

INCLUSIVE BUSINESS READINESS ASSESSMENT

A tool to analyse the status quo of a company and identify its potential for Inclusive Business.

TOOL 1



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Background

Tool 1 “Inclusive Business Readiness Assessment” is part of the Inclusive Business Coaching and Mentoring Guide (IB-CM). The guide provides background information and guidance for consultants and business associations that support aspiring Inclusive Business (IB) entrepreneur. Besides Tool 1, the guide contains three other tools:

- Tool 2 “Inclusive Business Transformation” – identify areas in your business with the biggest potential for IB and formulate a transformation strategy
- Tool 3 “Deep Dive Advice for Inclusive Business Transformation” – formulate an action plan for transformation using guidelines and tools for IB models
- Tool 4 “Inclusive Business Mentoring” – a guide for IB entrepreneurs who want to become mentors for aspiring IB entrepreneurs

Why take the Assessment?

The tool is designed to assess the potential of companies or business lines in terms of IB approaches. It is based on the following definition of IB (Annex p.12):

Inclusive businesses provide goods, services, and livelihoods on a commercially viable basis, either at scale or scalable, to people from the base of the economic pyramid (BOP) making them part of the value chain of companies’ core business as suppliers, distributors, retailers, or customers.

Application of Tool 1

- **Who should do the assessment?** It is recommended, that the test should be carried out by someone who knows and can assess the company's operational and business strategies in their entirety. This is usually someone from senior management.
- **How much time does it take?** The assessment will take about 30-60 minutes.

NOTES ON TOOL 1:



In section 2, we assume the ideal case in which the company strives for an IB model. The frequently cited "Inclusive Business Features" refer to this ideal case. In addition to the IB model, there are also intermediate stages (IB approaches) that lead to the company developing more impact or becoming more commercially viable. Thus, the company is moving closer to the ideal state IB model. You will learn more about the different IB approaches in section 3.



If after the assessment, you want to explore the IB pathway further, you can use the completed questionnaire to contact the IBeeC Secretariat for more information and assistance or to explore the possibility of IB accreditation.

The IBeeC Secretariat is part of the Ministry of Industry, Science, Technology and Innovation (MISTI). It is the task of the Secretariat to promote and implement the "IB enabling environment in Cambodia strategy (IBeeC)". The IBeeC includes strategic recommendations, such as: 1) promoting IB awareness building, especially through business associations, 2) institutionalising inclusive business, 3) establishing a transparent and voluntary inclusive business accreditation system, 4) creating a technical assistance facility for inclusive business promotion, 5) creating an inclusive business risk mitigation fund for investors and impact banks, 6) establishing inclusive business investment incentives and prioritising inclusive business in public procurement, 7) consistent and regular reporting on inclusive business to reflect its impact, and 8) supporting inclusive business initiatives in ASEAN.¹

1. For more information, please visit the IBeeC website: <https://misti.gov.kh/page/index?article=ibeec-strategy.html>

Inclusive Business Readiness Assessment

A questionnaire to be used by entrepreneurs to evaluate their company's potential for IB

1. Company Information



NOTES:

- Fill out the section on company information after you have completed the self-assessment on IB readiness.
- Read the section "Next steps" to understand how you can use the filled-out form beyond its (self-)assessment purpose.

Company Information	
Name of company	_____
Contact information	
Name of contact	_____
Job function	_____
E-mail address	_____
Telephone number	_____
Location of headquarter	
Location(s) of impact generation	_____
Sector (subsector)	_____
Company description (2-3 sentences)	_____ _____ _____
IB business model or business line (2- 3 sentences)	_____ _____ _____
IB strategic intend (2-3 sentences)	_____ _____ _____
BoP engagement mode	_____ _____ _____

2. Assessment of IB Potential

In this section you will reflect on the current status of your company from the perspective of IB. In the following, you will look at the four key features of IB: 1) BoP engagement, 2) financial viability, 3) scale, and 4) impact measurement and management and apply them to your company.

NOTES:



- It is helpful to read through all the questions once to get a good overview, before answering from the top.
- Please check the applicable boxes to provide your answers. In addition, there are a few fields that must be completed in writing.
- Considerations and support: To assist you in answering the questions, please find attached in the annex the document "Considerations and Support".
- If you are unfamiliar with some of the terms, you can find explanations in the annex "Considerations and support". The following terms are explained: BoP, direct engagement, mode of engagement, positive impact, core problem, intentionality, financial viability, approaches to IB, scale and measuring and managing impact.

