

# MEKONG REGION VENTURE SUPPORT PROGRAMS



Early stage programs helping early stage ventures led by young entrepreneurs.

The venture support programs that participated in the impact assessment tend to have been implemented recently. These programs serve a wide array of client companies, the majority of which are young, small, and looking to grow.

Location	Program	Services Offered	Avg. Company Age	Avg. Number of Employees	Avg. Entrepreneur Age
Phnom Penh	Emerging Markets	Mentorship, Facilitation of Financing, Analytical Support	4.8	14.3	33
	NOMI Network	Technical Training, Improved Market Access	4.7	28.4	30
	Ministry of Commerce 101 Program	Mentorship, Facilitation of Financing, Networking Events	2.9	11.5	32
	National Business Plan Competition	Online Tools, Training Programs, Networking Events	2.9	6.7	25
	WeCreate	Mentorship, Facilitation of Financing, Networking Events	2.9	12.5	34
Ho Chi Minh City	Quang Trung Software Business Incubation Centre	Access to Facilities and Equipment, Business Development Services	4.6	11.9	34
	Agri Business Incubator	Access to Facilities and Equipment	4.2	9.8	44
	Saigon Hi-Tech Park — Incubation Centre	Mentorship, Facilitation of Financing	3.4	8.6	36
	Ho Chi Minh City University of Technology — Technological Business Incubator	Facilitation of Financing, Training Programs, Networking Events	3.4	9.0	41
	Nong Lam University — Center for Technology Business Incubation	Research and Technology Transfer Services, Technical Training	3.0	7.0	33
	Business Startup Support Centre	Access to Facilities and Equipment, Facilitation of Financing, Training Programs, Consultation	3.0	12.8	31
	Information Technology Park — Vietnam National University in HCMC	Mentorship, Facilitation of Financing, Networking Events	2.4	9.5	29
	Business Incubation and Innovation Center — Nguyen Tat Thanh University	Mentorship, Workshops, Networking Events	2.0	7.8	23
Da Nang	College of Information Incubator	Mentorship, Facilitation of Financing, Training Programs, Networking Events	1.8	6.6	23
	Da Nang Business Incubator	Mentorship, Facilitation of Financing, Prototype Development, Networking Events	1.5	6.6	32



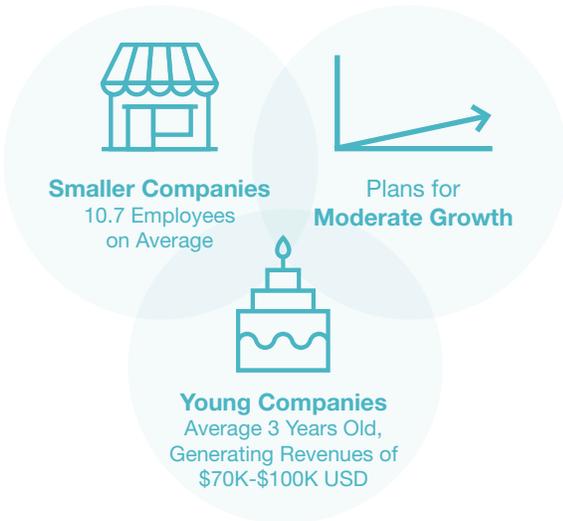
The Evidence Network

In 2016, The Evidence Network assessed 16 venture support programs in Da Nang, Ho Chi Minh City, and Phnom Penh. Findings are based on responses from 206 companies that received support from one of the venture support programs.

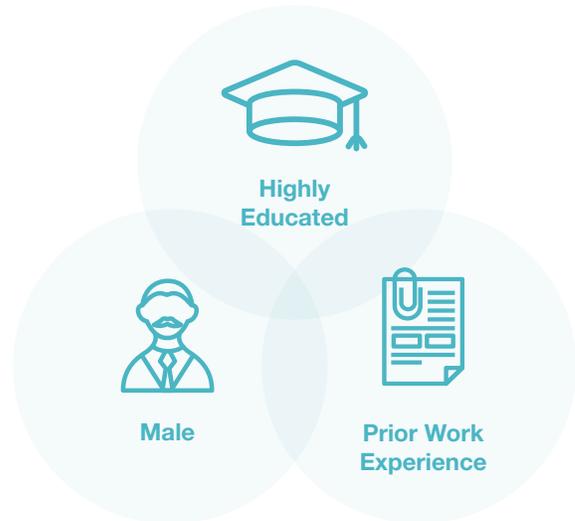


# WHAT DO VENTURES IN THE MEKONG REGION LOOK LIKE?

## Mekong Region Venture Characteristics



## Predominant Entrepreneur Characteristics



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# SELECTION, GROWTH, AND IMPACT

Companies more likely to be **selected for support**:



Are smaller in size



Have more employees with domestic or international displacement experience



Have a website



Were founded by young, well-educated entrepreneurs with larger social networks

Supported companies more likely to grow:



Are older



Were founded by older, male entrepreneurs

Companies more likely to **attribute impact** to Venture Support Program:



Are older



Have plans for ambitious growth



Have more employees with international displacement experience



Were founded by well-educated entrepreneurs whose parents did not own a business



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# WHAT ARE THE KEY ATTRIBUTES OF GROWING COMPANIES?

