

# Business Development Services Facility Management: Lessons learned from the Dutch Good Growth Fund



# Purpose of the document

This document has been developed by the Dutch Good Growth Fund (DGGF) and Dalberg Advisors to support BDS facility managers and funders to think through key design elements when setting up their programs.

This document has two key parts:

- Part One provides of background and context of this report and DGGF
- Part Two captures some lessons learned from the DGGF evaluation to inform the toolkit

# User Manual | The toolkit offers different entry points and can be best leveraged by using the toolkit's features

## Structure and toolkit's entry points



### Documentation to familiarize with BDS

Context & approach

Lessons learned from the  
BDS evaluation

DGGF contact details for  
more information

### Appendices

Abbreviations and terminology

Definitions

## Toolkit's features



-  Description boxes of key lessons and data that inform effective design and implementation
-  Check-list of each component to support design features
-  The tool icon indicates practical tools and frameworks that BDS providers can use
-  The click icon has hyperlinks to tools and definitions

# 01 Context & approach

DISCUSSION: COMMON CHALLENGES  
FUND MANAGERS FACE IN ADOPTING GLI PRACTICES

What are the common challenges you face in adopting a  
green and/or sustainable investment practice?



# Business development support (BDS) bolsters enterprise growth in frontier markets and generate significant impact

## SMEs play a critical role driving economic growth, employment, and innovation



SMEs represent **90% of businesses** and account for more than **70% of employment** in emerging markets



SMEs contribute to **GDP value add by more than 25%**

## Effective BDS plays a critical role in supporting SMEs.....

- **Improving business processes:** BDS builds core businesses operations and processes to ensure effective management
- **Enhancing networks:** BDS supports access to networks to enhance knowledge, peer learning and potentially seize opportunities for growth
- **Navigating challenges:** BDS provides essential skills and knowledge to navigate challenges
- **Ensuring stability or scaling:** BDS provides specific support that can lead to better business performance and scale
- **Driving impact:** BDS support drives impact either through specific program goals i.e. a climate focus or the results from enhanced businesses- i.e. job creation
- And more...

## .....and from DGGF's work, we have seen they support local economies

**7,870**

No. of jobs created through DGGF support (2023)

**135M  
EUR**

Additional capital raised through DGGF support (2023)

Source: World Bank, Small and Medium Enterprises (SMEs) Finance; World Trade Organisation, SME Competitiveness and Aid for Trade, 2015

# Dutch Good Growth Fund (DGGF) continues to be instrumental in narrowing the SME finance gap; deploying capital to SME funds in frontier markets, providing financial and non-financial support



## DGGF context

- DGGF is one of many funders that contribute to BDS support globally and in emerging markets
- Since 2014, the **Dutch Good Growth Fund (DGGF)** has been instrumental in enhancing financial ecosystems within frontier markets
- DGGF's **Seed Capital and Business Development (SCBD)** program has been a vital tool in providing **Business Development Services (BDS)** to local entrepreneurs and driving systematic impact as a pioneer, mentor, advisor, and cross-sectoral knowledge builder
- DGGF's strategy targets SMEs and the missing middle through partners across frontier markets – specifically in Asia, Africa, Latin America and MENA

DGGF frontier markets



While there are several different definitions of BDS, DGGF uses a specific definition that focuses on BDS as value added services provided by fund managers to their portfolio companies

## DGGFs BDS definition

 <b>What</b>	<p>Facilities managed by fund managers creating investable pipeline, de-risking investments or provide value adding services to their portfolio companies.</p> <p>These facilities are intrinsically linked to the investment fund and BDS funders based on fund and funder requirements and objectives</p>
 <b>How</b>	<p>Through 'side-car' business development support to a fund, supported by matching grants and incorporates cost share</p>
 <b>Who</b>	<p>Directed to current and prospective portfolio enterprises</p>
 <b>When</b>	<p>At pre and post investment</p>

## What make this unique?

 <b>Challenge</b>	<p>There are a lot of actors providing BDS to SMEs through independent programs and dedicated facilities by crowd sourcing funds from donors and/or government; but they remain unlinked to accessing finance - A key need for enterprises in frontier markets</p>
 <b>Solution</b>	<p>Side car BDS facilities - Linked to funds - Address this challenge; they enable funds to provide growth capital and BDS which improve SME performance and add value to their investments</p>

Notes: This toolkit applies DGGF definition of BDS when mentioned within this documents

Source: Dalberg Analysis, 2024; SME Finance Forum , Financially Constrained Enterprises as a % of Total Enterprises of the Same Size, 2018

Given the importance of BDS, DGGF conducted an evaluation of its portfolio, of which the learnings were used to develop this BDS toolkit

### We took a three-stepped approach to developing the toolkit

1. Conducted an evaluation of DGGF's portfolio – including portfolio data review, key stakeholder interviews (17 interviews – BDS and SMEs), surveys (16 providers serving 220+ SMEs) and peer benchmarking
2. Held a working session to get live feedback at the DGGF 10-year event
3. Synthesized findings and developed the toolkit



