



Business Development Support in a Time of Crisis

*What we've learned from serving thousands of African
SMEs in our new world*

Background

When the first cases of Covid-19 were announced in Africa in March, AMI, like many businesses, set out with a mindset of ‘doing our best to carry on’ under the circumstances. We quickly rallied our teams to shift all our blended (‘tech + touch’) learning programmes fully online, and engage with our partners to ensure them of continuation of our services to SMEs.

We considered also the effect of the lockdowns on the SMEs we serve, and developed a range of free, virtual support options to reach them with critical business development support services at the time they needed it most. We were determined to help as best we could, for as long as the lockdown periods lasted. Our offerings included a free, 2 week, virtual Business Survival Bootcamp, through which we would go on to reach 1300+ entrepreneurs, as well as weekly wellness sessions, and the redesign of our flagship blended SME growth programme into *Survive to Thrive*, which targets skills specific to withstanding the crisis, and thriving beyond it. We also worked with fellow entrepreneur support organisations to support them to rapidly move programming online.

What we didn’t expect was that the pandemic would begin to present unexpected opportunities for improving SME support for the long term, and crafting a new SME support ecosystem – one we believe is even better suited to driving SME growth than before. Without downplaying the devastating effect of the Covid-19 crisis on SMEs, nor over-simplifying the challenges of adapting to the different needs of different SME segments (urban vs rural, geography, gender etc), we believe that the current crisis should encourage providers of BDS to take an opportunity mindset. How can we build an SME system that works for our new world, and creates even more impact for SMEs than our old ways did? This report serves as a conversation starter, highlighting 4 potential opportunities for redefining BDS support for our new world.

Learning 1: Can technology save us? - the potential of virtual BDS to shift SME performance

AMI has long been an advocate for blended learning as a scalable yet effective means of driving changes in entrepreneur behaviour, and ultimately SME performance. We believe blended learning provides a powerful balance between flexibility and accountability, and an opportunity to bring participants together to practice skills through experiential activities and learn from one another. Our approach is reflective of the 70-20-10 principle of adult learning, developed by McCall, Lombardo and Eichinger at the Centre for Creative Leadership. This outlines that effective adult learning relies 70% on ‘doing’, 20% on peer learning and exchange, and 10% on content review. For entrepreneurs, the 70% is embodied by our core focus on helping SMEs to implement specific practices in their businesses that have been proven to lead to SME growth – more on this can be found in our blog post [‘Entrepreneurship Training is Broken – Now What?’](#). Prior to Covid-19, we provided the ‘content’ and ‘peer networking’ components of our programming through a combination of in-person workshops and peer meet-ups, along with online courses and tools. While we did experiment with fully virtual programmes, this was not the norm before March 2020.

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Can technology save us? The potential of virtual BDS to shift SME performances

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Post the onset of the pandemic, we worked to redesign our flagship SME growth programme, ‘Grow Your Business’, into ‘Survive to Thrive’, a fully virtual programme that provides leaders of SMEs with the skills, tools and strategies to navigate the challenges and opportunities presented by the Covid-19 crisis, to thrive now and in the future. Rather than figuring out how best to replicate Grow Your Business sessions online, we started from the bottom up – what drives entrepreneur behaviour change, and how can we create a fully virtual business growth programme that reflects this? Several core design requirements sit at the heart of Survive to Thrive, and we believe these are required for the optimal success of intensive entrepreneurship growth programmes, which aim to drive deep behaviour change and positive business-level outcomes:

1. **Structure.** Self-paced online courses have less than 10% completion rates worldwide. Access to content, regardless of the excellence of that content, is not enough. A structured and carefully architected learning journey is required, which considers key elements like participant time constraints, accountability and incentives.
2. **Engagement.** Structure is supported by the proactive engagement of a programme manager – the human face of the programme, who holds it together by triggering virtual group discussions, reminding individuals of deadlines, and sharing relevant content pieces between virtual workshops.
3. **Accountability.** Accountability is built in at several levels – peers ‘buddy up’ to complete online courses, businesses meet in virtual peer problem-solving groups, and individuals can select mentors to serve as ‘Accountability Partners’ through the programme. Programme managers check in when engagement is lower, too.
4. **Personalisation.** Entrepreneurs aren’t generally interested in learning for learning’s sake – they are time-constrained, and learning is interesting when it is immediately applicable to their business. Our practices diagnostic helps entrepreneurs to select the new habits most critical for their business – and then we provide ‘just-in-time’ online tools to support immediate application at the point of need.



