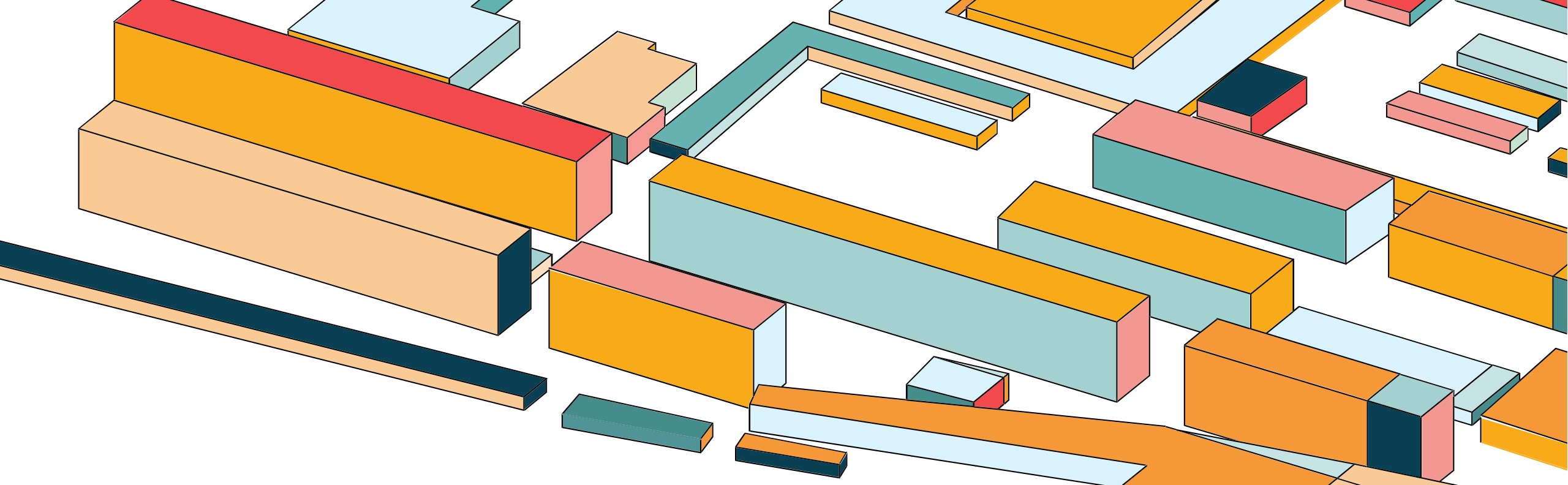




INNOVATION SL **CREATING THE FUTURE TODAY**

An Entrepreneurship Support Organization (ESO)

Enabling Sierra Leone's Entrepreneurial Ecosystem
to source & develop impact start-ups & scale-ups



**APPROACHES TO DELIVERING EFFECTIVE
TECHNICAL ASSISTANCE(TA).
FRANCIS STEVENS GEORGE, MD INNOVATION SL
08.06.2023**

INTRODUCTION

- Entrepreneurship has long been considered a primary driver of economic growth in society. With a grant from the World Bank, the Government of Sierra Leone launched in 2022, The Sierra Leone Economic Diversification Project. The Project Development Objective (PDO) is to increase investment and growth of small and medium enterprises in non-mining productive sectors. The project will do so by strengthening the business enabling environment, facilitating strategic public investments to improve competitiveness and investments, supporting SMEs and entrepreneurs, and building the capacity of public institutions and private sector operators.
- In line with its PDO, the Project recognized that business incubation and acceleration programs are critical services needed in supporting the growth process of start-ups and SMEs and studies show that the survival rate for incubated companies is higher than that of other companies. Incubation and acceleration of business have proven to maximise the innovation potential of SMEs and help them build the needed connections and collaborations to thrive.

INTRODUCTION

- In 2022, Innovation SL was one of the two service providers selected to incubate 20 start-ups and accelerate 10 SMEs from the Light manufacturing and circular economy sectors.
- In 2023 we were one of three selected again to provide business growth services to 20 SMEs from the Agriculture and Light Manufacturing sectors.
- Research has also consistently shown that over 50 % of new ventures fail within the first five years (Shane 2008). Given that new venture creation is both valuable to society, but difficult to achieve, it is not surprising that the Government of Sierra Leone and The World Bank decided to put a significant amount of money into entrepreneurship development as part of an economic diversification project. USD 25 mil of the total grant of USD 40 million is allocated to SMEs and Entrepreneurship. Specifically, USD 9 mill of the USD 25 mill is for : Supporting Startups, SMEs and the Entrepreneurship Ecosystem(Subcomponent 2:2)
- **With these sums of money, the technical assistance provided by service providers like us, must be effective in terms of enabling the firm(start-up or SME) to grow.**
- In this presentation I will share our approach to providing effective Technical Assistance-TA.

