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EcoSystem Forum on Building Social Capital

Speakers: Mike Ducker, J.E. Austin Associates

Kathleen Bury, Mowgli Mentoring

Rob Tashima, Village Capital

Moderator: Abigayle Davidson, Aspen Network for Development Entrepreneurs

Facilitator: Anastasia de Santos, USAID Office of Trade and Regulatory Reform

April 3, 2019



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Lessons on Building Social Capital: My Journey



ECOSYSTEM
FORUM

POWERED BY
J.E. AUSTIN
ASSOCIATES, INC.

Mike Ducker, J.E. Austin Associates

@EcoSystemMike

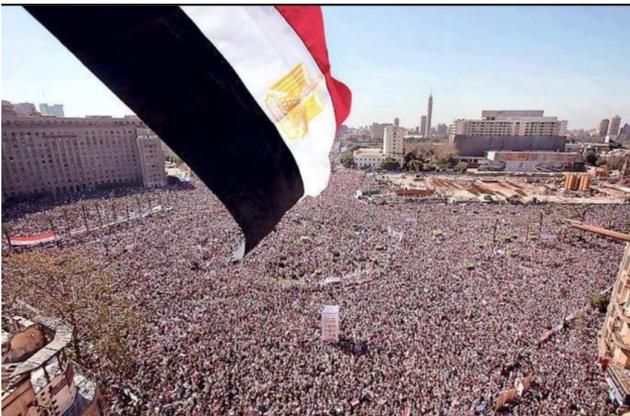
The Power of the Network



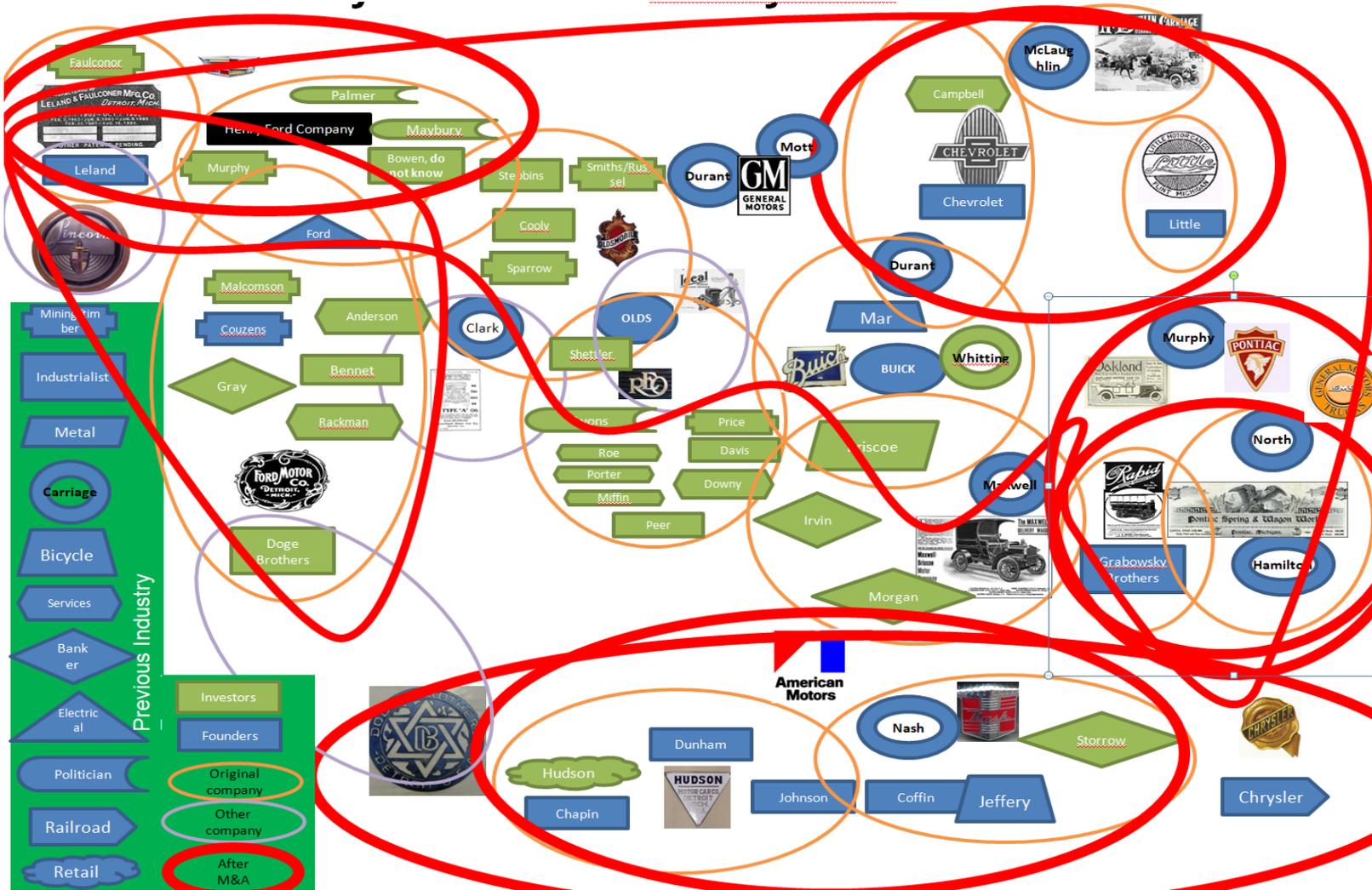
Revolution: Jan – Feb 2011



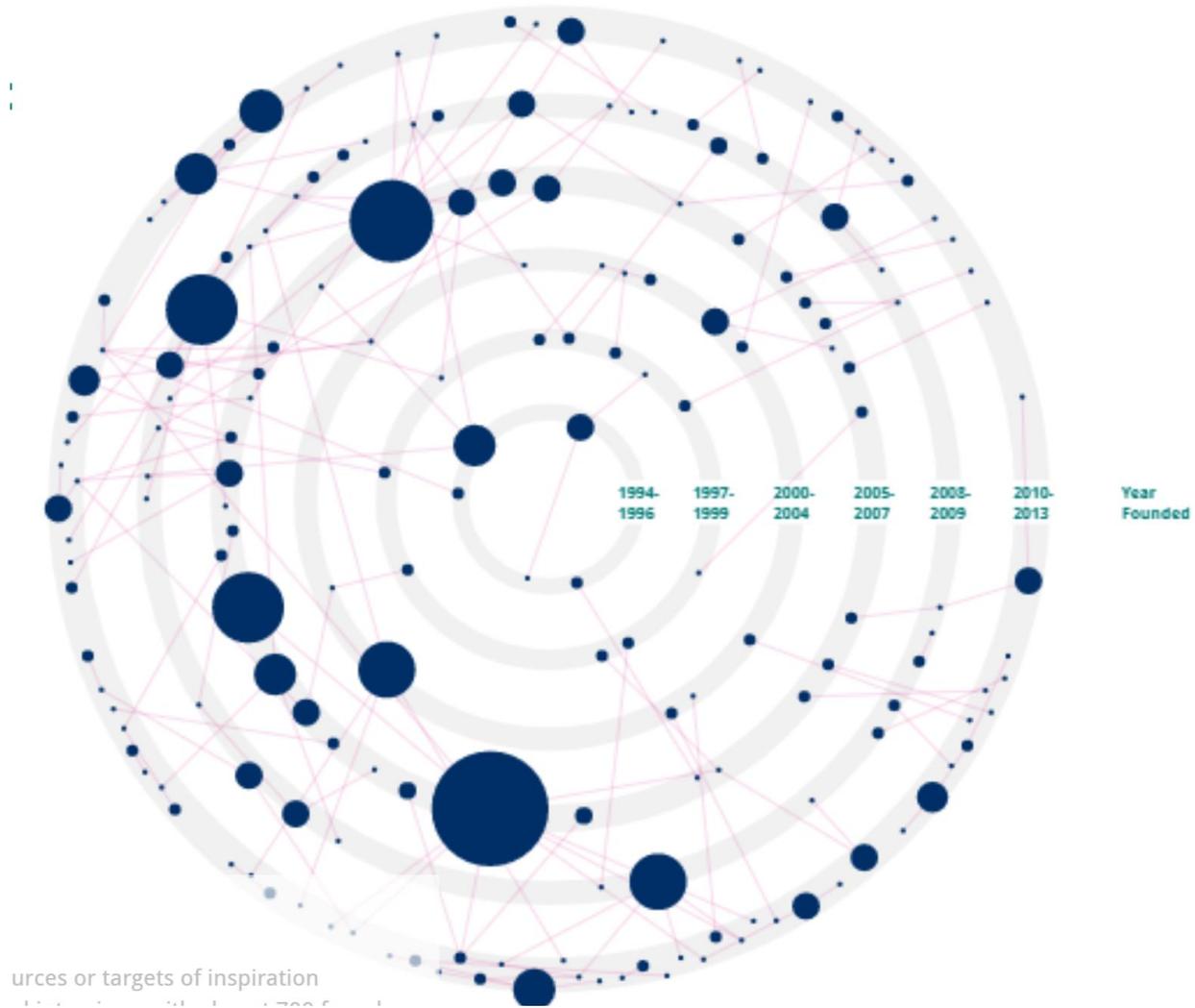
Startup Rising: April 2011



The 20th Century Automotive EcoSystem



Endeavor Insight New York City Tech Map

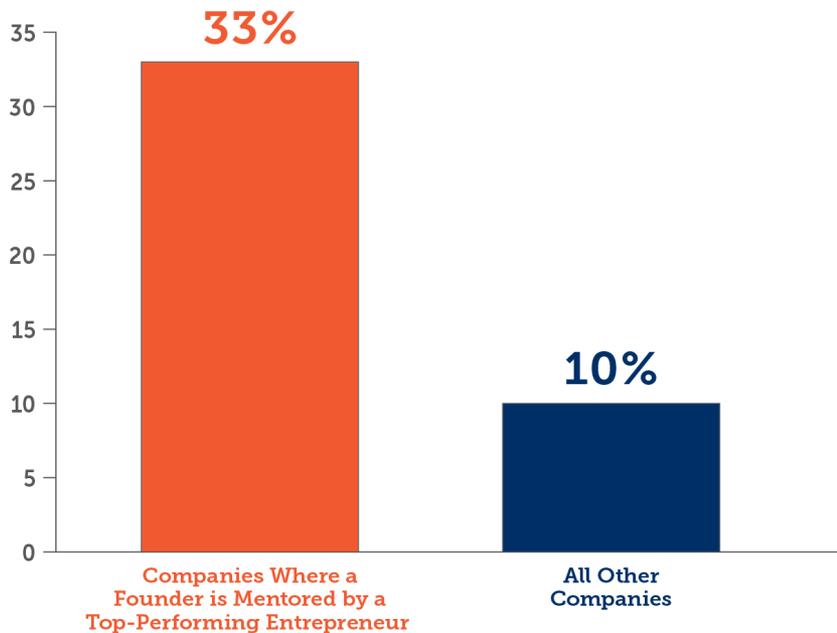


sources or targets of inspiration

Impacts on Social Capital

Percentage of Companies That are Top-Performers

Analysis of New York City Tech Firms Founded From 2003–2013



Source: Endeavor Insight analysis.

Positive Impacts!

- 3.5x Increase in sales growth
- 7 times more likely to raise money

Programs to Increase Social Capital



Swiss EP Entrepreneurship Program



Mentoring – Mix Data on Impacts

Mix Impacts

- **ANDE/GALI** – Little impact on mentoring programs
- **Entrepreneurship Program Survey** – Many entrepreneurs not happy with their mentors

