

# An Evaluation of SHONA Executive Summary June 2019

*Prepared by Enabling Outcomes Ltd.*

## *About SHONA*

SHONA supports the growth of early stage ‘Good Businesses’ that are positively contributing to East African economies. SHONA defines a Good Business as a viable business that positively benefits society, by creating and balancing value for all its stakeholders including customers, employees, owners, value chain partners and the community where it is based. SHONA wants to be the hub for those who want to grow Good Businesses and those that want to invest in, do business with, interact with and learn from these businesses. They execute their mission through a series of strategies and programs: a flagship acceleration “Growth Program”; a pilot initiative called SHONA Capital; building an East African good business network; and sharing insights. The following summary considers all of SHONA’s current strategies and programs as well as how SHONA supports growth of early stage Good Businesses in East Africa.

## *The Growth Program*

Businesses that join SHONA’s growth program commit to a five-year program and participate in immersive residential boot camps, access advice from selected business coaches, and receive ongoing support from SHONA staff—including building their financial models and connecting them to investors. The program is targeted towards viable businesses that are generating annual revenues of at least \$20,000 and are usually three to five years old. This target is a deliberate shift away from their previous focus on high-growth social impact ventures (often with foreign founders).

The hallmark of SHONA’s growth program are the two offsite boot camps that are spaced approximately 3 months apart, lasting 17 days and seven days respectively. During the boot camp, entrepreneurs attend a mix of workshops, meet with selected business coaches, and work with SHONA staff. The peer-to-peer relationships, sharing, and support are highly valued by entrepreneurs during and post the boot camps, which is developed through the uniqueness of the immersive experience.

Another important component of boot camp are the meetings with preselected business coaches who provide advice and may support the entrepreneur post boot camp. Business coaches are selected based on challenges and gaps that surface during a diagnostic that SHONA conducts pre-selection. SHONA business coaches are a mix of seasoned entrepreneurs, investors, and corporate professionals that are willing to give back. Strengthening the understanding of how coaching works, what is to deliver, how it is delivered, managing expectations, and ensuring follow-through between the entrepreneur and coach is an area in which SHONA needs to improve.

Considering the inputs of workshops, coaching, and SHONA support, the following outcomes were cited as learning from boot camps that are incorporated into businesses:

- *KPIs*. Setting KPIs, sharing them with the team, breaking them down to very specific actions, and evaluating them on a regular basis.
- *Systems & Processes*. Putting systems and processes in place and writing all of the processes down.
- *Investment Readiness*. Putting into place good financial management systems and writing a business plan, knowing what you need the money for and how you are going to use it, and what kind of money you need.
- *Organizational Health & HR*. Having contracts, job descriptions, organizational charts, and policies so that people know what they are there to do, how to work together, and how their roles link to the growth of the business.

SHONA's biggest challenge with its growth program is getting enough businesses to register and the right ones to register. Businesses are required to pay a small upfront fee and to sign a contract for future payment to SHONA, which is a deterrent for some. Furthermore, SHONA needs to be selective in terms of finding businesses that meet its target profile and entrepreneurs that are committed to the hard work ahead. SHONA requires a more ample recruitment strategy and better implementation including creating a bigger pipeline and better sales and marketing tactics to get over barriers such as paying for service or being away from the business for a duration of time.

Another area for SHONA to continue to refine and develop is the service offering over the duration of five years. An area that surfaced in discussion with participating and alumni businesses is the need to support the organization as a whole (not just the entrepreneur). Engaging and developing teams to grow the business is an area to be considered.

### *SHONA Capital*

SHONA's access to capital/investment offer is a critical component of its acceleration strategy. It is challenging to find financing in small amounts for SHONA's target businesses. Kiva loans have been one helpful tool. SHONA is fortunate to have four committed investors that are a combination of high net worth individuals and family offices. They have come together to seed and pilot SHONA Capital: pooled capital that can offer up to \$100,000 USD as a "soft" loan with a nine-month grace period and four years of quarterly fixed payments. The investors intend to do three to five deals and to learn from the experience. They hope the learning will help them launch a vehicle. If successful, this vehicle could be an important model for leveraging capital from high net worth individuals and family offices and for deploying small amounts of capital to high-risk early stage businesses.