ABOUT INNOVATION SL

Innovation SL Ltd (Innosl) is an **Entrepreneurship Support Organization** and an Innovation & Technology Development and Management company, established in January 2017. We own the Freetown Pitch Night, Dare2Aspire-Women in Entrepreneurship; and are the Global Entrepreneurship Network(GEN) affiliate in Sierra Leone. Innosl is set up for the purposes of impacting Sierra Leone's entrepreneurship and Innovation ecosystem by identifying and implementing effective programs, initiatives, projects and policies that foster and support Sierra Leone's entrepreneurs and Innovation ecosystem.

We believe Entrepreneurship is a key source of economic diversification, job creation and business development; hence, it is pivotal to attract the young and educated to become entrepreneurs. High Growth entrepreneurs will attract investment, leading to the creation of employment, generating economic growth and facilitating social inclusion. Our major focus is building a vibrant Entrepreneurial Ecosystem that will support disruptive, high-growth and value creating Start up entrepreneurs & SMEs in Sierra Leone.

Innovation SL(Ltd) has six Portfolios-(1) Incubation & Acceleration; (2) Innovation & Research; (3) Digital & Platform; (4) Data; (5) Ecosystem; (5) Projects.

WHAT WE DO

- Our major focus is building a vibrant Entrepreneurial Ecosystem that will support disruptive, high-growth and value creating Start up entrepreneurs in Sierra Leone. With this focus Innovation SL is doing the following:
- We FIND and COACH entrepreneurs are developing disrupting business models; and solving important/meaningful problems while creating impact in society.
- Developing digital platforms and solutions; contributing to a digital infrastructure to strengthen the ecosystem and enable the development and growth of digital entrepreneurs.
- Operate an Incubator and Accelerator.
- Own and manages Freetown Pitch Night; runs the Global Entrepreneurship Week SL; Future Agro Challenge, Dare2Aspire-Women in Entrepreneurship
- Partnerships with other ecosystem actors in Entrepreneurship development programs.

OUR MAIN AREA OF EXPERTISE

Incubation & Acceleration

Building /Enabling an Entrepreneurial Ecosystem(s)

Entrepreneurship Development Projects (Concept Development & Project Management)

Business Diagnostics(developed own Business Diagnostics –contextual and one version for Starts ups and one for SMEs)

Innovation Management(Strategy)

Fund Management(Grant implementation and Monitoring)

Fiduciary Management

Research and Knowledge

Platform Development

OUR PORTFOLIOS

Entrepreneurship
Development(Incubation and
Acceleration)

Innovation & Research

Digital & Platforms

Data

Ecosystem

Projects

(Fiduciary management, Climate Change mitigation
partnerships; Business models for social inclusion, switching
costs)

WHAT THIS PRESENTATION IS ABOUT

In this presentation I will share our approach to providing effective Technical Assistance-TA

CONVENTION

When most ESOs set out to deliver TA, they broadly follow this process.

- ✓ **Diagnostics:** for example- weakness in operational process leads to quality standard issues; and thus, not able to produce quality products or services. Or poor pricing decisions leads to low profit. Or costs are high making the company uncompetitive.
- ✓ **Prognosis:** Essentially if this issue is not fix then the company will not grow. Weakness in finance points to weakness in the company to be competitive, for example.
- ✓ **Treatment:** Decision whether to address the problem:- fix the symptom or both. Type of treatment- training; Consulting; Counselling. This is where PRIORITIZATION comes in.
- ✓ **Practice:** The choice of the intervention(type of treatment)
- ✓ **Is it really this straightforward? My take: We are good at Diagnostics, Treatment and Practice BUT not so good at the Prognosis!**