With these elements in place, we have found that virtual programmes for entrepreneurs have resulted in equal or higher engagement to blended programmes. It should be noted that Survive to Thrive is designed for established businesses of over \$10 000 in annual revenue, seeking to grow – these businesses are often urban and have access to technology and data. Our approach has been heavily influenced by the context and resources of our target group. In this context, we have found that the flexibility offered by virtual programmes, and the time saved by eliminating travel, is particularly valuable for entrepreneurs – indeed many entrepreneurs have told us they prefer the virtual approach, and would not want to revert to in-person workshops and meet-ups. It is still too early to determine whether virtual programmes are equal to blended programmes when it comes to business performance impact, especially given the variables brought about by Covid-19. However, with business survival rates of almost 90% among participants on our programmes, there are early signs that impact is in line with participant engagement – equal or possibly even higher. This has exciting implications for future programming, indicating that rapid scale of programming and cross-continental SME collaboration may be possible without sacrificing depth of impact.

With programme engagement levels as a key outcome that leads to ultimate business impact, this has exciting implications for the scalability of effective programmes. In addition, virtual programmes have resulted in additional benefits – for example, the disappearance of geographical boundaries results in pan-African networking opportunities for entrepreneurs, which have proven to be valued.

CASE STUDY: Agro-Industries of North LLC

Mohamed El Moustapha’s father started Agro Industries in 1989 and together with his brother, Mohamed revived the company in 2013, rebranding it to Agro-Industries of North LLC.

The company processes white rice and rice bran in the Senegal River Valley, in the north of the country, and sells to wholesale distributors.

“Our revenue projection for 2020 was \$1m but with COVID-19 everything changed. This programme, Survive to Thrive, really came at the right time because when COVID-19 hit we barely had much going on with the business. Things were so complicated. We spent a lot of time running back and forth to the bank to just make sure we were still on the same page with matters finance. Being part of the programme helped me re-center all my goals. I loved it from the word go, the name outrightly spoke to me: Survive to Thrive!

This programme has taught me resilience, that business is not about the money. It’s about the hard work you put into growing your business. As I went through the courses I realised that procrastination was one of my big problems. For the past 3 years I wasn’t up to date with my financial statements. I had them prepared by my accountant, but as the business owner I wasn’t up to date with them. I took the courses for business compliance and governance and I’ve now learnt the importance of keeping track and staying up to date especially with the local authorities and banks who you need for financial support in times like this.

I have a folder on my laptop with all AMI business tools that I have been downloading since we started in May. Every week I usually go in, open the tool I want to use and work on it. The interesting thing is that they are editable files so every time I work on something, I can save it and get back to it where I left off without losing any data or information.”



Learning 2: An opportunity to address gender imbalance in access to Business Development Services

Covid-19 has disproportionately affected women-led businesses, as most practitioners are aware. Sectors with high representation of women have been particularly negatively affected by the crisis, such as services sectors and informal trading. ImpactHer reports that 80% of African women-led SMEs temporarily shut down their business, and 34% reported layoffs. In lockdown, Uganda showed 61% of women-led SMEs failing to generate income, compared to 22% of male-led enterprises. In Rwanda, 39% of women-led businesses were failing to have income compared to 15% of the male-led enterprises ([FinMark Trust, 2020](#)). Women-led enterprises have also had to bear the burden of an increase in unpaid care work as a result of the crisis.

Before the crisis, women-led SMEs have struggled to access business development services. An ILO study in India found women make up only 2-20% of the clientele of mainstream BDS providers, and that there is a specific lack of support at growth stage. In 2006, the [IFC reported](#) a 70:30 split in male to female access to BDS in South Africa. Awareness is cited as a key challenge for women entrepreneurs accessing BDS. The ILO, in a [report](#) on the BDS sector in Egypt, highlight the need to educate BDS providers on specific needs of women entrepreneurs, and note that awareness of services, including gender-sensitive services, is a key challenge.

