

FIELD BRIEF No. 10

Spurring Entrepreneurship Through Business Plan Competitions

An Exploration of the TechnoServe Model in Haiti

This “FIELD Brief” is the tenth in a series of papers produced by the Financial Integration, Economic Leveraging and Broad-Based Dissemination (FIELD)-Support LWA Program. This Brief discusses the recent business plan competition implemented in Haiti to jump-start small businesses and spur entrepreneurship for economic recovery and growth.

Managed by AED, FIELD-Support represents a consortium of leading organizations committed to advancing the state-of-the-practice of microfinance and microenterprise development through innovation, learning and exploration. “FIELD Briefs” support this objective by sharing what we have learned and fostering dialogue on key issues. This issue was written by Kelly Keehan of FHI 360 and Brian Phillips of TechnoServe with input from Greta Greathouse of WOCCU and Yves Andre Sejour of TechnoServe. For more, visit microlinks.kdid.org/field-support.*

Introduction

More than a year after the devastating earthquake that destroyed much of Haiti’s productive infrastructure, micro, small and medium sized enterprises (MSMEs) remain a key driving force for rebuilding Haiti’s economy. One of the critical factors in this process has been increasing the flow of financial products and services to businesses in value chains that have the greatest potential for growth. Experience has shown that building the capacity of MSMEs and entrepreneurs, increasing their access to financial products and services, and raising

their profile with investors is key to promoting enterprise development and sustainable job creation.

Recognizing these critical opportunities for economic recovery in Haiti, USAID’s HIFIVE¹ program launched a Business Plan Competition (BPC) in Haiti, known locally as *Mon Enterprise Mon Avenir* or MEMA, meaning “My Enterprise My Future.” Led by HIFIVE implementing partner TechnoServe² in partnership with the Université of Quisqueya and the Inter-American Development Bank, the business plan competition was based on TechnoServe’s proven methodology, which is described below, and adapted for the Haitian context to address post-earthquake economic recovery. MEMA’s unique features included: 1) targeting high-priority value chains that can make the greatest contribution to economic growth and job creation; 2) utilizing diverse methods of communication for broad-based participation; and 3) providing participants with targeted capacity building at multiple stages in order to maximize opportunities to build local capacity while increasing employment, particularly in low-income areas.

¹ HIFIVE is a USAID-funded cooperative agreement that is designed to empower Haitians by providing access to innovative financial products and services with a focus on rural areas.

² www.technoserve.org

*In July 2011, FHI acquired the projects, staff and expertise of AED to form FHI 360.

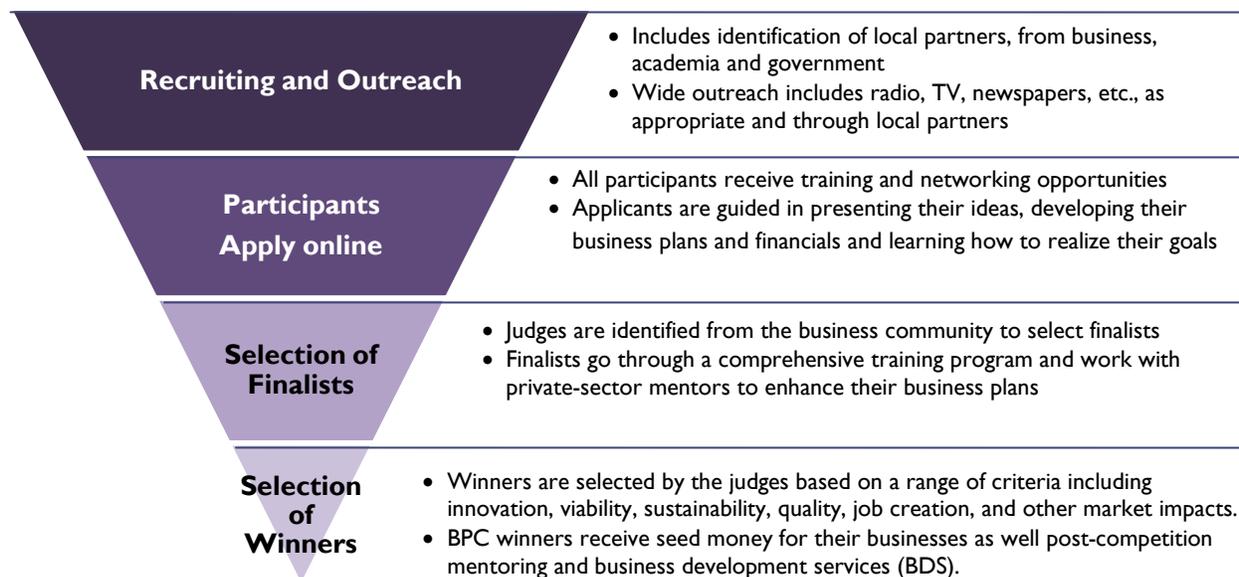


The BPC Methodology

TechnoServe is an international development NGO that operates in more than 30 countries. It has developed a methodology to promote entrepreneurship through national BPCs, which are carefully-crafted, phased programs that are executed over a six- to 24-month period with the help of local partners from business, academia and government. In this approach, applicants are guided in presenting their business ideas and learning how to realize their goals. The BPC actively recruits high-potential individual entrepreneurs and MSMEs at a local level and, by collaborating with local partners and financial institutions, ensures wide reach throughout the targeted country.

