTERPRISE @ GOIZUETA RESEARCH TEAM

Naomi Maisel

Naomi graduated with a degree in Anthropology from Emory University, where she focused on the intersections of global health and inequality. She is currently Project Manager and Data Analyst for First Step Staffing, a non-profit staffing company. Additionally, Naomi conducts research at the CDC on connections between household food insecurity and diabetes.

Randy Martin,

Adjunct Professor of Organization & Management, Emory University

Randy is the Nonprofit Initiative Leader at Social Enterprise @ Goizueta. Previously, Randy was a principal for 20 years at Deloitte Consulting LLP in their Human Capital practice. Randy focuses on the nonprofit sector and has been actively supporting social enterprises in Central America for many years.

Hilary Nichols

Hilary is an MBA student and CASE Scholar at Duke University's Fuqua School of Business. Prior to Fuqua, she worked with Women's World Banking, advising financial institutions in Latin America and Africa to effectively serve un- and under-banked populations. She spent her summer as an Intern with Chatham Financial and as a Graduate Researcher with the Social Enterprise @ Goizueta team.

Daina Ruback

Daina has an MA in International Political Economy and Development from Fordham University. She supports small business and entrepreneurship in Latin America, with an emphasis on women's entrepreneurship. Daina has worked with Value for Women, Oxfam, and ANDE. She also serves as President of the Circulo de Amigas Foundation, which supports girls' education in Nicaragua.

Delna Weil

Delna is the Assessment Manager at Global Nomads Group, an education nonprofit based in New York City and Amman, Jordan. She leads efforts to develop data-oriented strategies for improving programs and building key partnerships. She holds a BA from Barnard College and an MA from Stanford University.

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APPENDIX B. TECHNOSERVE TEAM



Oscar Artiga, Regional Program Manager

Oscar has been TechnoServe's Program Manager for Regional Entrepreneurship Programs since 2012. His scope of work includes all business accelerator programs spanning Guatemala, Honduras, Nicaragua, El Salvador and Burkina Faso. He also previously managed a social entrepreneurship program with TechnoServe Chile. Oscar has extensive experience working in Central America's financial system, including work in organizational processes, fraud prevention, project evaluation, and market analysis across the region. He has an MBA from the Universidad Adolfo Ibanez in Chile, and a BS in Industrial Engineering from the Universidad Centroamericana in El Salvador.



Roger Paguaga, M&E Manager

Roger has been the Regional Manager of Monitoring and Evaluation for TechnoServe's entrepreneurship program since 2012. He specializes in agriculture, clusters and competitiveness, business climate, and business development programs. Roger previously headed the Competitiveness Observatory in Nicaragua, which monitored and evaluated competitiveness at world, regional, country, sector, and value chain levels, in addition to business climate benchmarking. He has also served as Assistant Director of a project focused on Central America's strategic socioeconomic issues.



Martha Loyman, Program Coordinator Nicaragua

Marta has worked with TechnoServe's Entrepreneurship Program in Nicaragua since 2010. She began with "Mujeres Emprendedoras," and has facilitated the implementation of various entrepreneurship initiatives across Nicaragua, providing her with valuable experience in effective methods to promote knowledge and adoption of good business practices. Marta has a master's in rural development from the Universidad Centroamericana and a BS in architecture from the Universidad Autonoma de Nicaragua.

APPENDIX B. TECHNOSERVE TEAM



Juan Aguilar, Program Coordinator Honduras

Juan coordinated the coffee value chain development component of the Mejoramiento Agrícola Sostenible program in Honduras, contributing vast his experience with the development of local businesses in Honduras. He has worked in the agroindustrial sector since 2003, lending expert advice in investigation an development of new products, quality assurance systems, financial analysis, market analysis, and market strategy to over 50 different enterprises. Juan has an MBA from Universidad Tecnológica Centroamericana (UNITEC) and a BS in agroindustrial engineering from Escuela Agrícola Panamericana El Zamorana in Honduras .