## Venture Support Program Participants



**Older companies founded by older, male entrepreneurs** are more likely to have higher annual revenues and more employees.

This suggests that **it takes time for companies to achieve improvements in market performance.** Consistent with prior research by Cumming and Fischer (2012), once companies are selected into venture support programs, those led by men are more likely to grow as a result of the support.

Companies founded by older entrepreneurs were less likely to participate in venture support programs. However, once companies founded by older entrepreneurs are supported, they achieve greater growth in their market performance than their younger counterparts.

## Random Sample of Young Companies



**Older companies with a website founded by older, well-educated entrepreneurs** are more likely to have higher annual revenues.



**Companies with an ambitious growth plan and a website, that were founded by entrepreneurs whose parents own a business or have received more financial support** are more likely to have a greater number of employees.

Compared to venture support program participants, it is noteworthy that the entrepreneur's gender is not found to have an effect on company growth in terms of annual revenues or employment for the random sample of young companies.



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# MEKONG REGION VENTURES — TOP BARRIERS TO GROWTH

## Top 5 Barriers Reported by Random Sample of Young Companies

- 1 Debt financing is too expensive
- 2 Customers demand prices that are too low
- 3 Debt financing is not available to companies
- 4 Government administrative procedures are burdensome
- 5 The domestic market is too small

## Top 5 Barriers Reported by Supported Companies

- 1 Limited access to, and availability of capital
- 2 Insufficient human resources
- 3 Corporate lack of sales and marketing expertise
- 4 Informal costs of doing business are too high
- 5 Highly competitive landscape of domestic market



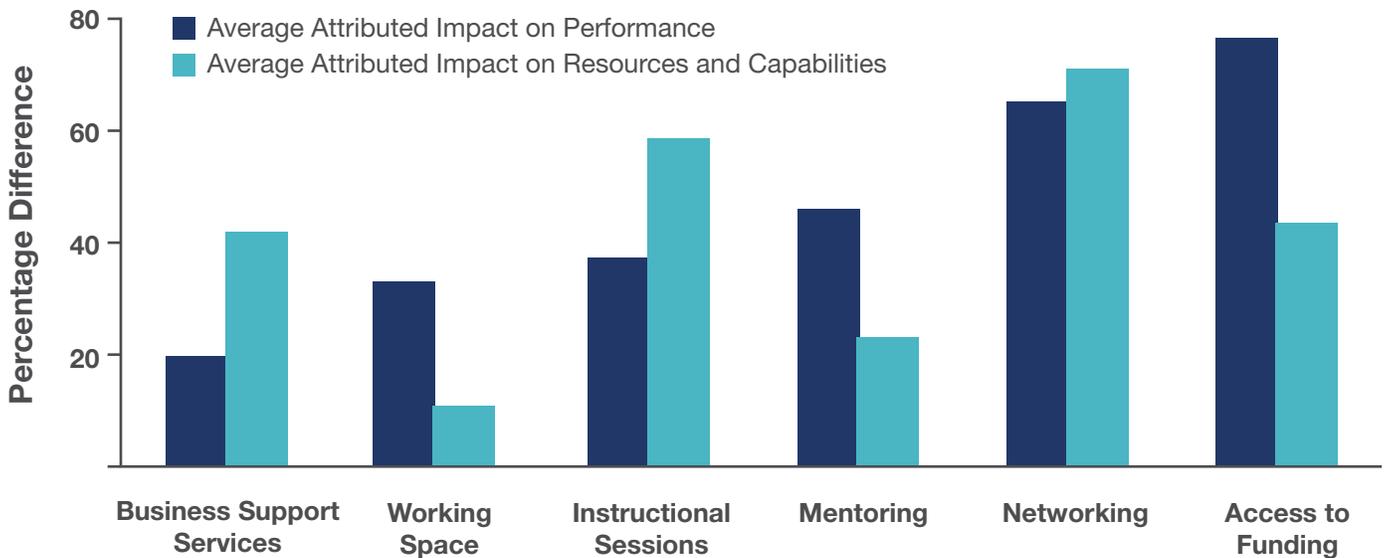
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# WHICH SERVICES HAVE THE GREATEST IMPACT?

