



Strengthening Micro-Enterprise Ecosystems: Learning from Business

Dialogue Summary

Making the business case, building internal support, mobilising resources

Companies need to be clear about how engaging and supporting micro-enterprises drives commercial objectives and strategies. Consider developing the business case over time and leveraging the different business case phases as a means to build support and interest for the next phase. For example, being able to provide detailed research insights on micro-enterprises needs can act as a powerful lever to engage commercial functions in a discussion about potential solutions.

Developing a business case is not a one size fits all process. Different internal stakeholders will potentially require a different, tailored business case dependant on their role and area of responsibility. It is also important to develop a broad range of advocates both within the company and in the communities where programmes are being implemented.

Companies unclear about the scale of micro enterprises in their value chain, perhaps because they work though aggregators or intermediaries, need to undertake a detailed mapping of the value chain as an important first step. Building a data map of micro-enterprises enables companies to build their own evidence base, target support and training where it is most needed, inform investment decisions and strengthen their own competitive advantage and commercial relationships as traceability becomes an increasingly important factor for business customers further along the value chain.

Companies need to carefully consider how they go about establishing a viable commercial relationship with micro-enterprises, which are often highly fragmented and informal and therefore difficult to absorb in to the value chain. Large companies need to build the capacity of their own commercial and operational functions to understand and work with micro-enterprises and also invest in developing the business, management and leadership capacity of micro-enterprises and aggregator organisations. Particular care needs to be taken to ensure commercial objectives align closely with the objectives of micro-enterprises being engaged.

Technological advances are now enabling large companies to build a more detailed understanding of the numbers of micro-enterprises with whom they have a direct relationship and to establish fully functioning commercial relationships including putting in place contracts and making payments.

Identifying and generating data and insights on micro-enterprises

Companies need to fully understand the needs and wants of micro-enterprises before proceeding to a solution. Micro-enterprises may initially find it difficult to fully articulate their needs and wants beyond their day to day needs and may also lack awareness of wider systemic constraints that impact them. In addition, upfront one off research may lack critical underlying insights so it is important that companies establish a relationship over time to fully understand the reality. A number of qualitative and participatory research tools provide a valuable means for businesses to build a more detailed and nuanced understanding of micro-enterprise needs but cost and complexity can be limiting factors in this approach.

Always invest time up front in clarifying what data will be used for rather than collecting data for data's sake. Also build insights as you go through responsible trial and error as you will never know all the questions you need to ask at the start.

With such a large and diverse audience, it is often not feasible to undertake a needs based segmentation of micro-enterprises on a large scale. However, data generated as a result of rapid



adoption of mobile technology and services including banking and e-health, is providing a powerful and scalable learning interface for large companies, enabling them to build a more detailed picture of micro-enterprise needs, behaviours and credit histories. Identify opportunities to work alongside other organisations who already have the information or connectivity to communities rather than starting from scratch.

Engaging the micro-entrepreneur's ecosystem and incentivising collaboration

Pre-competitive business to business collaboration, especially amongst telecoms providers, banks and companies either supplying or procuring from micro-enterprises, is leading to the development of innovative solutions that increase access to financial services for micro-enterprises. Sharing data on micro-enterprises is a strong driver for this collaboration.

Take the time upfront to fully understand partnership needs and the role different partners will play to reduce complexity and increase overall impact.

Measuring results and impact

Establishing baseline data and finding partners to gather and assess evidence of impact is still a challenge. More emphasis needs to be placed on piloting different measurement approaches and identifying what works in different contexts. Organisations should consider prioritising fewer metrics which offer real value to the business by reflecting the social and commercial impacts achieved. Do not assume that internal company scorecards showing 'green' actually means positive impact.

General comments

Using clear and simple language is important to building understanding amongst internal and external stakeholders. This enables the business case as well as reduces barriers to entry for engaging people in the discussion. Terms such as ecosystem and micro-enterprise are not necessarily understood broadly and there is an opportunity to simplify this language.