2.1 Engaging the base of the economic pyramid (BoP) intentionally

Question 1	Does your business directly engage with the BoP?			
Answer 1	Yes <input type="checkbox"/>	Not directly but through intermediaries <input type="checkbox"/>	Not yet <input type="checkbox"/>	No <input type="checkbox"/>
Please, skip questions 2-5 and go to section 2.1.1. Potential of BoP Engagement on the next page. Continue with questions 6 and 7 to consider the company's potential on direct BoP engagement.				

Question 2	Does your business directly engage the BoP in the whole company or in one business line or more?		
Answer 2	Whole company <input type="checkbox"/>	One business line <input type="checkbox"/>	Several business lines <input type="checkbox"/>

Question 3	Mode of engagement: How does the company directly engage the BoP?				
Answer 3	Consumers <input type="checkbox"/>	Suppliers <input type="checkbox"/>	Distributors <input type="checkbox"/>	Retailers <input type="checkbox"/>	Employees/Workers <input type="checkbox"/>

Question 4	Does the company intentionally engage with the BoP to generate positive impact whereby addressing core problems?		
Answer 4	Yes <input type="checkbox"/>	Not yet <input type="checkbox"/>	No <input type="checkbox"/>
Please, skip question 5 and go to section 2.1.1. Potential of BoP Engagement on the next page. Continue with question 7 to consider the company's potential on intentional BoP engagement.			

Question 5	What impact does the engagement have on the BOP? (Indicate the impact proportionately as a percentage)		
Answer 5	Addressing income problems of the BoP (e.g. increasing income opportunities/wages, increasing sales/productivity/yields)	Addressing living standard problems of the BoP (e.g. making relevant goods and services accessible and affordable)	Others (environment, animal welfare, etc.)
Percentages	_____	_____	_____

REFLECTIONS:



You can use this space to reflect on questions 1 to 5 and briefly describe how and where your company currently involves the BoP and what impact the engagement has.

2.1.1 Potential of BoP engagement

What if your company (or a business line of your company) is not directly and intentionally engaging with the BoP to generate positive impact addressing their core problems? For the following questions, please think about the potential of your company. Rate the potential as high, medium and low.

IMPLICATIONS:



- It is important to note that BoP engagement is the key feature of IB.
- Finding ways to integrate the BoP in your company/ business line is the first necessary step towards moving to IB. Maybe you already have ideas how to modify your business strategy in order to integrate the BOP. Maybe you need more information and practical examples from your sector to be able to imagine the BoP engagement.
- IB focuses on businesses that address the core problems of the poor, such as improving incomes and living standards. If your company addresses environmental issues, then that is very important and has high societal value. BUT the core of IB is the social impact on the BoP. If your company does not have a social impact on the BoP, it does not qualify as IB. Please think for a moment about whether you might have overlooked social impacts and therefore did not measure them? Could you find ways for your company to have social impact on the BoP in the future?


Question 6	Does your business have the potential to directly engage with the BoP?		
Note down your considerations	Where could be the potential for direct engagement? (e.g. whole company/one business line/ several business lines) What could be the mode of BoP engagement? (e.g. consumers, suppliers, distributors, retailers, employees/workers)		
	<hr/> <hr/> <hr/>		
Answer 6	How would you rate your company's potential to directly engage with the BoP?		
	High <input type="checkbox"/>	Medium <input type="checkbox"/>	Low <input type="checkbox"/>
Question 7	Does the company have the potential to intentionally engage with the BoP to generate positive impact whereby addressing core problems?		
Note down your considerations	What impact would you like to have on the BoP? Would you like to address income problems of the BoP (e.g. increasing income opportunities/wages, increasing sales/productivity/yields)? Or would you like to address living standard problems of the BoP (e.g. making relevant goods and services accessible and affordable)?		
	<hr/> <hr/> <hr/>		
Answer 7	How would you rate your company's potential to generate positive impact whereby addressing core problems?		
	High <input type="checkbox"/>	Medium <input type="checkbox"/>	Low <input type="checkbox"/>

2.2 Pursuing financial viability

Question 8	Does your company pursue financial viability?		
Answer 8	Yes <input type="checkbox"/>	Not yet, but it will be in the future <input type="checkbox"/>	No <input type="checkbox"/>
	Please, skip question 9 and go to section 2.2.1. Potential of Financial Viability below. Continue with questions 10 and 11 to consider the company's potential for financial viability.		

Question 9	Does your company pursue a financially viable approach to inclusive business?		
Answer 9	Yes, the IB company/business line is financially viable <input type="checkbox"/>	Not now, but the company/business line will be in the future <input type="checkbox"/>	No <input type="checkbox"/>
	Please, go to section 2.2.1. Potential of Financial Viability below and continue with question 11 to consider the company's potential to pursue a financially viable IB approach.		

REFLECTIONS:




You can use this space to reflect on questions 6 and 7 and briefly describe the financial viability of your company/ business line. Evidence of viability are for instance net present value, internal rate of return, payback period, financial ration analysis etc.