**Sharing key lessons with current and potential BDS funders** to enhance programming



**Supporting BDS funders** who want to effectively support BDS, and **influence more spend towards BDS**



**Enhancing public knowledge of BDS** leading to acceleration of the use of BDS facilities

**Report limitations:** The charts in this document from the DGGF evaluation represent directional findings rather than causation given two key factors: 1) there are multiple factors that can contribute to BDS success including the macroeconomic environment and 2) the sample size was limited and mostly self-reported



## 02 Lessons Learned from the BDS evaluation

# Key insights on BDS from DGGF portfolio evaluation

## Cost-sharing

Firms that pay for part of their BDS also seem to perform better, which may offer an additional design lever for cost-effectiveness; an important caveat. However, this may lead to the exclusion of some SMEs

## Efficiency levers

BDS providers can deliver well while using the right levers on time, program size, and modality: A standardized approach can work well to achieve the effective results and therefore the modality should always be evaluated per topic and investee group.



## SME needs

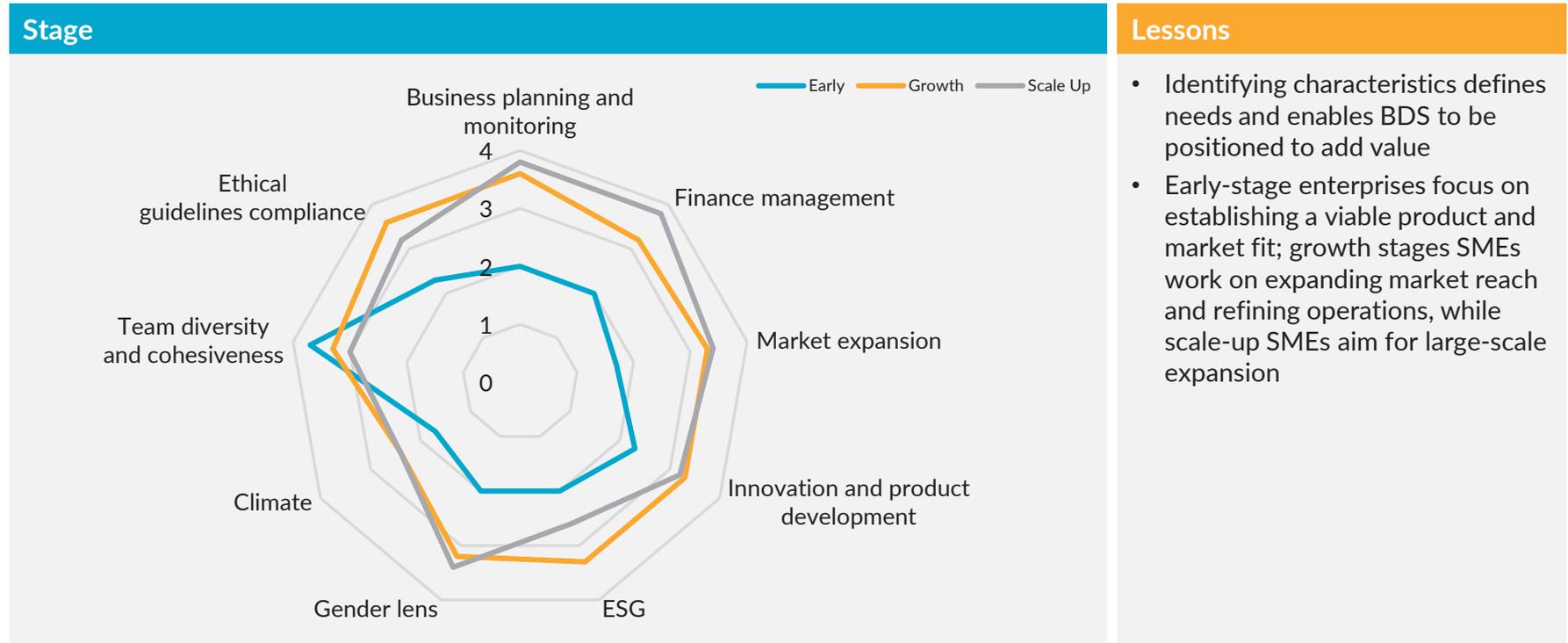
Knowing the SMEs within a portfolio is key to designing effective programming – Frameworks such as stage and type of SME can support this BDS program manager's understanding

## Tailoring

Not surprisingly, a tailored service individualized to the SME leads to stronger financial results from BDS; however, this carries a significantly higher cost for the BDS provider. Further, results for a mixed approach are positive, suggesting that a wholly tailored program is not required and can achieve greater impact per cost

# SME needs by stage | Enterprise portfolios are rarely heterogenous meaning BDS cannot be provided through a “one fits all approach”