PROGNOSIS HEADACHE

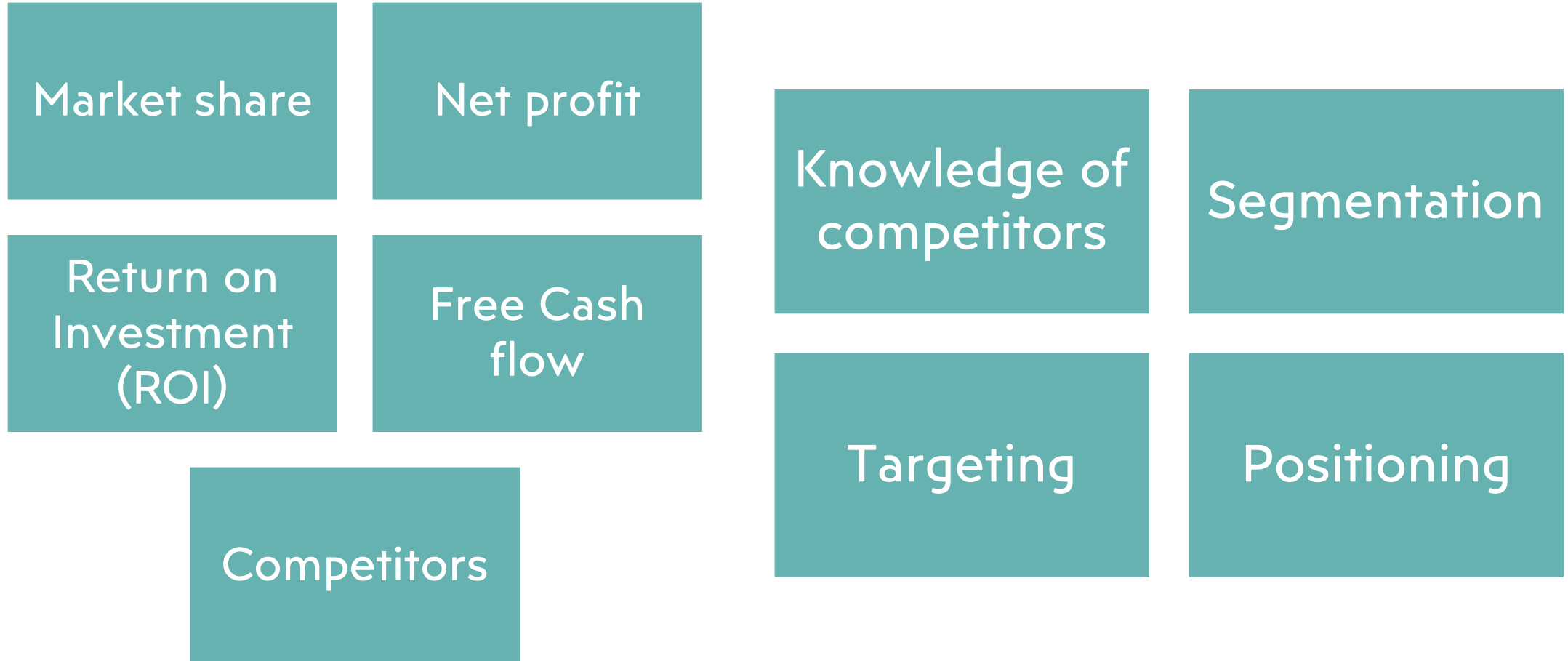
Why is Prognosis the headache?

- ✓ Prognosis involves predicting or forecasting the future performance of the start-up or SME.
- ✓ We have to evaluate key performance indicators (KPIs) such as revenue growth, profitability, market share, customer satisfaction, and operational efficiency. At the best of times, reliable data on these metrics are simply not available. I have made an assumption that the data is even available.
- ✓ Are there any Industry Analysis available?
- ✓ And given that the vast majority(I have yet to meet any) set OKRs- Objectives and Key Results, we do not even have on going performance measurements data.