2.2.1 Potential of Financial Viability

What if your company/IB business line is not pursuing a commercial approach? For the following questions, please think about the potential of your company. Rate the potential as high, medium and low.

IMPLICATIONS:



- It is important to note that financial viability is a key feature of IB.
- A company that wants to survive on the market in the long-term must cover its costs. Financial viability helps ensure that business operations can be sustained over time. Only a company that operates sustainably can also ensure a long-term impact on the BoP. If your company is not financially viable today, what would need to change to become so?

Question 10	Does your company have the potential to pursue financial viability?		
Note down your considerations	<hr/> <hr/> <hr/>		
Answer 10	Potential for financial viability:		
	High <input type="checkbox"/>	Medium <input type="checkbox"/>	Low <input type="checkbox"/>

Question 11	Does your company have the potential pursue a financially viable approach to IB?		
Note down your considerations	<hr/> <hr/> <hr/>		
Answer 11	Potential for financial viability:		
	High <input type="checkbox"/>	Medium <input type="checkbox"/>	Low <input type="checkbox"/>

2.3 Scaling the business

Question 12	Has your IB company/business line been scaled?		
Answer 12	Yes <input type="checkbox"/>	Not yet, but scaling is planned for the future. <input type="checkbox"/>	No <input type="checkbox"/>
	Please, go to section 2.3.1 Potential to Scale and continue with question 13 to consider the company's potential to scale.		



REFLECTIONS:

You can use this space to reflect on question 12 and briefly describe how you scaled your company/business line. For instance, did you leverage technology, implement strategic partnerships, or collaborate with other companies to replicate your business model?

2.3.1 Potential to scale

What if your company/IB business line has not been scaled? For the following question, please think about the potential of your company. Rate the potential as high, medium and low.



IMPLICATIONS:

- It is important to note that scale is a key feature of IB.
- Scale as a sufficient condition for financial viability: Very often companies targeting the BOP need to scale to become financially viable. This is because they often have lower revenue per customer and/or incurring higher operational costs than conventional businesses.

Question 13	Does the inclusive business company/business line have the potential to scale?		
Note down your considerations	<hr/> <hr/> <hr/>		
Answer 13	Potential to scale:		
	High <input type="checkbox"/>	Medium <input type="checkbox"/>	Low <input type="checkbox"/>

2.4 Measuring and managing impact on the BoP

Question 14	Do you have a system in place to measure, manage, and report on the impact on the BoP?		
Answer 14	Yes <input type="checkbox"/>	Not yet, but implementation is planned. <input type="checkbox"/>	No <input type="checkbox"/>
	Please, go to section 2.4.1 Potential of Impact Measurement and Management System and continue with question 15 to consider the company's potential to implement an impact measurement and management system.		



REFLECTIONS:

You can use this space to briefly describe (3-4 sentences) your IMM system. You can also use the space to note down ideas on how you plan to m your company/business line in the future.

2.4.1 Potential of Impact Measurement and Management System

What if your company does not have an impact measurement and management (IMM) system in place? For the following question, please think about the potential of your company. Rate the potential as high, medium and low.



IMPLICATIONS:

- It is important to note that impact measurement and management is a key feature of IB.
- IMM is necessary to evidence your engagement of the BoP and the resulting positive impact: Can you think of ways on how to start implementing an IMM system?

Question 15	Could the company implement and impact measurement and management system?		
Note down your considerations	<hr/> <hr/> <hr/>		
Answer 15	Potential for IMM system:		
	High <input type="checkbox"/>	Medium <input type="checkbox"/>	Low <input type="checkbox"/>

3. Results of the Assessment

Are you ready to transform your company into an IB or to consider adding an IB line to your operations? Is your company already an IB and you want to improve it?

In this section we look at the results of your assessment to identify the IB potential of you company. After this section you should be able to identify the approach your company can take to transform to IB or to improve its current IB approach.

3.1 Status quo of your company

To answer the following question, please consider only the "part" of your company that you know from the assessment in section 2 that has the greatest chance of being or becoming IB. This can be either your entire company or one or more business lines.