Impact of BDS service<sup>1</sup> (1 to 5 scale, with 5 = “Significant Impact”)  
 Segmented by stage and type of SME



## Lessons

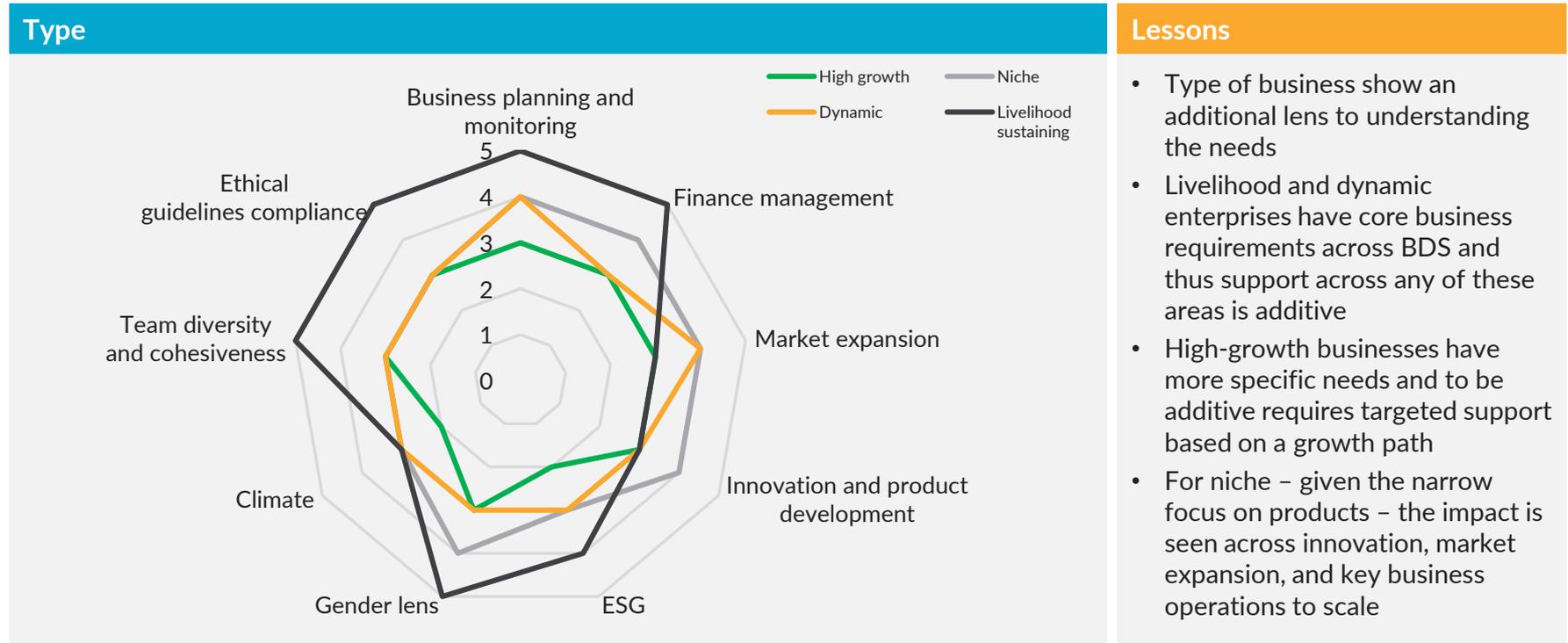
- Identifying characteristics defines needs and enables BDS to be positioned to add value
- Early-stage enterprises focus on establishing a viable product and market fit; growth stages SMEs work on expanding market reach and refining operations, while scale-up SMEs aim for large-scale expansion

Source: DGGF SME survey, 2024, stakeholder consultations, Dalberg analysis.

[Click for definitions by stage](#)

# SME needs by type | Each SGB category has distinct growth trajectories that determine their pathway and thus what services they find most useful

Impact of BDS service<sup>1</sup> (1 to 5 scale, with 5 = "Significant Impact")  
 Segmented by stage and type of SME