Positive Impacts

- **World Bank** – Positive impacts on mentoring
- **The Southern African Journal of Entrepreneurship and Small Biz Management** – Knowledge, skill and more resilient entrepreneurs because of mentors



One Big Issue – Conflicting Expectations

Entrepreneurs – Focus on Today

- Verification
- Investment
- Solutions
- Connections

Mentors – Focus on Themselves

- Do what they advise
- Be part of the Startups Story
- Push and Challenge
- Connections



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Driving Entrepreneurial Growth Through 360 Degree Mentoring

Kathleen Bury, Mowgli Mentoring

@mowglitweets



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Mowgli drives inclusive economic and social change in Middle East, North and Sub Saharan Africa through 360-degree mentoring



10+ years
17 countries
110+ mentoring programs delivered

2000+ alumni
1150+ mentors trained
850+ mentees supported

By **2030**:
10,000 mentors trained
50,000 mentees strengthened



The stark reality of Middle East, North and Sub Saharan Africa is not promising

Unemployment, mass migration, population growth are key challenges

- Unemployment levels (ILO)
 - Middle East and North Africa (MENA) – one of the highest in the world at 11.7% with youth representing >28%
 - Sub Saharan Africa – 7-8% with youth representing 12-14%
- 2015-2018 – c.2 million refugees migrated to Europe (UNHCR) >>> 2019 onwards - ?
- 2016-2026 – 60/80 million possible refugees (World Bank)
- By 2050:
 - Africa's population to double to 2bn
 - Middle East and Africa will be home to c.3.4bn people – more than China and India combined (WEF)



“ Sustainable entrepreneurship is a long term and viable solution to address these challenges ”

To be successful, entrepreneurs need a supportive and balanced ecosystem around them



“We concluded our first program recently and were very happy with the result that four of the six program participants who had not yet started a business did so during the mentoring program.”

That’s something that we’ve never seen as the result of a normal skills training program.”

Uwe Schober

Finance in Motion

To catalyze the much needed entrepreneurial growth, we need to develop human capital which focuses on both capability and capacity



But how can we do it?



Our definition and philosophy of mentoring creates the basis for our EMCC accredited mentoring syllabus.....

- A long-term trust-based relationship which acts as a safe space
- To focus on both the professional and personal aspects of the mentee
- To address the external and internal interferences and therefore build both their capability and capacity
- It's empowerment rather than advisory focused
- It's voluntary, relational and non-transactionary
- It offers a 2-way value flow through mutual learning



....and mentoring programs which focus on 5 key elements....