PROGNOSIS HEADACHE

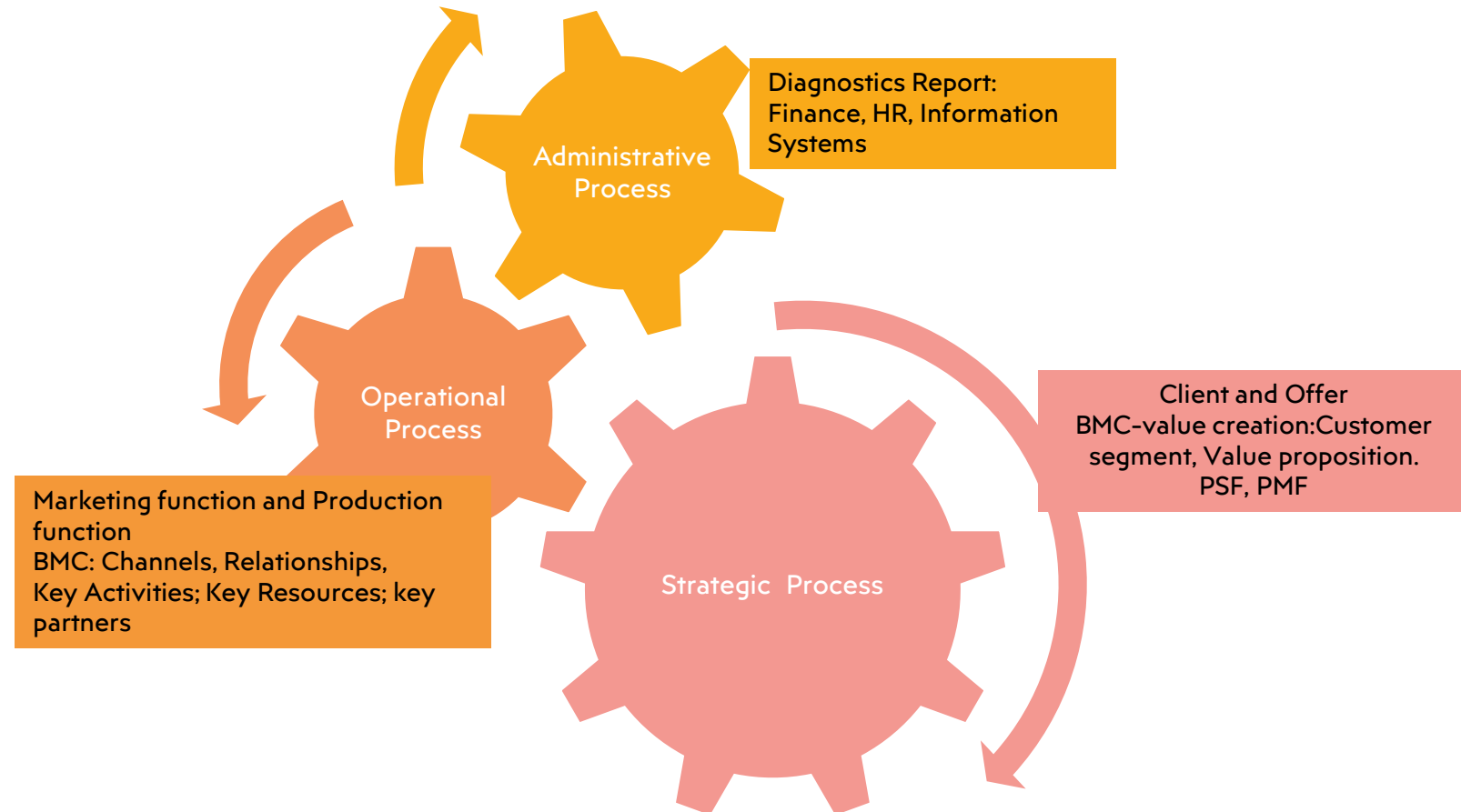
- ✓ **What are we then basing our prognosis on? The results of the diagnostics! This is too simplistic! If we fix this, this will happen- really?**
- ✓ Can we determine a **causal relationship** between some or even all of the variables in our diagnostic report to an outcome? If not, how strong are the **correlations** between the variables? We simply do not know. We have not gone out and tested any of these. Often times, we simply do not have time as result of the demand from our client. So, we do not conduct a Regression Analysis to estimate the effect of explanatory variables on the dependent variable; analysing the correlation and directionality of the data. Example, addressing branding issues and sales will increase.

PROGNOSIS:- IS THE BUSINESS MAKING MONEY/ IS THE BUSINESS ACHIEVING THEIR GOALS??