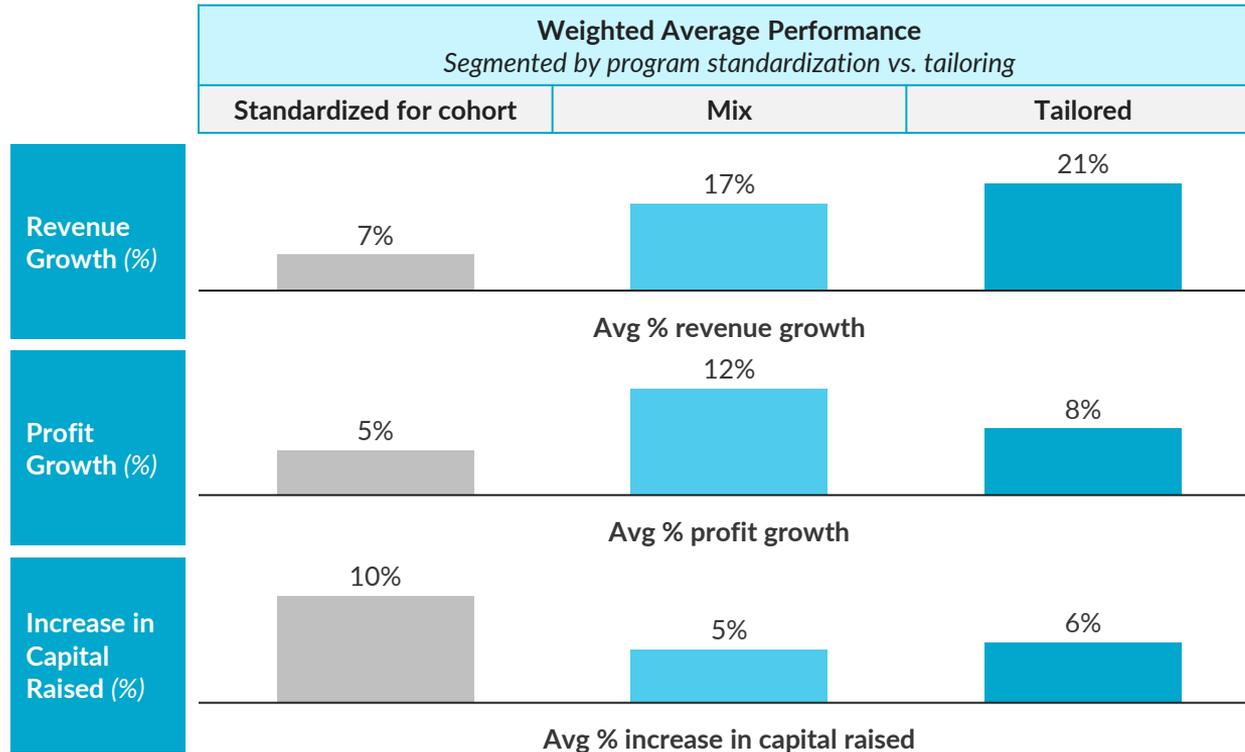
Source: DGGF SME survey, 2024, stakeholder consultations, Dalberg analysis.

[Click for definitions by type of SMEs](#)

# Tailoring | Individualized BDS leads to better results for SMEs in terms of revenue and profit growth

## Impact tailoring program content

DIRECTIONAL, N = 16 BDS providers reporting estimates for ~210 - 250 SMEs; self-reported data



### Lessons

- Tailoring content – at least in part – appears to help SMEs grow revenues and profits more
- Tailoring is no guarantee – lack of BDS results is possible for all types of program designs
- Results for a mixed approach are positive, suggesting that a wholly tailored program is not required and can achieve greater impact per cost
- Excluding most costly outliers, BDS that includes tailored content averages ~\$20K USD per SME and \$3K USD for standardized cohort-based BDS
- The stage of the market also plays a key role in whether it is underdeveloped, emerging, or mature – underdeveloped may require greater pre-investment vs post-investment support

Note: Estimated growth in revenue, profits, and capital raised were provided by the BDS providers as an indicative average for the SMEs they served, which are approximately ~250 across the 16 BDS providers surveyed. Source: DGGF BDS Provider survey, 2024, stakeholder consultations, Dalberg analysis.

[Click for definitions by tailored & standardized](#)

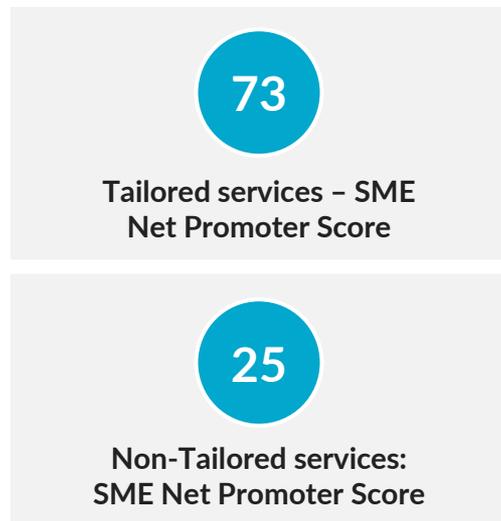


# Tailoring | As such, satisfaction levels are significantly higher for SMEs who received tailored BDS vs. those who did not

DIRECTIONAL, N = 19 SMEs

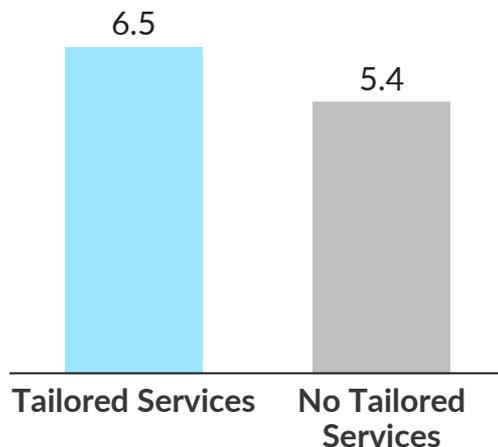
## Satisfaction levels with tailored services is ~3x higher vs. those with standard programming

