

How the Business Innovation Facility supports companies

The Business Innovation Facility supports development of inclusive business. It is sponsored by the UK Department for International Development (DFID) and delivered by a network of international, regional and national consultancies, drawing on expertise from both the business and development sectors.

The Facility supports development of inclusive business models, and of climate-resilient business models, with a particular focus on models that are innovative and have potential to go to scale. The term inclusive business refers to profitable core business' activity that also expands opportunities for the poor and disadvantaged in developing countries. Such business opportunities can engage the poor as employees, suppliers, distributors or consumers. Innovation can take many forms:

- innovation in the value-chain, bringing low-income producers and workers into supply and distributions chains;
- innovation in products or services, increasing access and affordability for low income customers;
- innovation in the market, taking a business opportunity that works in one context to another;
- innovation in scale, taking an opportunity tested at a small scale to large scale.

1

Initial Engagement

There is an initial engagement between representatives of the company and the Facility to determine whether the company has an inclusive business project that may require support from the Facility.

Once it has been established that there is a potential inclusive business project, the Facility supports the company to identify internal or external constraints.

The Facility shares useful information with the company about what is available to help the company. This may include support from the Facility or sign-posting to other sources of support beyond what is available from the Facility.

Constraints are internal or external issues that are preventing the inclusive business project from taking off as a mainstream new business opportunity. They may occur at any stage of the development of an inclusive business model (concept development, scoping, designing, piloting or implementation). Constraints may arise from:

- high perceived risk or uncertainty about the potential profitability of the project;
- lack of finance for investment;
- lack of internal resources or know how;
- transaction costs of adapting production systems, marketing or products ;
- lack of experience in engaging the poor;
- need for new partnerships with civil society or government.

2

Facilitation activities

The Facility helps the company to address constraints through a range of facilitation activities. These activities draw on the expertise, networks and knowledge of the Facility's management team.

The Facility engages the company through meetings, workshops, site-visits, application of tools and exchanges of ideas and information.

The Facility's **facilitation activities** include:

- helping companies to better define and understand an inclusive business opportunity, with further diagnosis of constraints and opportunities;
- sharing information about successful inclusive business models;
- supporting partner identification and building the capacity of companies to partner successfully;
- sign-posting companies to potential funders and other sources of support;
- developing terms of reference for consultancy support.

3

Consultancy support

For some companies there may value in commissioning consultancy support activities to address constraints and develop a successful inclusive business opportunity. The Facility can provide, or help to find and arrange, this support.

A company will have to pay towards this consultancy support, but the Facility can share the costs with the company. Cost-sharing from Facility funds will require a proposal to be prepared for the Facility's selection committee. The committee, which meets every 2 months, will recommend support to inclusive business projects that best meet the Facility's criteria for support.

The company will have a major role in deciding on which organisation provides the consultancy support, as well the exact nature of the support. The Facility management alliance organisations have world class skills in many relevant areas, or an external provider can be used.

Consultancy support activities can help to address a wide range of business needs, with the Facility being able to provide ,or help arrange, support in the inclusive business aspects of the following and more:

- building and strengthening partnerships;
- business planning;
- mapping value chains and options for value chain enhancement;
- business process engineering;
- financial structuring;
- performance management and assessment of development impact;
- sector specific processing or marketing expertise;
- staff training and development;
- strategy.

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Learning

The Facility will work with the company to learn what works and what doesn't, during the consultancy support and through post-support follow-up. This supports company decision-making and Facility monitoring and evaluation.

Learning and knowledge exchange are both critical elements of the Facility's interactions with a company. The Facility helps partner companies to access useful international experience, and will share lessons from the projects supported to help other practitioners of inclusive business. Knowing what has worked, or not worked, elsewhere can help reduce the risks and speed the development of inclusive business.

Inclusive business has high potential to reduce poverty while expanding commercial opportunities for business. So far, experiences are positive, but there is still much to learn before the full benefits of inclusive business are achieved.

The Facility has a Practitioner Hub to facilitate knowledge exchange, which companies are strongly encouraged to use: www.businessinnovationfacility.com

Criteria for support

The inclusive business opportunity must be in one of our pilot countries (Bangladesh, India, Malawi, Nigeria or Zambia). We are unable to work with companies with connections to the tobacco industry, to armaments/defence, or where there are serious concerns about a company's links to human rights abuses or the worst forms of child labour.

For step 2

Our facilitation activities are best able to help companies with inclusive business projects that:

- are innovative;
- have potential for achieving large scale development impact through benefits to poor people;
- are private sector-led, with clear potential for commercial viability;
- have a need for Facility's support to get underway, or to progress more rapidly or effectively.

For step 3

For cost-sharing of consultancy support activities, the selection committee will also need to be confident that:

- the inclusive business opportunity contributes well to the Facility's overall portfolio;
- the development of the inclusive business opportunity can be implemented in the Facility's time frame;
- there is an appropriate level of commitment from the company, including paying at least half the costs in most cases;
- the company is able and willing to participate in the Facility's learning and knowledge exchange activities.

Further information and contact details

The Facility is managed for DFID by PricewaterhouseCoopers LLP in alliance with the International Business Leaders Forum, Accenture Development Partnerships and Imani Development. Management alliance members provide high quality consultancy services to corporate clients and to development organisations, focused on achieving business objectives and impact on poverty reduction.

For the latest information, and to join the Business Innovation Facility **Practitioner Hub**, visit www.businessinnovationfacility.com.

We welcome your comments on this briefing note. Help us improve. Send your feedback to Tom Harrison, tom.harrison@businessinnovationfacility.org