**Percentage Difference in Impact Attributed by Companies that Used Services with Moderate or High Intensity and Companies that Did Not Use the Services or Used the Services with Low Intensity**



The provision of meaningful support services is key to achieving impact on company resources and capabilities, which in turn results in impacts on company performance.

## **But not all support services were created equal.**

Greater use of the access to funding and networking support services results in higher attributed impact, while greater use of the business support services and working space results in only minor gains in attributed impact.

This suggests that greater impact can be achieved by **reducing** the emphasis on the provision of **working space**, and encouraging companies to make **greater use** of the **networking**, and **access to funding** support services.

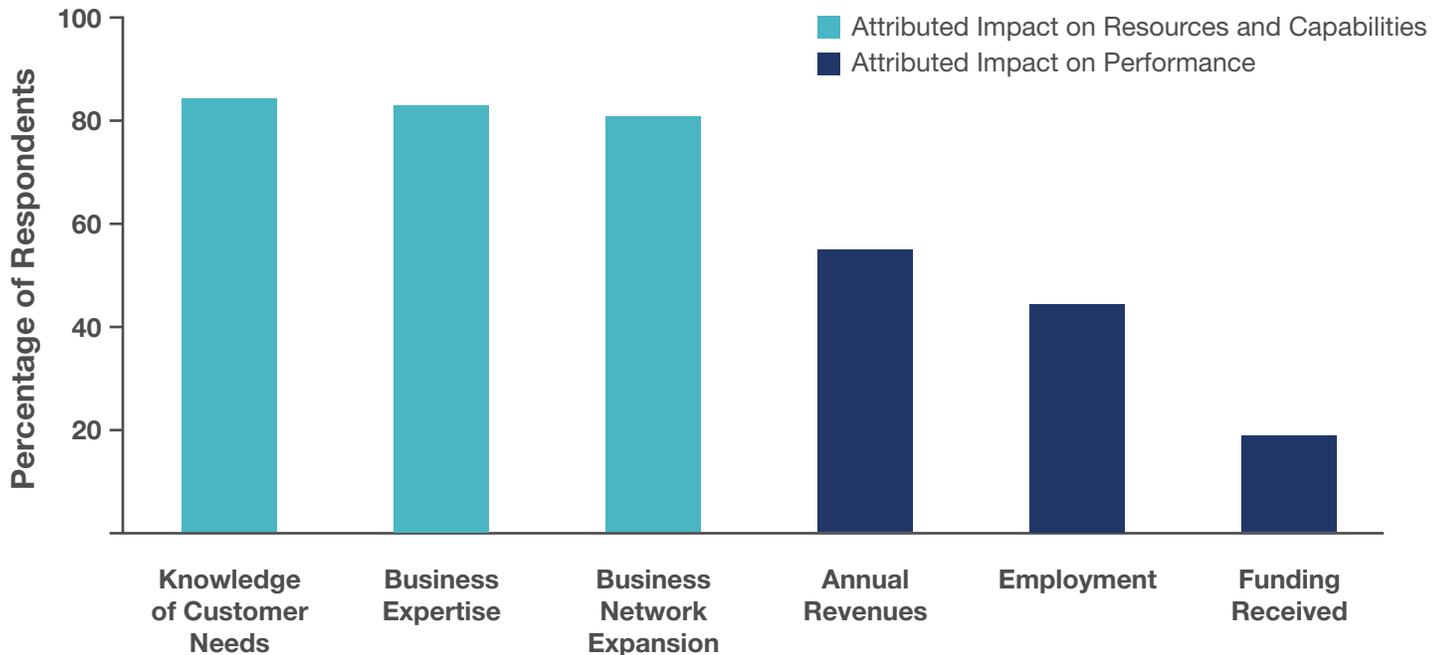


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# HOW DO THE VENTURE SUPPORT PROGRAMS IMPACT COMPANIES?