Net Promoter Score for SMEs **with** and **without** tailored services  
(% Promoters – % Detractors)



## SMEs with tailored BDS believed it greater impact on firm growth

Perceived impact on growth  
(1 to 10 scale)



## “Promoters” among SMEs emphasized the tailored services, “Neutrals” noted its absence

“  
Our business has witnessed a huge change since we got the BDS support. As well as individual benefits for me as a business owner  
– SME, Promoter + Received Tailored Svcs”

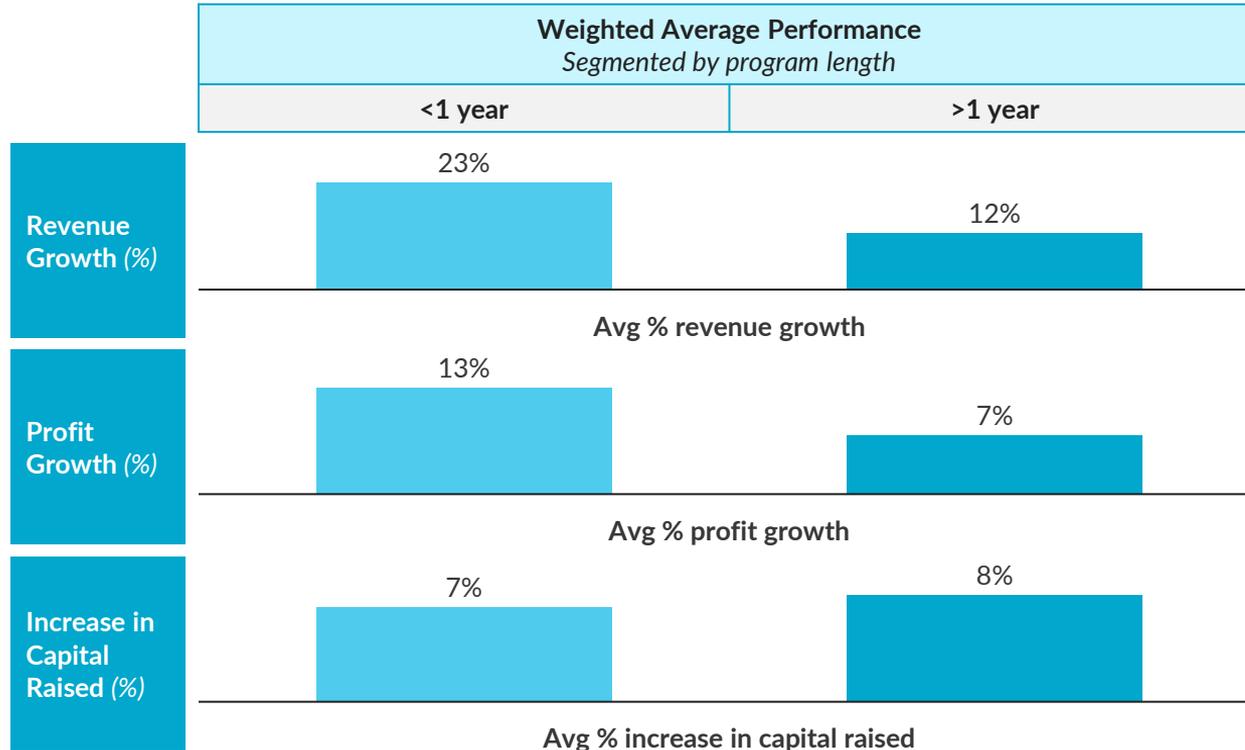
“  
The training was delivered with a group of people, it was satisfactory, but not in-depth to cater for individual needs  
– SME, Neutral + Received No Tailored Svcs”

Note: Tailored: BDS program is tailored, with 1:1 support specific to needs of the SME (N = 8)  
Source: DGGF BDS Provider survey, 2024, stakeholder consultations, Dalberg analysis

# Program length | Length of BDS support may have diminishing returns beyond 12 months – and thus delivery of short, focused programs may be one lever to manage costs

## Impact of BDS by length of BDS program design

DIRECTIONAL, N = 14 BDS providers reporting estimates for ~190 - 230 SMEs; self-reported data