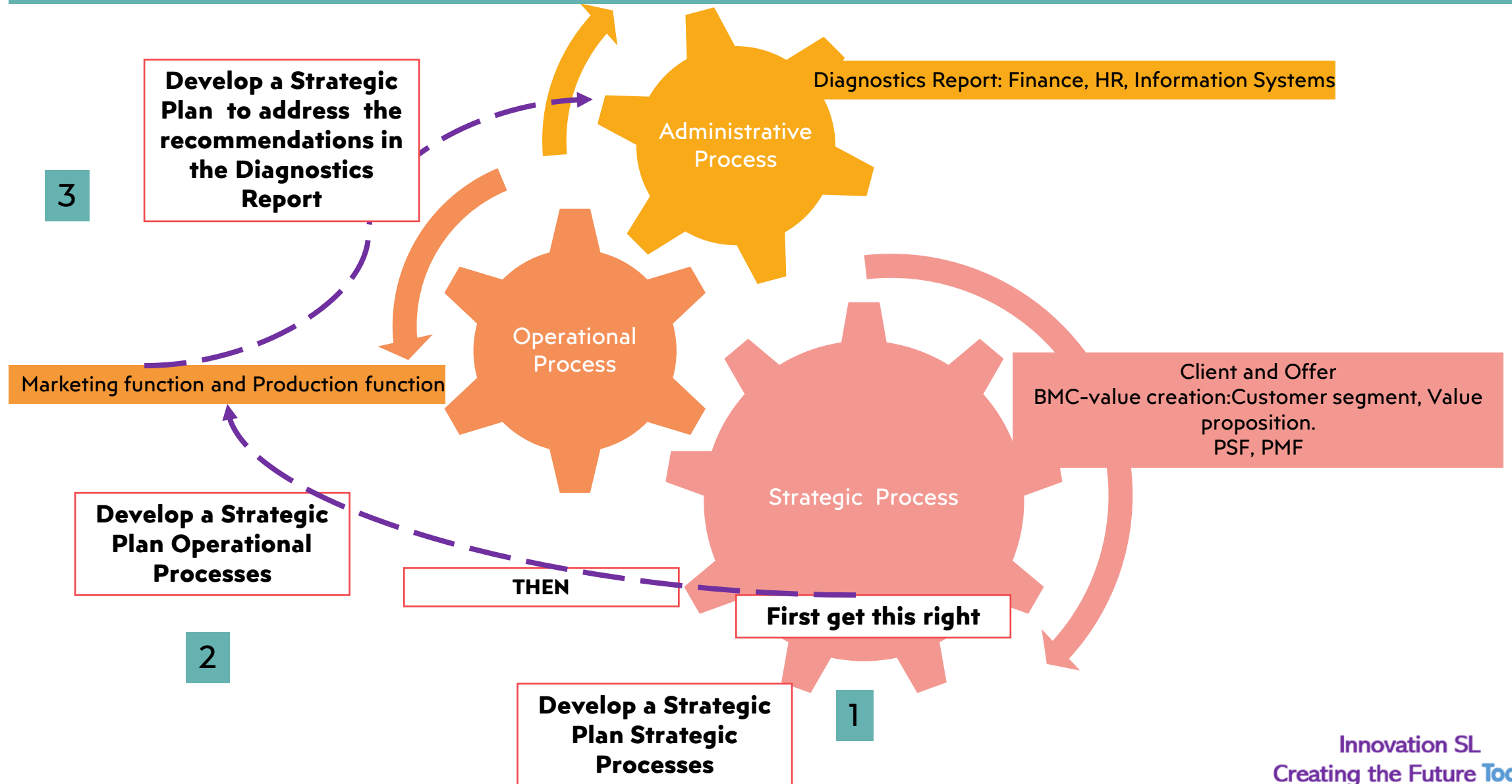
BUSINESS PROCESSES

Diagnostics can be too focused on parts of the Operational and all of the Administrative Processes components of a firm's business processes. Within the operational component, channel relationships as part of marketing functions, are often times not covered or not covered in detail. As many firms do not have reliable data, the Strategic Process are not diagnosed properly. At Innovation SL our approach is to do a thorough diagnostics of the Strategic processing using the Business Model Canvas(BMC), Operations Model Canvas and the value proposition canvas. Analysis each of the 9 components of the BMC not only helps us to diagnose issues, but crucially can form the basis for analysing correlation and directionality of data. As a result, the prognosis can become a much more intense exercise. For example, we can work backwards to see if a weakness in the finance or HR is the cause or effect of slow growth?