Christopher Toledo, Program Coordinator Guatemala

Prior to serving as a Business Advisor and Program Coordinator with Techno-Serve's Entrepreneurship Program in Guatemala, Christopher had more then 7 years of experience in the development and entrepreneurship fields. He specializes in design thinking and service-design thinking methodologies, strategic design and innovation, industrial design, project management, qualitative and ethnographic research, and business model generation methodologies. Christopher holds a master's degree in strategic design and innovation as well as a bachelor's degree in industrial design from Universidad Rafael Landívar in Guatemala.



Roxana Manzano, Program Coordinator El Salvador

Before joining TechnoServe, Roxana earned six year of experience working in El Salvador's Export and Investment Promotion Agency, where she supported SMEs to participate in international markets. She has vast experience in the coordination of business support programs, in addition to experience in the textile industry, including purchasing, strategic planning, and client management. Roxana holds an MBA from the Universidad Adolfo Ibanez in Chile and a bachelor's in industrial engineering from the Universidad Centroamericana José Simeón Cañas in El Salvador.

Appendices

APPENDIX C. SIX REVENUE GROWTH CONTRASTS PRESENTED TO EXPERT PANEL

For each of the six revenue growth contrasts listed below, please think for a moment and then suggest up to three plausible reasons for the revenue growth differences observed between the two groups of businesses. As you consider possible reasons, please think freely and creatively. You do not have to fully believe every one of your listed reasons. We would simply like to hear about your three most plausible explanations.

1. **Country differences:** Businesses in Guatemala demonstrated the highest average revenue growth performance (+\$39,371; +46.9 percent; and 77 percent growing), while businesses from Honduras were at the lower extreme (+\$ 7,543; +19.3 percent; and 57 percent growing). Nicaragua demonstrated intermediate average revenue growth (+\$38,771; +32 percent; and 74 percent growing) that was more similar to Guatemala. What specific factors might explain the superior revenue growth among the Guatemalan and Nicaraguan businesses?
2. **Sector differences:** Across all three countries, the 28 businesses in the agribusiness sector (e.g., farming and farming-related businesses) grew revenues by an average of \$61,372 (+32.0 percent), while the 13 businesses in the confections sector (e.g., those producing sweets or candies) experienced an average revenue decline of \$12,883 (-12.6percent). What specific factors might explain the superior revenue growth among the agribusiness companies?
3. **Country-specific sector differences:** While the average Honduran business experienced virtually no revenue growth, the 20 Honduran businesses operating in the services sector grew revenues by an average of \$29,508 (+8.5 percent). What specific factors might explain the superior revenue growth among the service businesses in Honduras?
4. **Differences associated with the gender of program mentors/advisors:** Across all three countries, the 37 female entrepreneurs who were matched with female advisors/mentors had an average revenue increase of \$49,837 (+18.0 percent). On the other hand, the 68 female entrepreneurs who were matched with male advisors/mentors had an average revenue increase of \$31,736 (+14.4 percent). What specific factors might explain this difference in revenue growth?
5. **Differences associated with business location:** In Nicaragua, the 37 entrepreneurs working in the capital city grew revenues by an average of \$37,091 (+10.5 percent), while the 52 Nicaraguan businesses working in more rural settings grew revenues by \$50,191 (+17.6 percent). What specific factors might explain the inferior revenue growth among capital-city entrepreneurs in Nicaragua?
6. **Differences associated with business size:** Across all three countries, the 64 medium-sized businesses—those with revenues between \$100,000 and \$250,000 during the baseline period—grew revenues by an average of \$44,846 (+28.1 percent). However, the 23 medium-sized businesses in Guatemala grew revenues by an average of \$103,973 (+63.2 percent). What specific factors might explain the superior revenue performance of medium-sized businesses in Guatemala?