Women have been over-represented in AMI programmes over the last 6 years, and we have identified several key design requirements for women-centred BDS, which are reflected in our programmes. Firstly, ensuring that a significant piece of the learning is asynchronous and flexible supports the full participation of women who may have additional responsibilities in the home or community. Our online platform courses enable women to complete learning at any time, and in any place. We also allow for catch up sessions for women who miss workshops because of home responsibility. Secondly, there are particular skills which programmes can address that are helpful for women entrepreneurs. Women may have less opportunity to practice skills like negotiation, as a result of cultural norms, and dedicated modules like our popular Speak Up to Lead module create opportunities for women to practice these skills in a simulated environment, and transfer these learnings to the workplace. We ensure that a portion of marketing materials for public programmes explicitly target women, as this has been shown to increase rates of women participation. Our average female enrolment rate for Survive to Thrive cohorts is 43% (note that 40% of African SMEs are women-led) and this representation has increased in the last cohort. The peer 'pod groups' set up in our programmes allow for support networks to form, which has been found to be key for women participants. And finally, when monitoring programme performance, we disaggregate learning data by gender in order to understand the specific experience of participants. By tracking data in this way, we discovered for example, that on virtual programmes women show higher rates of online course enrolment, and viewing of business toolkits. However, while women more likely to enrol for online course element of the programme, they are less likely to complete courses. We are doing more work to understand the reasoning for this, so we can put in place the support structures to enable women to complete the online courses (note, these are an element of the overall virtual programme, and does not reflect poorer completion rates for women on the overall programme). It is worth noting, of course, that the opportunities for granular data analysis of behaviour and engagement on a programme are much more significant in a digital world, allowing for a more responsive and inclusive approach with rapid programme adjustments and iterations, such as those described above.

Overall, AMI has found that our design approach has resulted in higher graduation rates for women than men in blended programmes, and as we begin to conclude virtual programmes, we will assess if this has held true, and evaluate learnings from these findings. The awareness challenge highlighted by the ILO is a key one, and one AMI is working to address, for example by looking at opportunities to partner with women's networks to promote programmes.



The AMI course gave me confidence to launch yet another new product in this uncertain season. Since March when we introduced the sanitizers our sales went up. The alcohol-based wipes have also greatly contributed to our growth... We're actually hoping to exceed our target for 2020.


- Ivy Appiah, Managing Director, Tiwajo Industry Limited

Learning 3: For entrepreneurs, mindset must be addressed by BDS

As we engaged with over 2000 entrepreneurs through our free Covid-19 Business Survival Bootcamps and other offerings, we were quickly exposed to the emotional toll the crisis was taking on business owners. Prior to the pandemic, research has identified the psychological challenges faced by entrepreneurs – for example, a widely cited study in 2015 by Michael Freeman and colleagues at the University of California found that mental health concerns were present across 72% of the entrepreneurs in their sample, significantly more than that of the comparison group, and they were significantly more likely to report a lifetime history of depression (30%), ADHD (29%), substance use conditions (12%) and bipolar diagnosis (11%) than were comparison participants. The World Bank also reports that training entrepreneurs in personal initiative yielded better bottom-line improvement than traditional business training, based on a study in Togo led by Professor Michael Frese. And Technoserve has also noted a link between psychological support to entrepreneurs and enterprise survival rates ([cited in NextBillion, 2020](#)).

With these learnings in mind, and our growing first-hand understanding of the emotional impact of Covid-19 on entrepreneurs, we began to consider how we might augment our offerings to meet this need. In April, to complement the Bootcamps we created to help entrepreneurs survive economically, we began a daily meditation, 'Rise', designed to help them cope emotionally and support their teams. In June we added a Q&A session to deal with issues of emotional health and coping and changed the frequency of the intervention to weekly, with the option of streaming the reflection daily at a time to suit the participants. We have about 200 people registered for this and a steady attendance of between 20 and 30 each time. Those participants who have responded to two surveys indicate that they appreciate this type of support, demonstrated also by the attendance numbers building slowly over the weeks. Anecdotally individuals have referred to reduced tension at the beginning of the day, improved relationships with their teams, and general improved coping.

Psychological support to entrepreneurs must extend beyond emotional support. The other, more subtle form of support, but likely more important in the long term, is helping entrepreneurs to adopt a positive cognitive approach to innovation and problem solving. We have drawn on Appreciative Inquiry to adapt our flagship Survive to Thrive programme to incorporate a positive psychology approach. Researcher Assudani (2015) explains the concept of appreciative inquiry succinctly, in the Journal of Entrepreneurship Education:



AMI African Management Institute

Rise

A free, virtual 15-minute daily practice to to prepare for the work day.