BUSINESS PROCESSES

Parts or all of the implementation of the strategic plans is the provision of the **Technical Assistance**.



STRATEGIC COMPETENCE

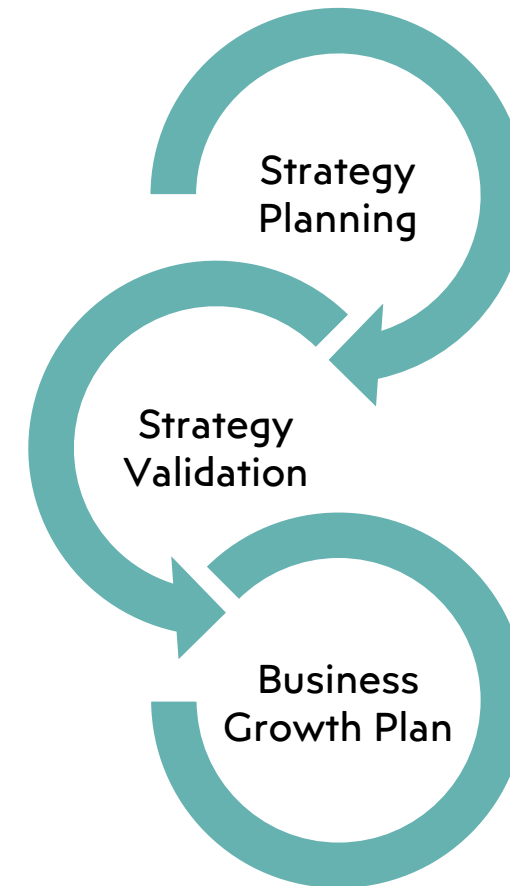
In our approach to providing effective TA, we look for Strategic Competence

Knowledge of competitors	Customer Segmentation	Customer Relationship
<p>Symptoms: no adequate, you have no idea of what pain. Gain that the competitor is addressing.</p> <p>Questions: Does the firm has a clear knowledge of the strategies of his/her competitor?</p> <p>Does the firm specify what needs/pain the competitors are targeting?</p> <p>Does the firm know what is giving his/her competitors their competitive advantage?</p>	<p>Symptoms: Not able to provide a clear definition of its market, segments with measurable descriptions concerning needs and wants</p> <p>No formal or informal mechanism of interacting with buyers</p>	<p>Does not build relationships that keeps customers and attract new customers:</p> <p>Does not build relationships that grow as the customer needs and wants changes.</p>

In analysing the BMCs, the strategic competence questions is used to highlight the issues with the BM-Symptoms. We also use this tool to check whether the proposed TA is addressing symptoms, problems of causes.

STRATEGY PLANNING

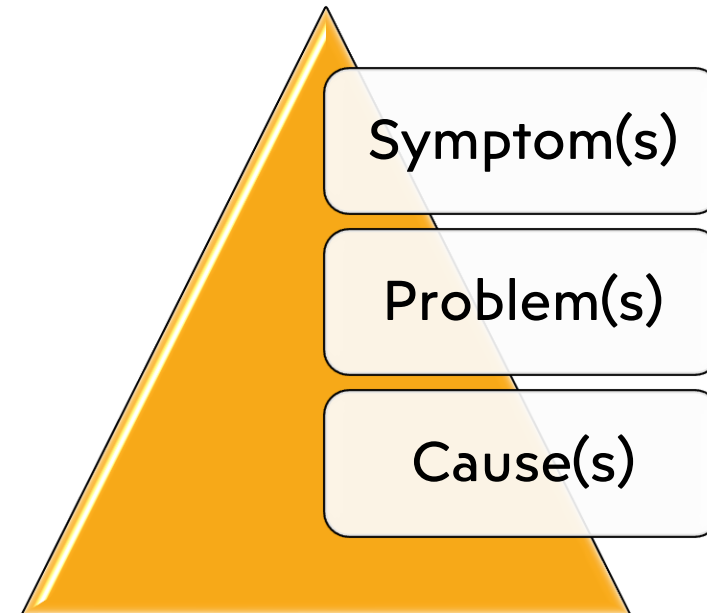
- **Strategy planning:** Strategy planning refers to the identification of the critical operational and administrative processes that the manager needs to put in place in order to ensure that the business would be able to produce and market the business's offer.
- **Strategy verification:** Verifying a strategy is nothing more than going over the elements of the strategy and testing the concepts and hypothesis used during the design of that strategy.