### *SHONA Network & Insights*

SHONA is building an East African business network: connecting businesses, alumni, business coaches, investors and others. They are trying to create connections through a combination of light and intense events and gatherings and to create both local networks and a regional network, which can also serve to build their pipeline. They are also providing insights to a broad community of interested stakeholders. One of the challenges SHONA faces is managing its work across four countries (Uganda, Kenya, Tanzania, and Rwanda). SHONA is strongest in Uganda where it has a physical presence. Despite Kenya being a "crowded space" in terms of business development services, the alumni and business coaches are active in supporting activities and

building pipeline. Tanzania and Rwanda are much more difficult to target, especially from a distance.

Feedback is that SHONA is a valuable community and people want to participate and stay connected. The SHONA Network is an important aspect of the program. It needs more strategy and nurturing in its execution. SHONA's insights are an effort to create a proper resource tool for doing good business in East Africa. If SHONA's insights are to reach more audiences, SHONA needs more platforms, more partnerships and to shout louder.

### *SHONA the Organization*

SHONA is a healthy organization with smart, committed staff, an empowered team and a strong culture of performance and fun. From a marketing perspective it needs to do more to build the brand and demonstrate its gravitas. Unfortunately they don't have big wins (in terms of an enterprise that has been very successful in the regional market or international stage) but they have little competition in their niche and some nice success stories, so there is room for them to stand out.

SHONA is building a sustainable model, although still is dependent on philanthropic capital. SHONA requires businesses to sign a contract with a time-based cap for a share of revenue and fundraising to be paid back to SHONA. There are two issues around making this model work: (i) getting full cohorts and (ii) ensuring businesses survive and grow. In terms of the model itself, there was very little pushback in terms payment. Most entrepreneurs had no issues with the model and were compelled to pay because they felt that what they were getting from SHONA was good value for money.

### *SHONA's Impact*

SHONA has positive qualitative feedback from participants and alumni. However, the data to support growth and investment is not yet apparent for the 2017 and 2018 cohorts. This is because of the time lag from the SHONA intervention to when changes are made in the business, and then seeing those changes in terms of the bottom line or secured investments. Impact will be limited if SHONA cannot attract enough businesses to participate in SHONA or the right businesses. SHONA has struggled to find the right businesses, although that seems to be improving.

### *Conclusions*

SHONA runs a good acceleration program. The 'secret sauce' is the residence: the intimacy, intensity, diversity of activities, and peer bonds that come from the experience. Entrepreneurs are building the foundations and fundamentals to grow as a result of the residence, coaching support and nurturing from the SHONA staff. The challenge for SHONA is getting entrepreneurs into the program that are ready for the experience, willing to invest in their business, and have the attitude that allows them to take advantage of all that SHONA has to offer.

### *Recommendations*

The following are five key areas for strengthening SHONA:

*Recruitment.* Focus on all aspects of SHONA that will drive pipeline. This is the most important thing that SHONA can do to ensure its future success.

*Coaching.* Refine and nurture the coaching offer to ensure that expectations of business coaches and entrepreneurs are clear and well managed. The coaching offer should be diverse to cover mentoring, advisory, personal and business coaching and should function as “a well-oiled machine.”

*Network.* Leverage business coaches willing to be network champions/ ambassadors and “double down” on Uganda and Kenya as target markets. Allow Tanzania and Rwanda to grow organically or through strategic partnerships.

*Longevity of services.* Ensure a robust support program after boot camp that focuses on organizational health and development of middle management.

*Brand building.* Amplify its voice as one of the leaders in Uganda and the region in supporting Good Business.

### *Methodology Note*

The inputs for this evaluation were:

- Interviews with the management team and staff of SHONA
- Interviews with 19 entrepreneurs, spanning four cohorts from 2016 through 2018
- Interviews with 8 SHONA business coaches (including some who deliver workshops)
- Interviews with 3 investors
- Interview with the facilitator of leadership coaching
- Review of documentation and enterprise level data

The observations, reflections and recommendations presented are drawn from the insights from these interviews coupled with the evaluator’s knowledge of the small and growing business landscape and evaluation of other accelerator and BDS programs.