Key to the approach is that all participants receive training and networking opportunities, and those who are selected to advance through the program benefit from a comprehensive business training program, as well as one-on-one support from private-sector mentors. Through a selective process, judges are identified to evaluate increasingly refined business plans, eventually selecting the finalists who receive post-competition mentoring, access to capital and vouchers for business services. The winners of the BPC ultimately receive seed money for their businesses in addition to the mentoring and business development services the finalists also receive. To date, TechnoServe has successfully implemented national BPCs in 18 countries worldwide.

The BPC Process



Measuring the Impact

In the summer of 2009, prior to the launch of the BPC in Haiti, TechnoServe completed a full-scale study of 13 Latin American BPCs, comparing the success of BPC participants to applicants who were not accepted into the program. Over six weeks, TechnoServe conducted 590 phone interviews with participants and non-participants, collecting detailed information on annual sales, capital raised, employees, and key hurdles. The data was checked on a daily basis and compared to previously gathered information from TechnoServe. Focus groups and interviews with the entrepreneurs complemented the surveys and data analysis.

The study found that BPC participants dramatically outperformed non-participants. For example, relative to non-participants, the study found that participants:

- generated two times the one-year sales growth and two and a half times the two-year sales growth;
- created nearly two and a half times more jobs over two years;
- mobilized nearly three times as much capital; and
- were one and a half times more likely to follow through on their plans to start or expand their business, as well as formalize plans. Among new businesses, they were nearly twice as likely to survive for two years.

The analysis also confirmed that each stage of the competition adds value: those who completed the first round of training had more success than similar applicants who were not accepted and those who completed both the first and second rounds had more success than those who completed only the first. Based on these results, the programs have proven to be a cost-effective development tool. The analyzed BPCs generated \$3.70 in incremental client business sales over three years for every \$1 spent on the program, and one full-time job per \$700 spent. (Note: This only takes into account the sales and employment growth that can be transparently and credibly attributed to the training—it is not simply the net change in sales or jobs, which could be unrelated to participation in the BPC).

In focus groups, TechnoServe also learned that the BPC emphasis on creating a business plan was of great value in forcing entrepreneurs to explore and resolve key issues. Through the classroom training, entrepreneurs learned how to conduct serious market and competitive analysis, plan strategically and break into new markets. Participants repeatedly reported that the financial training allowed them to think critically about their cash management plans and explore alternative sources of capital. Receiving personal feedback on their business plans from well-respected local entrepreneurs validated their ideas and ambitions, and boosted their confidence and motivation.

Experiences from Haiti

Applying TechnoServe's model in Haiti, the MEMA business plan competition was formally launched in November 2009 with an original application deadline for late-January 2010. Close relationships were developed with four regional Chambers of Commerce to increase awareness and spur enthusiasm about the competition. The Chambers helped host local "road show" presentations to introduce MEMA and promote the competition among both rural and urban entrepreneurs around the country. Radio interviews were also used to increase awareness about the competition and create "buzz" about MEMA.

Using an online system hosted by the University of Quisqueya, applicants entered their business ideas for consideration. Applicants had the option of proposing the creation of new businesses, expansion of existing projects or new initiatives for existing firms. Selection criteria were based on innovation, viability, job creation and inclusion of local communities. The top 80 proposals were selected to receive capacity building and technical assistance to jumpstart local growth and development throughout the country.

On January 12, 2010, a devastating earthquake struck Haiti, destroying much of Port-au-Prince, the entire University of Quisqueya campus, and essentially putting the BPC on hold. Yet it was clear that MEMA had already sparked an intense response from Haiti's entrepreneurs: prior to the earthquake, 277 applications had been started in the online system, and in the five days following the earthquake another 51 were started—at a time when connectivity and electricity were almost

entirely unavailable in the impact zone. A post-earthquake assessment a few months later resulted in the decision to re-launch the competition, with an expanded focus to include proposals related to the construction industry and reconstruction efforts.