DO NOT CONFUSE THESE

In our approach to providing effective TA, getting the prognosis right will lead to the question- what are we actually treating?

- **Symptoms:** first identify symptoms. A symptom is an observable or measurable deviation from the expected norm. A symptom is an indication of the **existence of an underlying problem**, but it is **not a problem in itself**.
- Symptoms refer to the underperformance of business processes (i.e. high employee turnover, high number of defective products reaching the market, delays in delivery, etc.) or the lack of achievement of business objectives (e.g. reduction in market share, lack of profitability, etc.).
- **Problems:** A problem is what causes the symptoms to emerge. Problems are always associated with deficient management decisions (i.e. resource planning, execution and monitoring decisions) which originate deviations from the expected performance levels.



PRODUCTION COMPETENCE

In our approach to providing effective TA, we look at the Production Competence as part of the Operational Processes

BMC

Cost structure

Analyse Key activities to determine if cost structure is competitive

Balance Production

Machine Utilization

Erratic machine usage, wrong use of machinery

Maintenance

Physical Assets

Overuse, rapid change of parts, regular breakdowns..

INFORMATION AND KNOW-HOW

In our approach to providing effective TA, we look at your Information and Know as part of your Strategic Competence, even though Information and Know-How is part of the Administrative Processes.

Your competitors

Who is responsible?

Is there a facility or a person to collect data?

Your Customers

Who is responsible?

Is there a facility or a person to collect data?

Your Industry and wider economy

Who is responsible?

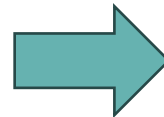
Is there a facility or a person to collect data?

MARKET POTENTIAL- “SHOW ME THE MONEY!”

In our approach to providing effective TA, we ask the question “show me the money”? The ultimate goal of the TA is grow the business!

- Information about the ability of potential buyers from a designated market or segment to buy an offer is important for segmentation decisions.
- Analyse the BMC!

See their BMC- all guess, or little validation ?



No one in the SME has the time, background, or ability to carry out a study to determine the potential of a segment or market.

The SME is considering possibilities of adding a new business to its existing portfolio but cannot act on it as it does not know whether the market has the potential to buy the envisaged product.

The enterprise has no way of identifying concealed potential to buy.