1

Raising awareness about mentoring and its importance

2

Mentor training and capacity building

3

Matching of mentors with mentees in 121 mentoring relationships

4

121 guidance and support through a structured process

5

Peer to peer network and community building



...enabling us to achieve significant levels of personal, business/professional and economic growth



Personal growth and strengthening of leadership

- 90% developed confidence in their decision making
- 71% were able to work on overcoming their fear of failure
- 62% improved confidence in achieving a healthier work-life balance



Business growth, sustainability and success

- 92% of businesses remained operational
- 71% feel more confident to move business onto the next growth stage
- 41% increased their turnover



Economic growth, job creation and retention

- Ave of 3.1 jobs created per entrepreneur
- 95% of existing jobs retained
- Contribution of USD\$25m+ to Middle East, North and Sub Saharan economies through job salaries only

Others have embedded mentoring into their programs to enhance their impact and ROI, how could you?



Ahli Microfinance Company
الأهلية لتنمية وتمويل المشاريع الصغيرة



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Peer Selection:

Does Flipping the Social Dynamics in Venture Capital Lead to Better Outcomes?

Rob Tashima, Village Capital

@villagecapital

@robtashima

Investors Have Blind Spots

Overlooked People



<15% of funding goes to female founders

Overlooked Places



>50% of venture capital investment in startups globally goes *to just 3 US states:*
CA, NY, MA

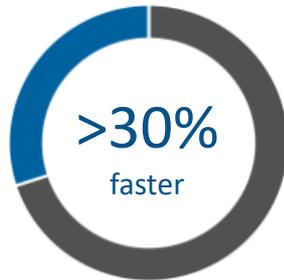
Overlooked Industries



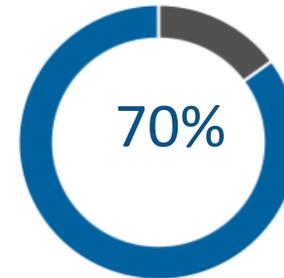
<18% of startups valued at \$1B+ focus on the industries that affect the most people

The Way We Invest Isn't Working For Everyone...

Companies that are **able to access capital** grow 30% faster than those that do not.



70% of women-owned businesses globally **do not have access to financial products and services**



The Three Strikes: Odun Eweniyi



Strike One: Geography



Strike Two: Gender



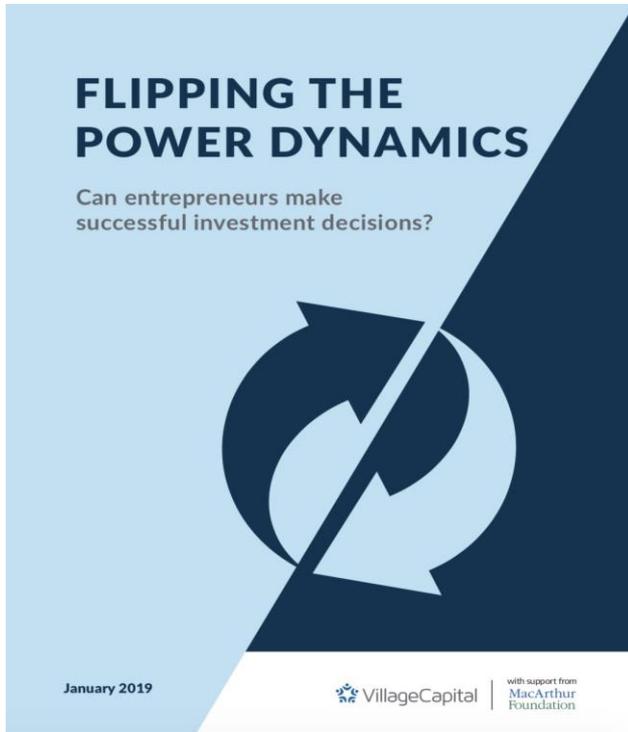
“Investors would ask me, ‘Why are you in tech?’”