MEMA was re-launched in May 2010 to an impressive response: more than 800 applications were started in the online system, of which 377 were submitted by the July 2010 deadline—well over the goal of 200 completed submissions. The following month, the top 80 applications were selected and those entrepreneurs were invited to attend trainings in business plan preparation over six weekends in August and September. The Chamber of Commerce of the North in Cap Haitian and the Chamber of Commerce of the South in Les

Cayes joined the University of Quisqueya to serve as the training centers for the first-round finalists. Each participant also received 10 hours of individual coaching and assistance from local consultants who were paid a stipend. The participants then had one month in which to submit their business plans. After this round of training and revisions, 20 business plans were selected by judges to advance to the finals.

On December 3, 2010, each of the 20 finalists presented their plans to a jury comprised of Haitian business leaders, entrepreneurs and bankers. After three days, the top 10 business plans were selected and awarded US\$10,000 each in addition to several thousand dollars worth of “Business Edge” training from a local development bank to support the launch or expansion of their businesses. The 10 winners, representing a range of geographic regions, promote activities as diverse as a mobile dental clinic, a boutique to sell agricultural inputs to rural farmers, and a food service enterprise targeting schools.

Key Lessons

An important and successful adaptation that was made in Haiti were the relationships that were created with the regional Chambers of Commerce. Not only did these partnerships create an effective marketing channel, they also provided venues for presentations and trainings throughout the country. Radio also played a critical role in advertising the competition both to participants as well as private sector partners and potential investors.



Under the tent at University of Quisqueya (whose campus was destroyed in the earthquake January 12, 2010) local entrepreneurs Rene Max August (left) and Jean Paul Faubert (right) share their decades of experience with the entrepreneurs. Photo by HIFIVE.

The following industries were eligible to compete in the MEMA competition:

- Agro-industry:
 - Farming and livestock
 - Post-harvest processing and other food technology
 - Marketing
- Cultural products:
 - Tourism
 - Hospitality
 - Handicrafts
- Innovative products and services:
 - Health care
 - Reconstruction
 - Waste management
 - Renewable energy
 - Computer technology and electronic data processing

When MEMA was re-launched after the earthquake, it expanded its focus to include proposals related to the construction industry and reconstruction efforts.

Similarly, a key lesson learned from the program was that continued communication even after the competition was well underway helped maintain a high profile and assisted with fundraising for additional award money; additional sponsors Citibank and Mercy Corps were added to lead sponsor Digicel. A half-day workshop on entrepreneurship was held in September 2010 to focus on results to date of the competition and to engage the private sector in support of entrepreneurship. Speakers were recruited from the Ministry of Finance, TechnoServe, the Inter-American Development Bank and HIFIVE.

Lastly, maintaining flexibility, especially in the aftermath of the earthquake, was critical. Despite widespread devastation, the BPC was put on hold without being cancelled altogether, and after an assessment it was determined to be re-launched—a move that was well-received by participants. The addition of the construction industry to the qualified sectors for participation was in response to the post-earthquake assessment and proved to be an important addition to the program.

Going Beyond the Grant

The MEMA model is successful because it goes beyond being a grant-making program. It seeks to maintain open lines of communication, provide participants with targeted capacity building and technical assistance at multiple stages through the program, and creates forums for entrepreneurial Haitians to pursue their dreams. “I really enjoy the collegiate atmosphere during the training modules,” said Ms. Marie Lyvie Delice, a MEMA participant who plans to diversify her family’s artisanal peanut butter business by introducing a line of more expensive almond butter. Delice joined the BPC for training and support and added that “in the role playing exercises, I’m able to receive feedback from both the participants and the trainer.”

Because of the overwhelming interest in the competition and the high quality of final products, HIFIVE in co-sponsorship with the Bank Association of Haiti decided to sponsor an additional event. In January 2011, an Opportunity Fair was held for the 80 first-round competitors to meet potential financiers and investors. Competitors had the opportunity to pitch their business ideas and facilitate linkages to potential financial supporters to move forward with their projects. Potential investors included banks, microfinance institutions, *caisse populaires* (local credit unions), development banks, large companies, NGOs, donors and other investors. This type of event will allow even more business plans to be funded, reaching more markets.



Winner Diderot Musset (center) for YAMM YAMMand his partner share the stage with Jean Baptiste Marc (right) whose project Logipam Services provides software development. Photo Credit: HIFIVE.

Haiti's entrepreneurs are Haiti's treasure—the hope of the future. This is the face of Haiti that the public rarely sees: inspirational, motivated, talented and creative. They are creative, dynamic and persistent in the face of unbelievable obstacles, and they provided inspiration in the difficult days following the January 12 earthquake. They have an impressive knowledge of their country and a dedicated commitment to change; providing entrepreneurs with the tools to succeed has empowered them to shape the future of the country. The BPC participants’ plans and involvement illustrate the creativity of Haiti’s entrepreneurs and USAID/Haiti’s support of the BPC underscores the importance of the micro, small and medium enterprise sector, whose success and growth will dramatically affect the country’s recovery and development.