### Lessons

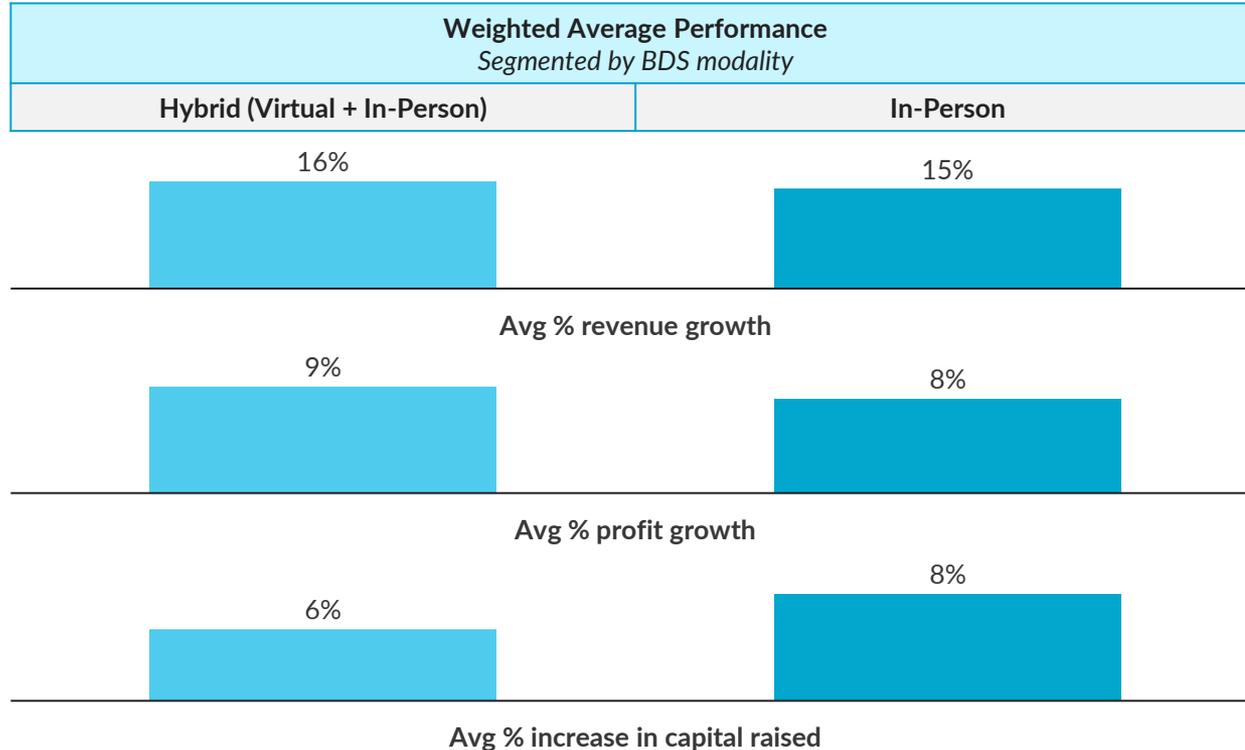
- Shorter programs may be correlated with better performance - revenue and profit growth for SMEs
- Effect may be related to better SME engagement concentrated in a short period of time

Note: <1 year: BDS program is 0 to 3 months (N = 3) or 3 to 12 months (N = 3); 1 year: BDS program exceeds 12 months, with sample set of N = 8  
Source: DGGF BDS Provider survey, 2024, stakeholder consultations, Dalberg analysis

# Modality | Hybrid programs that combine in-person and virtual delivery of BDS can also help manage costs to serve – Without sacrificing effectiveness for SMEs

## Impact of BDS by modality

DIRECTIONAL, N = 16 BDS providers reporting estimates for ~190 - 230 SMEs; self-reported data