Strike Three: Industry



=15%

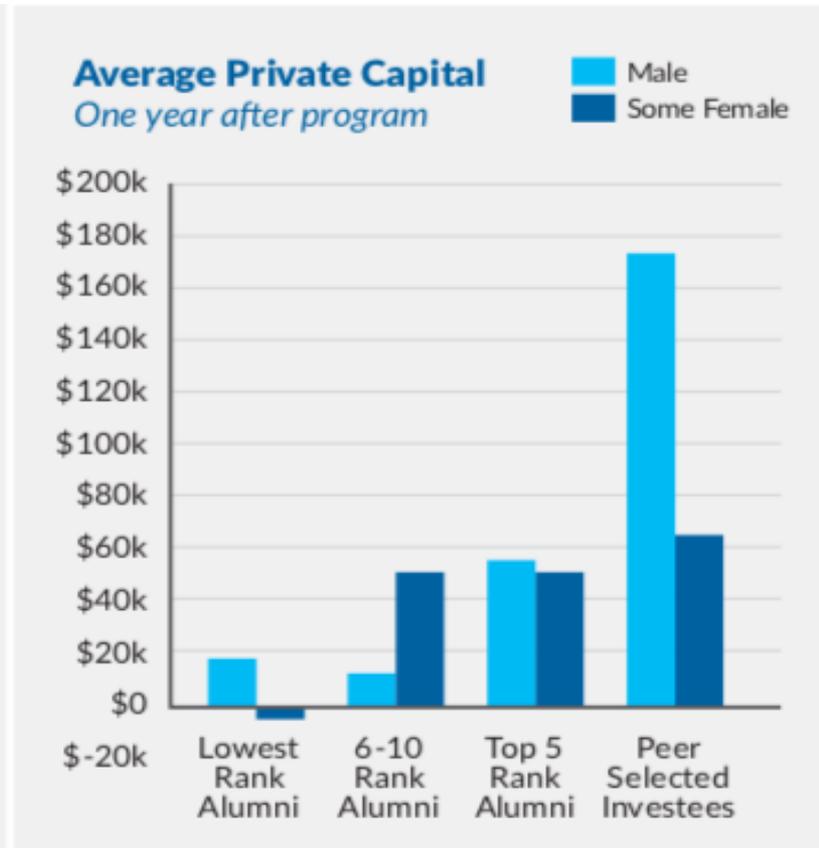
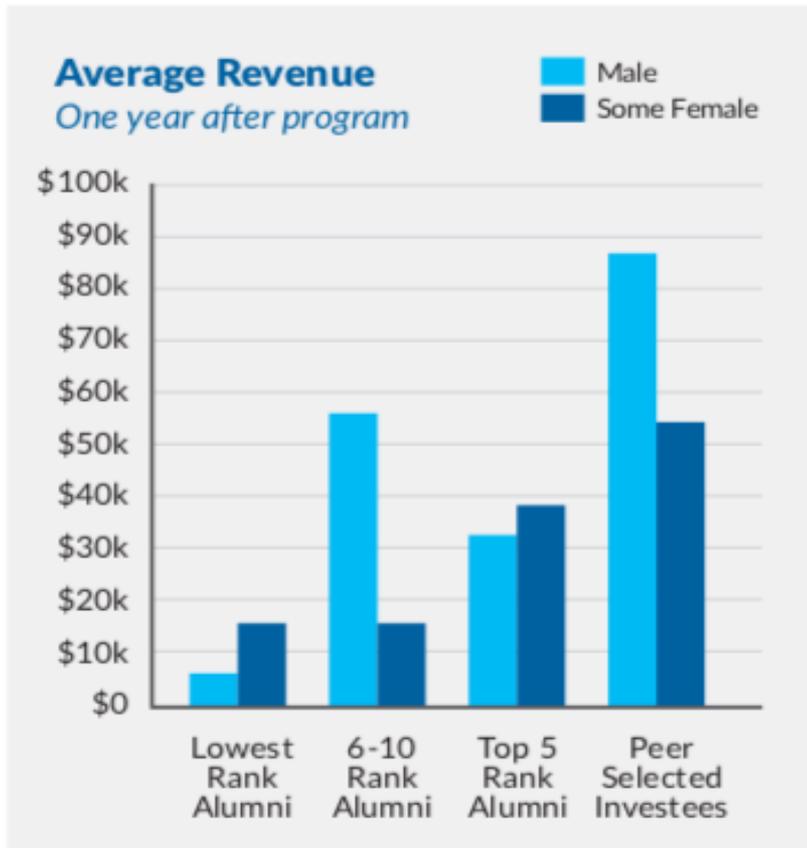
Peer-Selected Investment



Can groups of entrepreneurs **effectively predict** their peers' future success?