Percentage of Respondents Reporting Positive Impact



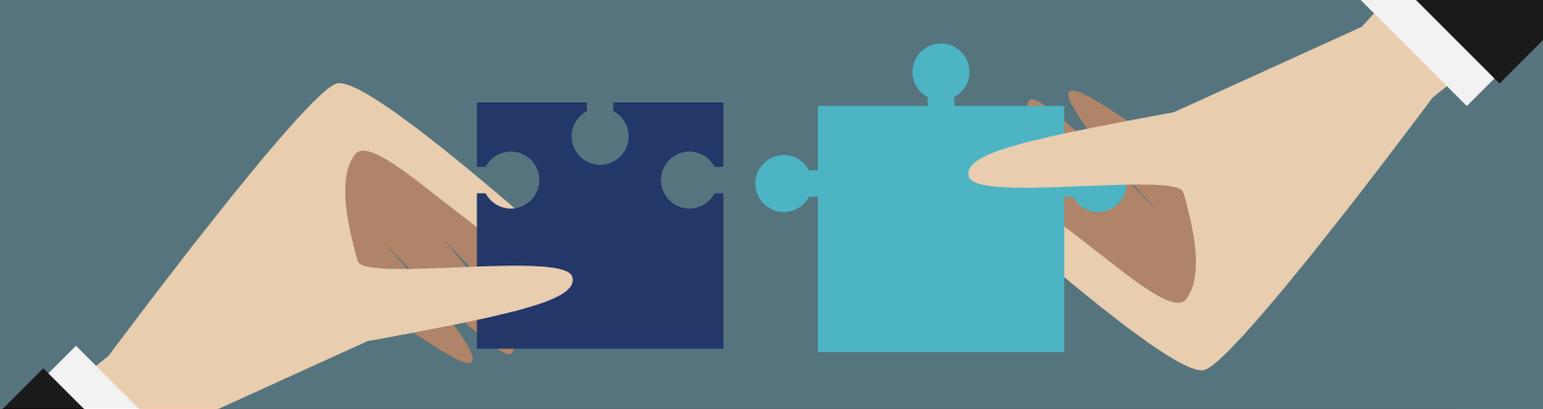
The venture support programs are having a positive impact on the companies they serve. However, the impact of the programs on resources and capabilities (Knowledge of customer needs, Business expertise, and Business network expansion) is far greater than the impact of the programs on company performance (Annual revenues, Employment, and Funding received). This is expected, because the venture support programs were recently founded and are mostly supporting early stage ventures. As such, the companies have not had sufficient time to improve their market performance.

**Use of support services today leads to impact on company resources and capabilities tomorrow, which leads to impact on company performance next year.**



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# BEST PRACTICES FOR VENTURE SUPPORT PROGRAMS

- 1 Ensure clarity on venture program mandates.**

Alignment with funders, development of the right suite of services, and achievement of maximum performance requires clarity on program mandates. Some programs may be designed as general prescriptions for business support, others may focus on new entrepreneurs, while still others may focus on scale-up. Selection of companies and entrepreneurs to serve, mentors, training programs, and program performance measures will hinge on mandates.
- 2 Provide high quality, customized services.**

Assembling resources to provide the highest possible, appropriate, and beneficial services to entrepreneurs and companies with greatest potential is a formula for success. This is a key responsibility for both funders and program managers.
- 3 Enable deep intensive engagement between venture support programs and companies.**

Take steps to facilitate intensive engagement between venture support programs and their client entrepreneurs and companies to achieve maximum impact. The Evidence Network consistently finds that modestly interested clients attribute less impact than those clients that are yearning to learn and are motivated to grow. Select clients accordingly and make services readily available, easily assessed, and highly beneficial to clients.
- 4 Provide a combination of knowledge-based services and funding.**

The Evidence Network and others find that high-performing programs combine the provision of knowledge-based services with the facilitation or provision of funding. The combination of services and funding together has more impact than either alone.
- 5 Develop small, customized programs.**

We find that younger, newer programs and ones that are smaller in size are attributed greater impact than older, larger programs. In a given region, a greater number of smaller programs may be more effective than a smaller number of large programs because smaller programs may be designed for specific types of ventures: start-up, scale-up, high growth, by industry, etc., and may provide more beneficial services engendering greater company-program affinity and therefor deeper engagement.
- 6 Assess impact on entrepreneurs and companies, and performance of services, regularly.**

High performance can only be known or improved when it is measured. The highest program impacts, continuous improvement, and evidence-based reports to stakeholders can only be accomplished through recurring performance assessments.