Appendices

APPENDIX D. OVERVIEW OF EXPERTS' COLLECTIVE MENTAL MAP

	Factor (Times Mentioned By Experts)
Macro and Policy Effects	
Competition (Domestic)	Revenue growth worsens when there is more intense domestic competition (18)
Competition (Global)	Revenue growth worsens when there is more intense international competition (5)
Demand Factors	Revenue growth improves when market size (country, sector or region) is larger (29) Revenue growth improves when (country, sector or region) is growing faster than others (17)
Corruption Issues	Revenue growth worsens as the level of corruption and crime increases (7)
Entrepreneurial Policies	Revenue growth improves when there are policies in place that support entrepreneurs (7)
Other	Related to Infrastructure (2); Labor Laws (2); Tax Policies (2); Trade Policies (2); Macroeconomy (1); Country Culture (1)
Ecosystem Effects	
Sector Support	Revenue growth improves when there is better government and NGO support for the sector (14)
Access to Capital	Revenue growth improves when there is better access to financial capital (8)
Entrepreneurial Networks	Revenue growth improves when there is better entrepreneurial social capital (6)
Support for Entrepreneurs	Revenue growth improves when there is better government and NGO support for small businesses (6)
Entrepreneurial Culture	Revenue growth improves when there are more positive attitudes toward entrepreneurship (6)
Workforce	Revenue growth improves when entrepreneurs have better access to skilled workers (6)
Other	Related to Cost of Doing Business (5); External Market Linkages (4); Miscellaneous (3)
Pipeline Effects	
Better Entrepreneurs	Revenue growth improves with the quality of the entrepreneurs (10)
More Advanced Businesses	Revenue growth improves when businesses are more advanced (9)
Appropriate Technology	Revenue growth improves when businesses have access to better technology (5)
Appropriate Businesses	Related to Products and Services (7); Target Customers (4); Economies of Scale (3); Miscellaneous (5)
TechnoServe Program Effects	
Mentors / Advisors (Affinity)	Revenue growth improves with the level of affinity between entrepreneurs and mentors/advisors (23)
Mentors / Advisors (Quality)	Revenue growth improves with the quality of mentors/advisors (5)
Mentors / Advisors (Motivation)	Revenue growth improves with the level of mentor/advisor motivation (5)
Miscellaneous (6)	
Data / Measurement Issues	
	Check for multivariate confounds (10)
	Check for outliers (2)
	Check for biases in reporting data (8)

Thank you!

We would like to thank the ITE entrepreneurs, mentors and advisors, as well as the sector experts from Guatemala, Honduras, El Salvador and Nicaragua, who shared their time and insights during our interviews. Your contributions to this report are greatly appreciated.

ITE ENTREPRENEURS

Guatemala

Neri Renato Guerra Del Valle, Decoraciones Wendy
 Maria Concepcion Aspuc Flores, Galeria Arte Y Estilo
 Gloria Yolanda Buc Saquil - Evelin Palacios, Ixoqi' S.A.
 Gabriel Bonduel Smith, Purifika Guatemala / Servipura S.A.
 Lina Fernanda Delgado, Prointer
 Carlos Adolfo Collado Martínez, Servicios Agrícolas
 Natalia Durán Bolaños, Reuxtreme - Reuxtours
 Maria Mercedes Quintero Jordan; Proyectos Y Asesoría Ahmakiq Y Compañía Limitada
 Lucía Gabriela Gutiérrez Grajeda, Impresos Y Servicios Santa Isabel
 Ingrid Gamboa De Cordon, Avalon Contact Center Y Bpo S.A
 Gerardo Corzo Valladares, La Feria Mágica
 Thelma Del Carmen Dávila Quezada, Thelma Davila
 Luz De Maria Solares Hurtarte De Pereira, Via Martelli S.A.