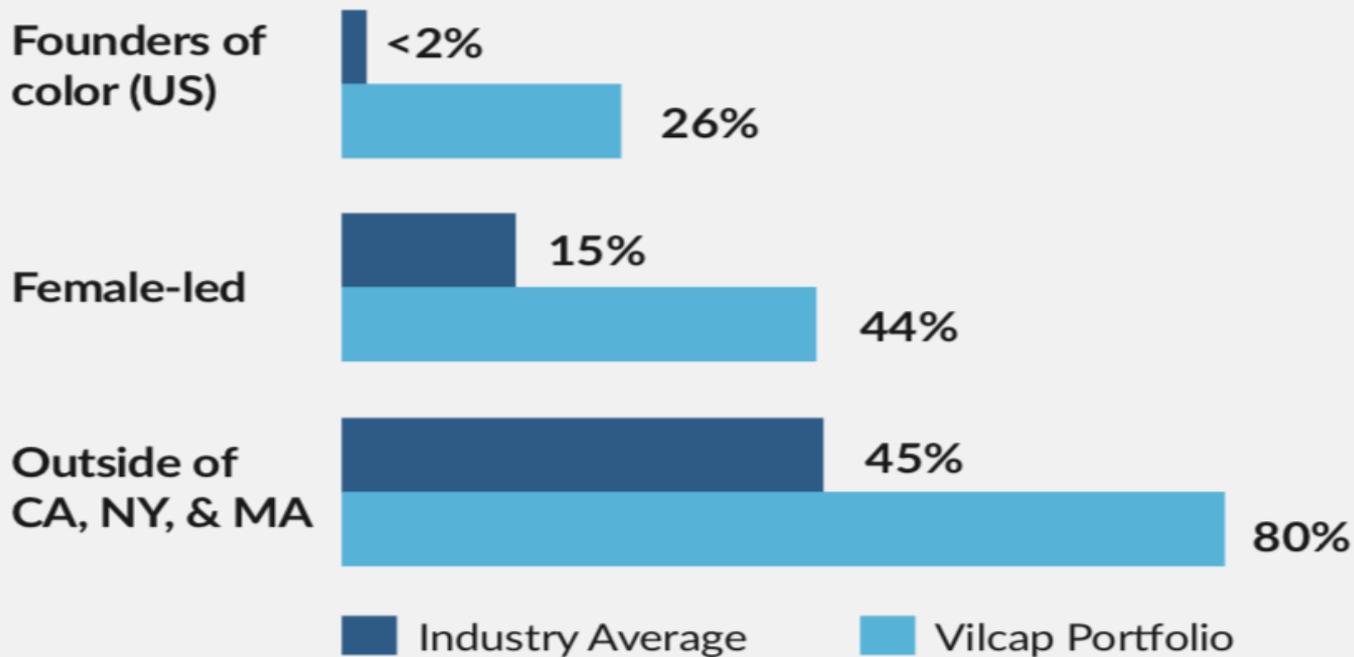
Can they do so in a way that **mitigates the gender bias** that pervades VC?

Peer-Selected Investment



Peer-Selected Investment

Traditional vs VilCap Investments



Village Capital Results

Stronger Ventures

We are a **founding partner** of the Global Accelerator Learning Initiative, an **independent research project** that tracks long-term entrepreneurial development.

That's how we know that our entrepreneurs

RAISE 3x MORE CAPITAL

EARN 2x MORE REVENUE

CREATE 1.4x MORE JOBS

Better Investments

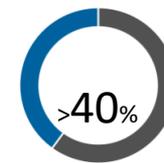
Our affiliated fund, VilCap Investments, has invested in the **top 105 Village Capital program graduates**, as determined by **entrepreneur peer evaluation** on core due diligence criteria. This fund is performing strongly and is **more inclusive than traditional funds**.



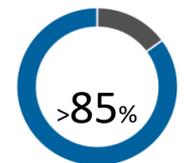
Surviving and thriving



Black or Latinx founders



Female-led or founded



Outside major VC hubs

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What Does the Research Tell us About Social Capital



Abby Davidson, ANDE

ANDE Research Initiatives



Global Accelerator Learning Initiative

- Data on 19,000+ early-stage ventures
- 25+ research reports and data briefs



Small and Growing Business Evidence Fund

- Summarized research on SGB support
- Funding researcher-practitioner collaborations