### Lessons

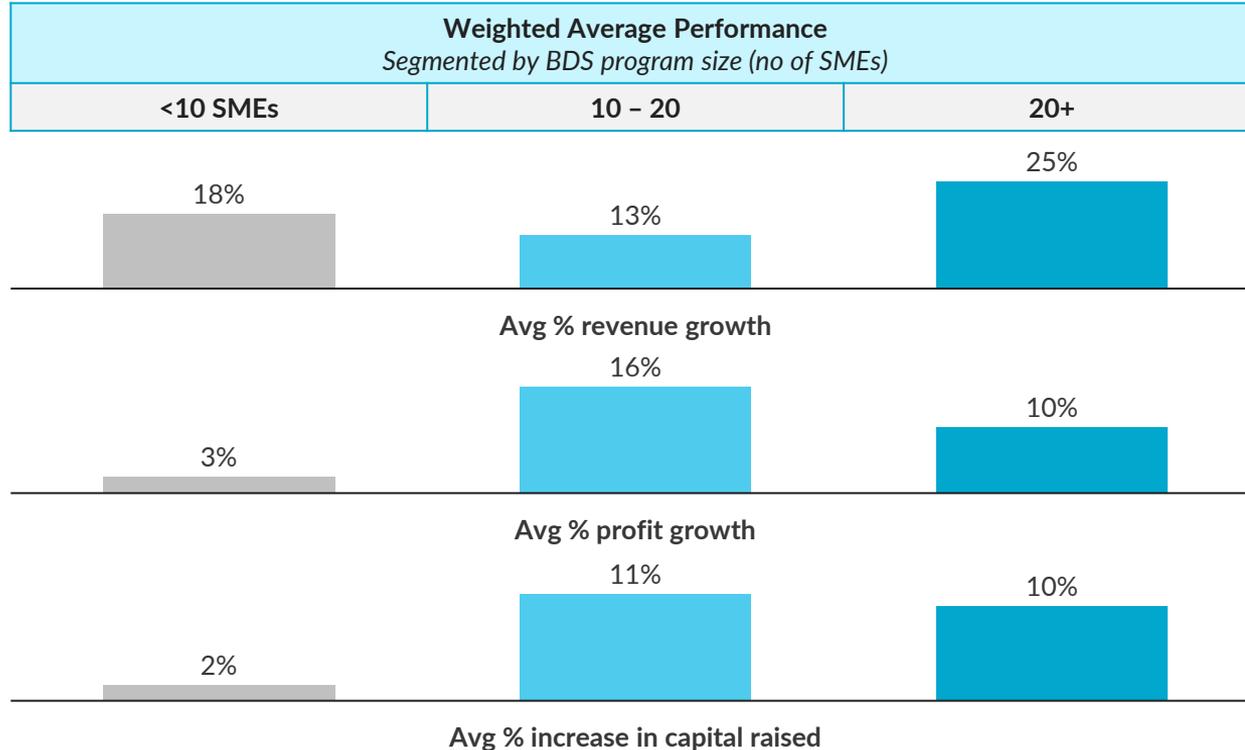
- SMEs and BDS providers appear to find virtual sessions to be a good complement
- Availability of virtual sessions saves on costs and time for both SME participants and providers
- Deciding on virtual vs in-person depends on the topics- virtual works best for more basic/early-stage subjects, and in-person works better for advanced subjects and hands-on support
- Virtual sessions are not a limitation and can allow both for standardized and tailored content

Source: DGGF BDS Provider survey, 2024, stakeholder consultations, Dalberg analysis.

# Program size | Moreover, effectiveness of BDS does not appear to decline with program size – suggesting a lever to offer tailored services in a relatively cost-effective way

## Impact of BDS by program size

DIRECTIONAL, N = 16 BDS providers reporting estimates for ~210 - 230 SMEs; self-reported data



### Lessons

- Small BDS programs can be more tailored, but this does not necessarily mean results
- Larger programs are potentially more cost-effective,
- A mixed approach can allow semi-tailored BDS in a larger program with more SMEs

# Modality | Tailored service individualized to the SME as a result of the unique needs is of most interest to SMEs

DIRECTIONAL, N = 27 SMEs

## SMEs are most interested in receiving support tailored to their particular needs

Value of service (1 to 5 scale, with 5 = "Extremely Valuable")



### Lessons

- Despite tailored services having a higher demand, this can be costly and there are examples where you can use different delivery model to have an impact
- For example, when a pool of SMEs is homogenous by stage you could start with cohort BDS to get all nuts and bolts in place and then move to tailored support as they scale

Source: DGGF BDS provider survey, 2024, stakeholder consultations, Dalberg analysis

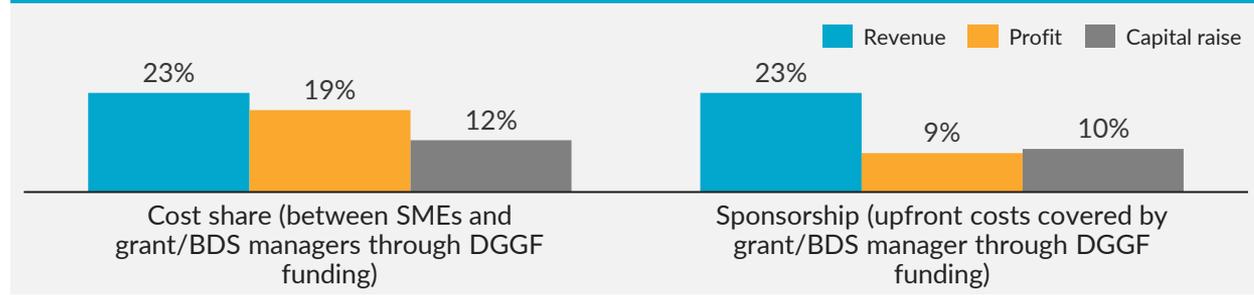
[Click for definitions of modalities](#)

# Funding | Firms that pay for part of their BDS also seem to perform better, which may offer an additional design lever for cost-effectiveness

## Impact of BDS by payment method

DIRECTIONAL, N = 16 BDS providers reporting estimates for ~210 - 230 SMEs; self-reported data