5:30 a.m. GMT 6:30 a.m. West Africa 7:30 a.m. Central & South Africa 8:30 a.m. East Africa

Register @ bit.ly/riseami

“ I'm very happy from what I've gained from [Rise] during the COVID months. Because...I've learned to be more cautious about wellness. I didn't take wellness as a priority before and now I do. Wellness has helped me take care of myself first so that I can be able to take care of my partners and those that I work with especially during this time. ”

-Betty Mahugu,
Founder and President,
Go Tell World Exposures + Rise participant

It is a social constructionist approach based on the assumption that human systems move in the direction of their members' shared image and idea of the future (Cummings & Worley, 2008). It was developed to shift the traditional mindset about change from one of fixing what is broken (i.e., problem solving) to one of embracing strengths and developing greater capability for the system by building on a shared understanding of and appreciation for the positive attributes of the whole. Change, therefore, is based on intentional examination of what has worked best in the past and what could be grown from that past for the future.

Assudani references 4 phases, adapted from Conklin (2009): Discovery, Dream, Design and Delivery. AMI has actively incorporated Appreciative Inquiry as a means of building resilience in entrepreneurs in the Survive to Thrive programme. Exercises reject the notion of 'problem solving', focusing rather on a process of questioning that assists entrepreneurs to identify areas of strength and articulate the particular changes these strengths may help to effect, and what this process could look like. For example, within the programme, entrepreneurs conduct an organisational risk assessment. In line with the strengths-based approach that is characteristic of Appreciative Inquiry, businesses do not stop at highlighting risks, but must identify particular strengths of their business that uniquely equip them to tackle these risks.

Research affirms the power of appreciative inquiry in building resilience – a key pre-requisite for positive entrepreneurial outcomes (Cooperrider, 2005) . We look forward to reporting the outcomes of incorporating this approach to our Survive to Thrive programme in the months to come

Learning 4: BDS may be able to help close the 'missing middle' financing gap

The missing middle financing gap – the dearth of financing options for SMEs too large for microfinance, and too small to be served by banks – is well documented, with estimates of the global gap at as much as \$930 billion. Covid-19 is widening that gap, as SMEs require relief funding to withstand the storm. The Aspen Network of Development Entrepreneurs (ANDE) notes the critical need for flexible funding for SMEs post the start of the pandemic, as well as effective technical assistance to ensure those funds are put to best use (2020).

Data from AMI's network supports these findings, with 88% of alumni stating that they are in need of a loan of \$50k or less.

AMI proposes that deeper integration between effective technical assistance and access to finance presents an opportunity for more efficient capital allocation decisions, and ultimately, more inclusive financing offers. This is supported by virtual BDS.

Programmes like AMI's Survive to Thrive programme not only de-risk lending to SMEs by improving management capacity – they generate significant volumes of insightful data on entrepreneurs'

behaviour in the programme itself. Data from the AMI online platform – like login counts, performance vs stated goals, quiz performance, social networking behaviour, tool downloads, which tools are downloaded, how many participants from one business are engaged, etc, as well as broader programme engagement data, may present new data points for alternative credit modelling, particularly when combined with data on business performance, which can also be tracked digitally through tools such as ‘AMI Business’, our book-keeping and financial monitoring app.

AMI is already engaged in pilot partnerships to understand the effect of the Survive to Thrive programme on bankability on SMEs (in terms of eligibility for loans and repayment rates), with anecdotal evidence pointing in the right direction. We are interested in exploring alternative credit models based on learning data with interested partners and have committed resources to an internal research project on this.

Conclusion

In a time when SMEs need our support most, the entrepreneur support ecosystem has been required to rapidly adapt our business development service offerings for a drastically different business environment. For AMI, this has been a time that has resulted in deep learning about the needs of our SME community, which has informed our Covid-19 response, and will impact the way in which we serve SMEs for years to come. As we prepare for 2021, which promises no easier circumstances for the SME community, our aim is to continue to listen closely to the needs of entrepreneurs, and to build on our learnings from 2020 to ensure inclusive, effective virtual business development support. We are keen to discuss the above learnings and opportunities for collaboration with interested partners and prospective partners. We will continue to conduct ecosystem learning sessions and share knowledge briefs in the year ahead, as our approach keeps evolving in response to changing SME needs.

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