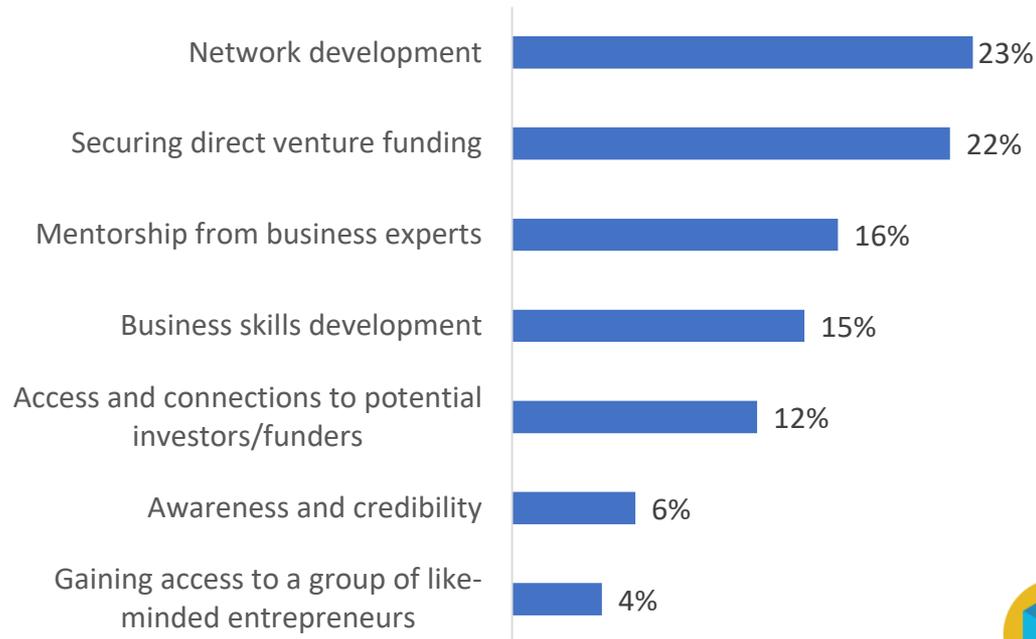
TOP TAKE - AWAYS

- 1 Peer learning is consistently tied to venture growth
- 2 The evidence on mentorship is less clear

Peer learning is key

What are entrepreneurs looking for out of acceleration?

% of **entrepreneurs** that rank each benefit as #1



N = 18,844 ventures

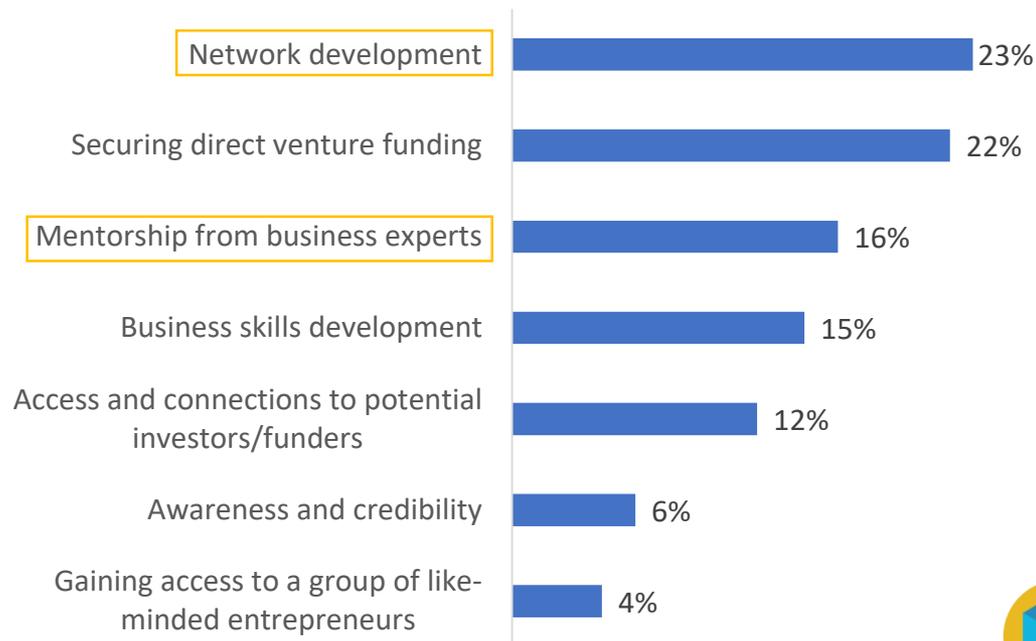
Source: Global Accelerator Learning Initiative