Honduras

Maria Mercedes Guerrero Hernandez, Exim Claudino
 Vilma Lourdes Saucedo, Rematours Medical Tour
 Rene Adolfo Merino Contreras, Laboratorio Bio Productos Naturales
 Ana Brenda Salgado Saucedo, Tecnopin S. De R.I. De C.v.
 Mario Roberto Sabio Perez, Best Comunicación Visual
 Jose Franciso Valera, Encuadernacion Verela
 Lia Marcela Joya Irias, Opco Opciones Constructivas S De R.I.
 Maria Consuelo Zambrano Gonzalez, Inversiones Cony
 Maria Jose Rodas Suazo, Café El Edén

El Salvador

Ana Cristina Pineda Fagioli, Axul Artesanias
 María Martha Delgado Molina, Soya Nutribar
 Ana Eugenia Vazquez Lievano, Tecana Multinversiones, S.A. De C.v.
 Cindy Vanessa Alfaro Muñoz, Importadora Manhattan S.A. De C.v. (El Vencedor)
 Evelyn Sofía Roque De Montes, Elio 'S Fit Gym
 Carolina Sanabria, Su Y Su S.a. De C.v. (Las Gauchitas)
 Kriscia Marisol Toledo De Flores, Mil Sabores
 Ingrid Miesbacher De Sansivirini, Miabela
 Ethel Jeannette Monge De Kuri, Asociacion Conexion Al Desarrollo De El Salvador
 Lorena Beatriz Cordero De Rodriguez, Inversiones Martinez Cordero S.A. De C.v.

Nicaragua

Karen Valeska Tijerino Tapia, Cervecería Artesanal Pinolera
 Hosffman Bayardo Meza Velasquez, Inversiones Meza Ubeda Cia Ltda
 Juan Carlos Moreno Hernandez, Nicatextil
 Elida Del Carmen Jimenez Chavarría, Soda El Tico
 Irene Del Socorro Vallecillo G, Productos El Sol
 Silvio Moisés López García, Ferretería Mini
 Ayda Luz Torrez Meza, Comercializadora Carvajal
 Leana María Gámez Ulloa, Panadería Gámez
 Michael Gustavo Nuñez, y Marexport Nuñez Romero

ITE MENTORS AND ADVISORS

Guatemala

Roxana Ramos
Carolina Penados

Honduras

Nadia Martinez
Marlene Sarahí Domínguez Fernández
Cynthia Sanchez
Blanca Castro
María de los Angeles
German Perez
Hugo Flores
Moritz Hoffman

El Salvador

Jasmin Coreas
Sheyla Gaitan
Milagro Menjivar
Evelin Rincan

Nicaragua

Danilo Martinez
Orlando Cisneros
Ignacio Velez
Alvaro Correa

SECTOR EXPERTS

Guatemala

Cesar Tzian, Impact Hub
Richard Ambrose, Finance, private equity and impact investing
Diego Rios, Splash Digital - Digital marketing for SMEs
Eliza Zaczkowska, Universidad Rafael Landivar
Daniel Buchbinder, Alterna Impact

Honduras

Eduardo Posadas, Director of UTH Avanza - Innovation Center
Roger Martinez, Business consultant/advisor.
Alejandra Mejia, Chamber of Commerce

El Salvador

Karla Segovia, Trade Sector at USAID
Samuel Salazar, Fusades
Ernesto Nosthas, Impulsa tu Empresa (Government program run by the Ministry of Economy)
Ingrid Duran, Banca de Desarrollo El Salvador - Government Institution
Baltazar Mejia, PDPYME - SME Development Organization

Nicaragua

Marcela Herdocia and Vanessa Castro, Thrive Nicaragua
Adrian Borter, Business Professionals Network (BPN)
Paul Kester, Plan International
Kira Lopez and Maria Denis Duarte, Agora Partnerships

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EMORY
UNIVERSITY

1120 19th Street NW, 8th Floor
Washington, DC 20036
TEL: +1 202 785 4515
technoserve.org



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