# VENTURE SUPPORT PROGRAM OPPORTUNITIES FOR IMPROVEMENT

## Training and Mentorship Improvements

- Improve the quality and coverage of mentoring, training, and workshops
- Improve the coordination and scheduling of training programs to better suit participants' needs
- Improve selection of trainers and mentors to better meet participants' needs

## Programming Improvements

- Facilitate participants' access to funding or financing
- Provide advice on product development, commercialization, and marketing strategies
- Assist with plans for company development
- Create networking opportunities through the provision of workshops, conferences, or other relationship-brokering activities
- Facilitate participants' relationships with corporate partners, customers, and suppliers

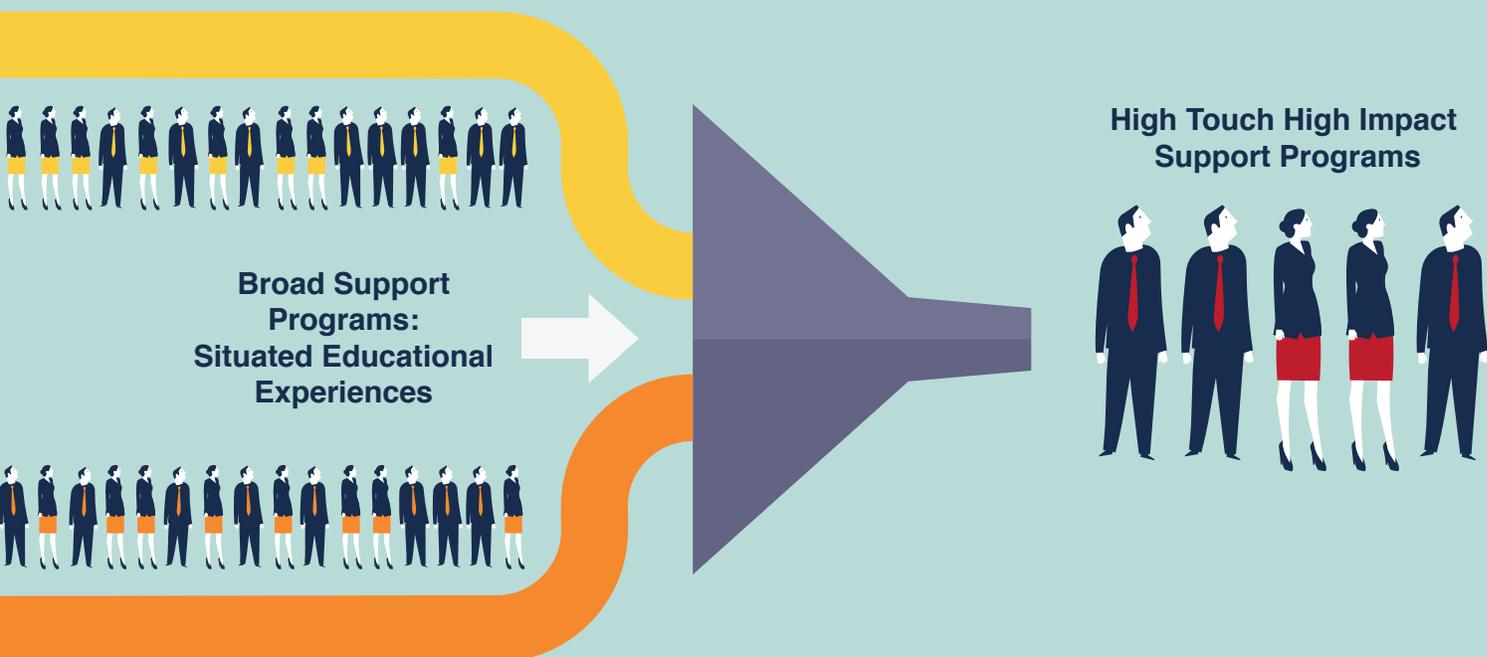
## Program Administration Improvements

- Ensure dedicated program staff provide flexible hours
- Evaluate potential participants fairly to ensure high quality group of client companies
- Provide improved business facilities and infrastructure



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## RECOMMENDATIONS

- 1 **Conduct an annual survey** of business incubator inputs and activities.
- 2 Commission the **development of online tools** to support the evaluation of Vietnamese incubators by Vietnamese experts.
- 3 Develop an open advanced **course in incubator evaluation**.
- 4 In two or three years time, **conduct a matched-sample evaluation of the effectiveness of business incubators** in Ho Chi Minh City, Da Nang, and Phnom Penh using data from 2016 and subsequent surveys.
- 5 In two or three years time, **develop a model of Vietnamese venture potential** using data from 2016 and subsequent surveys.
- 6 Commission a study to **assess the national R&D capacity**. Such a study should consider international benchmarking data, national data, and expert judgment.
- 7 Identify one or more universities to **sponsor widespread cooperative education programs**.
- 8 Consider **educational exchanges** for Vietnamese students.
- 9 Consider the **sponsorship of non-profit business incubators**.
- 10 **Build on the strengths of Vietnam's cities** to develop unique advantages.



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