THE ROLE BUSINESS MODEL IN PROVIDING EFFECTIVE TECHNICAL ASSISTANCE

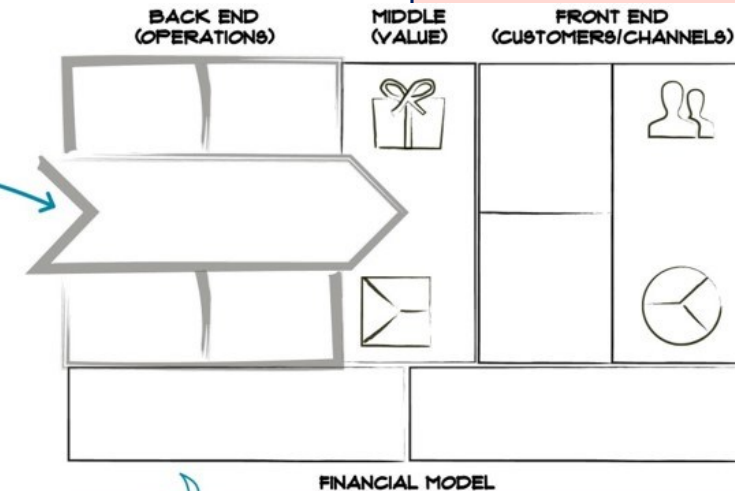
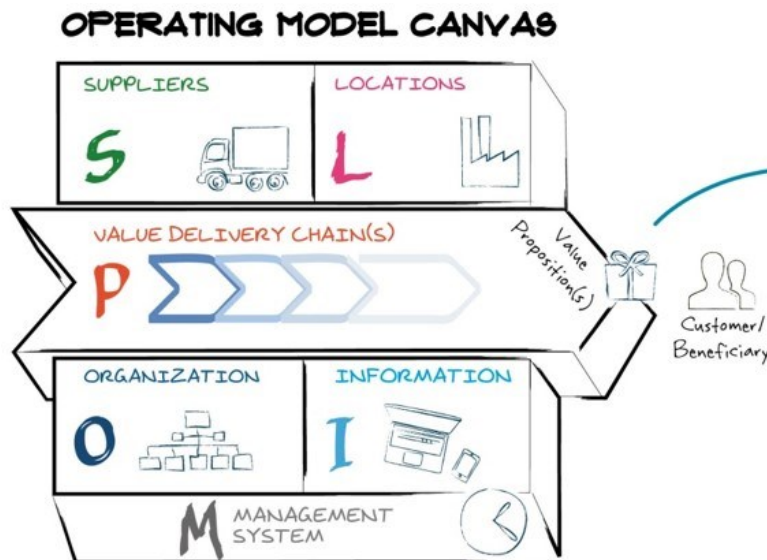
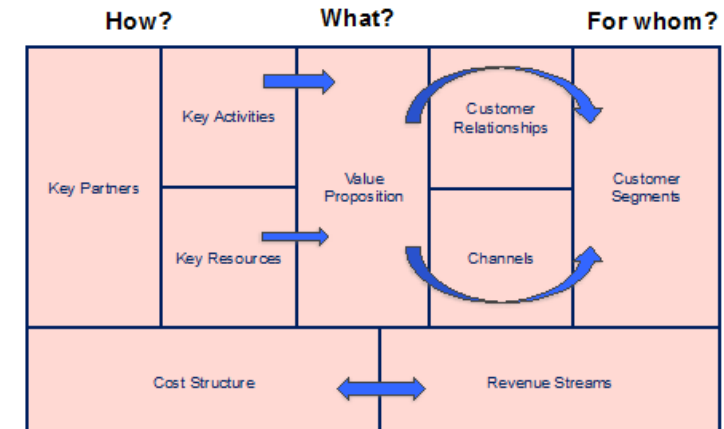
- ✓ The BM (as expressed in their BMC) is a key tool to validate that the TA will work.
- ✓ BMC is a tool to also diagnose **STRATEGIC COMPETENCY** (recall Strategic Process?)
- ✓ Remember the TA has one simple objective- to grow the business. Growth comes from **developing new products and services to serve existing; expanding your customer base with current or new products; expanding into new geographic markets; strategic partnerships; Innovation; Operational efficiency**

OUR TOOLS-TO MAKE TA EFFECTIVE

- Innosl Business Diagnostic Tool
- Village Capital “Venture Investment Readiness Awareness Levels” Pathway (VIRAL).
- **The Business Model Canvas** (to develop your Business Model)
- Operations Model Canvas(to develop your Operations Model)



The Business Model Canvas



The Operating Model Canvas has icons for value proposition and customer. These are treated as inputs to the operating model design rather than as part of the design challenge. The book “Value Proposition Design” shows how to design these inputs.

The Operating Model Canvas with SIX elements is a more powerful “back-end” than the three elements – Key Activities, Key Resources and Key Partners – of the Business Model Canvas.

SO, WHAT IS EFFECTIVE TECHNICAL ASSISTANCE?

- **TA:** is a treatment. A crucial decision: Do we treat **the symptom, the problem or both?**
- If you go for the problem- then increase capability of the managers to make informed and better decisions.**(Training)**
- If you go for the symptom- then remedy the task situation- consulting...business process reengineering**(Consulting)**
- If you choose both...then remedy but together with the managers/owners; helping him/her understand how it came about in the first place and how to prevent such problems from occurring in the future **(Counselling)**.

Problem
<ul style="list-style-type: none">• Increase capacity of Managers to make better , rational and informed decisions. Training.

Symptom
<ul style="list-style-type: none">• Remedy the task situation• Business process reengineering. Consulting

Problem/Symptom
<ul style="list-style-type: none">• Helping him/her understand how it came about in the first place and how to prevent such problems from occurring in the future (Counselling).

EFFECTIVE TECHNICAL ASSISTANCE- IN THE FINAL ANALYSIS

- Develop Objective and Key Results for each of the component TA is provided . Together with the firm the OKRs are developed and agreed upon.
- OKRs allow for effective TA because

Outcome Driven

Adaptive traced and frequency

Reevaluate based ongoing TA

We review them weekly, monthly, quarterly

Prospective Future Focused

Objectives

- What is to be achieved- concrete, action oriented.

Key Results

- Benchmark and monitor how we get to an objective.
- Specific, time bond, aggressive measures and verifiable.

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