Inclusive Business CHECKLIST



Is your inclusive business investment-ready?

Many inclusive businesses seek external investment to finance their working capital or business growth. **But some under-estimate** just how 'ready' and robust they need to be to secure investment. This document provides an initial checklist of things to consider, to assess whether your business is ready to attract investment.

Investors will ask searching questions before committing funds to an inclusive business. Having a great business idea is simply not enough. To secure external investment, a business will usually need to address the items below. If you can demonstrate that you have these in place, it may help you speed the process and achieve more success in attracting investors.

Commercial banks are often not equipped to provide finance to inclusive business. A new asset class, known as Impact Investment, has emerged in recent years. As Impact Investors seek a combination of social and financial return, they are often seen as a solution for inclusive businesses. But it is a mistake to believe they will be less rigourous than mainstream investors. Whoever the investor, stringent due diligence is to be expected.

Inclusive businesses will have to exhibit all of the features of a well-run investable company in order to secure the financial input that they need. They also need to be able to communicate the strengths of their business model to potential investors in a succinct and convincing manner.

The following Checklist outlines the criteria which an investor will apply and the elements that the business will need to have in place.

Inclusive Business Checklists

provide a quick and simple way to tool or model might be for your inclusive business project. They can be used by inclusive business practitioners, to develop and scale up business strategies. They are based on the real-world experiences of companies actively expanding opportunities for people at the base of the economic pyramid through their core business activities.

	iny
structure in place.	

A well-defined commercial remit Shareholders agreement A stable board including experienced non-executive directors Management with a proven track record and necessary qualifications Undisputed share ownership Clear separation from any parent NGO or charities Industry-standard Memorandum and Articles of Association ensuring limited liability

- An organogram illustrating roles and responsibilities
- Details of protection relating to relevant intellectual property rights and patents
- A human resources plan and policies

Do you have the following?

financial records.	solid business
Do you have the following? Audited accounts Verifiable record of paying taxes, licences etc A financial model – including projections for up to three years A strong cash flow Absence of debts Working capital Government grants Investment capital Adequate insurance cover	Do you have Sufficient s (e.g. >\$250 A professio A compellir "elevator p secure inter Risk analysi A Non-Disc Legally-com Readiness t Exit Option considered
Market: You will need to show that you understand the market and your place in it.	Addition Our Database of
Have you undertaken market analysis that covers the following? Market demand for products Pricing Competition Unique Selling Propositions Product development plan Details of strategic alliances or partnerships Distribution channels Have you developed a sales and marketing strategy? Pricing strategy Distribution Channels Use of web, telesales and advertising Sales force	provides a list of technical support A helpful glossar http://articles.b IMPACT INVES Useful Websites Global Impact Investigation Monitor Institute of European Develor Relevant Report UN Global Compenterprise and Interprise and Interprise and Interprise and Interprise and Interprise
Triple Bottom Line: An impact investor will want clear evidence of the expected social impact of the inclusive business. Have you evaluated the social costs and benefits?	Challenges consulting

"sell": You will need to provide evidence of a plan.

the following?

size of deal to justify transaction costs 0k)

nal-looking Business Plan

ng pitch for Investors (including a concise oitch" (the 30 second 'sell' that would rest before the elevator doors open again))

is showing mitigating factors

closure Agreement

npliant Information Memorandum

to sell equity

s (duration, terms etc) which will be realistic by investors

al Resources

Financial and Technical Support for Inclusive Business over 200 organisations that offer financial and/or :: http://bit.ly/ib-support-database

ry of business terms can be found at: oplans.co.uk/business-term-glossary

STING RESOURCES

vesting Network www.thegiin.org sting Network www.asiaiix.com

vww.monitorinstitute.com/impactinvesting pment Finance Institutions www.edfi.be

act (2011), A Framework for Action: Social

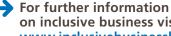
Impact Investing lobalcompact.org/docs/issues_doc/development/ ${\sf cial_Enterprise_Impact_Investing.pdf}$

ck et al (2010), *Impact Investments: An Emerging* Iorgan/Rockefeller Foundation giin.org/cgi-bin/iowa/resources/research/151.html

evelopment Advisors (2010), Impact Investing in berg, Copenhagen

> This Checklist was drafted by Kieran Archer of Challenges Consulting. It is based on work undertaken for 'access to finance' projects supported by the Business Innovation Facility in Zambia and Bangladesh.

Challenges Consulting, which is part of the Challenges group (www.challengesworldwide. **com**), provides business consulting and mentoring for inclusive businesses in developing countries



For further information and more resources on inclusive business visit the: www.inclusivebusinesshub.org

Have you carried out an Environmental Impact Assessment?

Do you have a system for tracking the impacts?