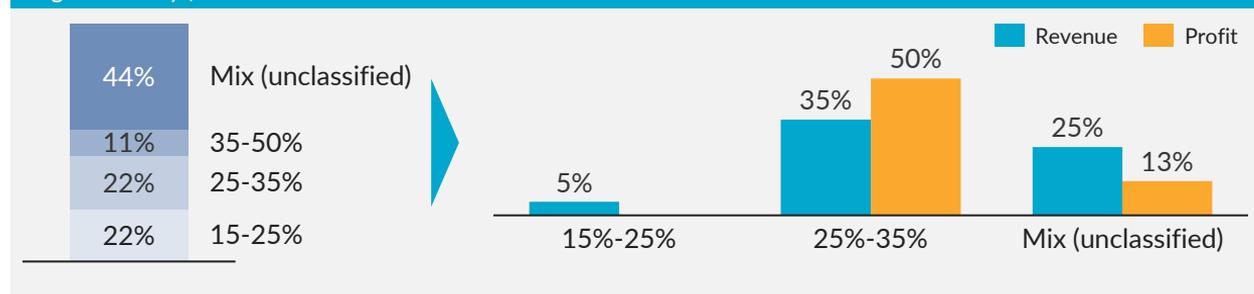
### Average Performance Segmented by BDS payment method



### Lessons

- The amount of cost-sharing depends on the context and the SME portfolio being supported
- For example, for impact projects or very early-stage SMEs, cost-sharing should be limited to avoid excluding SMEs from the program
- However, in the right context, cost-sharing can support sustainability of programming

### Level Of Cost Share (Counterparty Contributions) Segmented by financial outcomes



Higher counterparty/cost-share contributions can lead to greater outcomes

Note: Cost share: BDS program are paid for in part by the SMEs, who share an agreed % of the total cost; Sponsorship: BDS program costs are covered by the TA facility or fund, and require no spending by the SME

Source: DGGF BDS Provider survey, 2024, stakeholder consultations, Dalberg analysis.

For more information,  
please visit the DGGF  
website at:  
<https://english.dggf.nl/>

or contact:  
[dggf@pwc.com](mailto:dggf@pwc.com)

# 06 Appendices

## Abbreviations and definitions

Abbreviations	Definition
BDS	Business Development Services
DGGF	Dutch Good Growth Fund
TAF	Technical Assistance Facility
USD	United States Dollar
VC	Venture Capital
WSME	Women owned SMEs

Term	Definition
SME	Enterprises that are profit oriented enterprises. An SME can be defined by the following characteristics: <ul style="list-style-type: none"><li>• Must be able to service an investment of \$50,000 --\$2M</li><li>• More than five but fewer than 250 employees (at least 25 members)</li><li>• Annual turnover of \$100,000 --\$5 M USD</li><li>• Total assets of at least \$20,000</li></ul>
BDS	BDS facilities managed by fund managers in order to create investable pipeline, de-risk investment portfolio or provide value adding services to their portfolio companies and that are at least partially supported by grant support
BDS Provider	Organizations that provide business development services to SMEs

# Definitions

Terms	Definition
<b>Stages of SMEs</b>	<ul style="list-style-type: none"> <li>• <u>Early-Stage</u>: Core management team and proven concept/product, but not cash flow positive</li> <li>• <u>Growth</u>: Received prior round of financing and now testing/adapting product</li> <li>• <u>Scale-up</u>: Proven concept that has achieved significant revenue growth and is cash flow positive</li> </ul>
<b>Types of SMEs</b>	<ul style="list-style-type: none"> <li>• <u>High-Growth</u>: Have highly innovative business models serving large addressable markets with a rapid growth trajectory</li> <li>• <u>Dynamic</u>: Operate in established “bread and butter” industries and deploy proven business models</li> <li>• <u>Livelihood</u>: Are small, opportunity-driven, family-run businesses that are on the path to increased formalization</li> <li>• <u>Niche</u>: Create innovative products and services that target niche markets or customer segments</li> </ul>
<b>Tailored vs standardized</b>	<ul style="list-style-type: none"> <li>• <u>Standardized</u>: BDS program is cohort-based with standardized content</li> <li>• <u>Mixed</u>: BDS program is mix of standardized content and tailored 1:1 support</li> <li>• <u>Tailored</u>: BDS program is tailored, with 1:1 support specific to the needs of the SME</li> </ul>
<b>Modalities</b>	<ul style="list-style-type: none"> <li>• <u>Individualized/Tailored</u>: Specific one time BDS programs tailored, with 1:1 support for specific needs of the SMEs</li> <li>• <u>Retainer support</u>: Ongoing advisory and consulting services provided on a continuous basis over an extended period</li> <li>• <u>Events and workshops</u>: Attending events, seminars, or workshops designed to offer training, networking, and knowledge</li> <li>• <u>Cohort programs</u>: Structured programs aimed at providing comprehensive support</li> <li>• <u>Knowledge resources</u>: Knowledge material, toolkits, online resources to support business growth and development</li> </ul>