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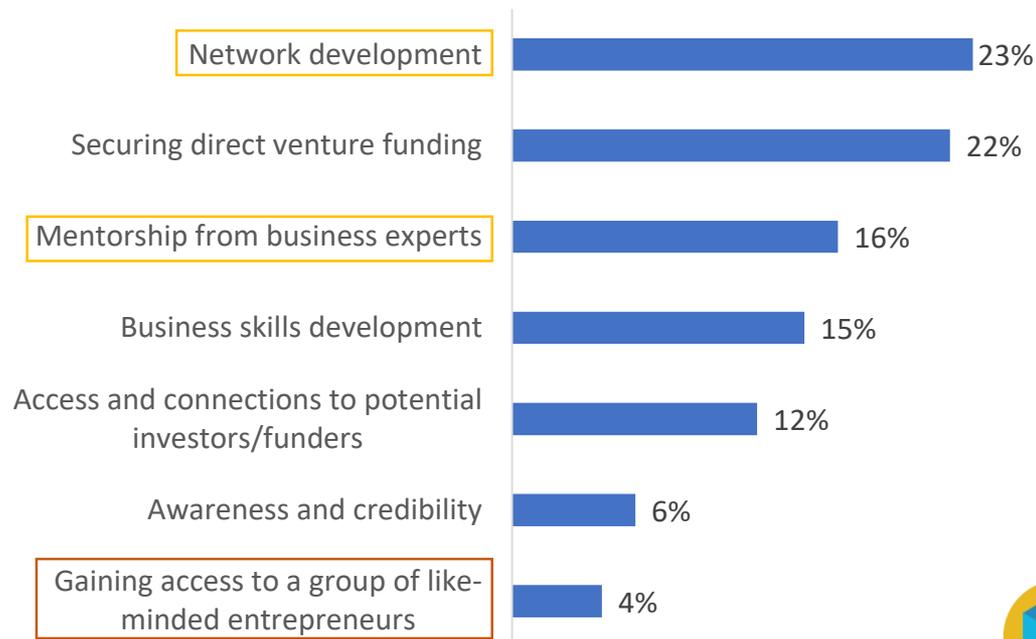
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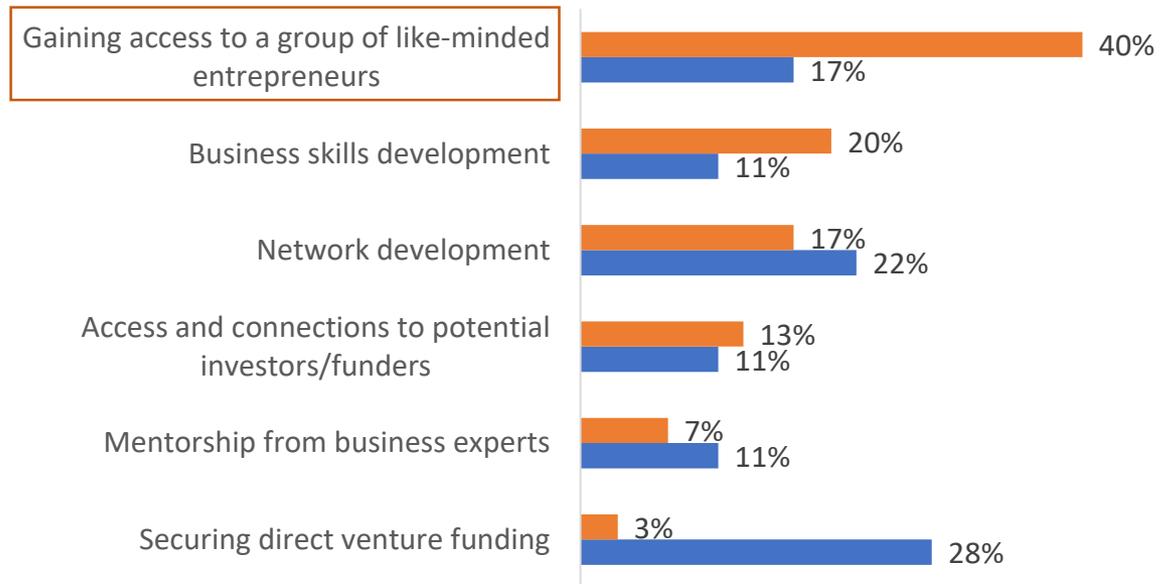


Peer learning is key

Programs that prioritize peer learning perform better



% of **programs** that rank each benefit as #1



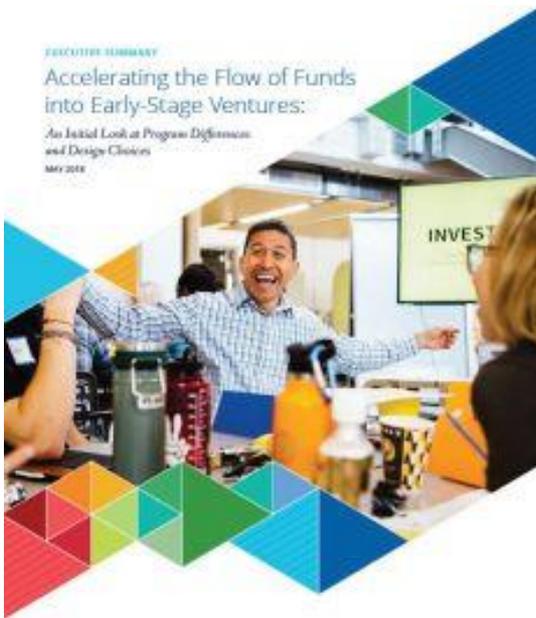
■ High-Performing Programs

■ Low-Performing Programs



Does mentorship help ventures grow?

General mentorship metrics don't tell us much



Quantitative measures of mentorship do not differentiate higher and lower-performing programs (number of mentors, mentor backgrounds, or amount of time spent with mentors).

'mentorship abilities of experts vary considerably'

'relevant expertise does not necessarily translate into an ability to impart that knowledge to others'

'effective matchmaking takes careful consideration and clearly impacts how effective a mentor will be'

What does the academic research say?

Summary of the current evidence base



Peer learning:

- Peer learning improves performance among firms of various sizes.
- Firms in China learned best from others who were similar yet slightly more advanced.

Mentorship:

- Virtual mentorship in Uganda led business leaders to “pivot” their models.
- Mentorship for microenterprises in Kenya had an impact on profits in the short-term.

MARKET-BASED SOLUTIONS FOR DEVELOPMENT

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