Question	How would you currently describe the form your company or business line(s)?
Please cross one box or describe the status under others.	Mainstream Business: A traditional business model focused on profit. <input type="checkbox"/>
	Corporate Social Responsibility (CSR): A practice that a company gives back to or improves the community by donating to charity, promoting volunteerism among company employees, minimizing environmental externalities (eg: giving school backpacks to kids in vulnerable or poor communities). <input type="checkbox"/>
	Non-governmental organization (NGO) driven Social Enterprise: Social enterprise that is reliant on grant or donor funding.
	Inclusive Business Approach (for description see section 3.2) <ul style="list-style-type: none"> • Inclusive Business Model <input type="checkbox"/> • Inclusive Business Activity <input type="checkbox"/> • Social Enterprise Initiative <input type="checkbox"/>
	Other (If your business does not fit in the other categories, please describe it) <hr/> <hr/> <hr/>

3.2 IB approaches

Below you will learn more about the three possible IB approaches. As mentioned in the beginning of this assessment, the IB model is the most sustainable approach as it has the strong impact on the BoP and ensures the financial sustainability of the company. However, the other two approaches also have an impact on the BoP and therefore are also desirable. The following graph and definitions were taken from the G20 Inclusive Business Framework:

2

	Inclusive Business Models	Inclusive Business Activities	Social Enterprise Initiatives
BOP'S Relationship to Business	Core Value Chain	Ancillary	Ancillary or Core Value Chain
Financial Return Expectations	Market Returns	Market Returns or Below Market Returns	Not Profit Maximizing
Primary Funding Type	Commercial	Commercial	Mixed

Companies with an **inclusive business model** integrate the BoP into their core business operations. Commercial viability of the business model is at the forefront for companies in this category as they rely primarily on commercial sources of financing for their business operations and look to realize market returns. This marks a sharp distinction from development approaches that are dependent on direct public funding.

Inclusive business activities also include people at the BoP into companies' value chains. However, these activities are not central to the commercial viability of the company nor do the BoP make up a significant part of the base of customers, suppliers or business partners. Notwithstanding, these activities contribute to the overall aims of inclusive business. The activities are usually financed by companies' internal resources, often complemented by support from commercial funds, concessional funding, or grants.

Social enterprise initiatives have the mission to improve individuals' and communities' economic and social well-being and institutionalize the pursuit of explicit social objectives. A distinct feature of social enterprises is that they are not structured to maximize their profits for redistribution. Generally, most profits are reinvested back into the enterprise in order to fulfil and strengthen its social mission. Not all social enterprises are financially viable, especially those that are small, and they rely on a mix of external financial resources.

Cooperatives may be involved across the spectrum of inclusive businesses, either by using an inclusive business model, operating inclusive business activities, or functioning as a social enterprise initiative. Cooperatives may also be a part of the value chain of a larger inclusive business company.

3.3 Possible IB Transformations

The following are the most common transformations towards IB. The four transformations displayed are not the only options, however they usually are the most obvious and easiest options to move closer to IB.

IB Transformations	Main Changes
From Mainstream Business (entire company or business line) to Inclusive Business Model	Integration of BoP into operations as supplier, distributor, retailer, customer or worker; hence; increase or create impact for the BoP. <input type="checkbox"/>
From CSR to Inclusive Business Activity	Integration of BoP into ancillary or side value chain. <input type="checkbox"/>
From NGO driven Social Enterprise to Social Enterprise Initiative	Increasing commercial viability by reducing reliance on grant and donor funding through profitable commercial activities <input type="checkbox"/>
From Inclusive Business Model towards an improved Inclusive Business Model	Strengthening BoP integration to increase impact in depth and reach and enhancing commercial profitability. <input type="checkbox"/>
Other option (please explain)	_____ _____ _____

3.4 Assessment Overview of Results

iB Features	BoP Engagement	Financial Viability	Scale	Impact Measurement & Management	
	<p>Does the business directly and intentionally engage with the BoP to generate positive impact by addressing core problems? (Questions 1-5)</p> <p>yes</p> <p>no</p> <p>No, because...</p> <ul style="list-style-type: none"> a there is no direct engagement with the BoP. b the BoP engagement is not intentional. 	<p>Does the company pursue a financially viable approach to Inclusive Business? (Questions 8+9)</p> <p>yes</p> <p>no</p> <p>No, because...</p> <ul style="list-style-type: none"> a the company does not pursue financial viability. b the company is not following an IB approach. 	<p>Has the Inclusive Business company/ business line been scaled? (Question 12)</p> <p>yes</p> <p>no</p>	<p>Does the company have a system in place to measure, manage and report on the impact on the BoP? (Question 14)</p> <p>yes</p> <p>no</p>	
Status Quo	<ul style="list-style-type: none"> a The company is likely a main-stream business (no direct engagement). b The company could be an unintentional inclusive business (no intentionality). 	<ul style="list-style-type: none"> a The company is likely an NGO-driven social enterprise. b The company is likely a main-stream business with a CSR activity. 	<p>It is very likely that your financially viable approach has not reached its full potential, maybe because you are in an early stage.</p>	<p>It is very likely that your company already has an inclusive business model, but to "prove" it and to make use of it, you need to be able to demonstrate your impact.</p>	<p>It is very likely that your company has an Inclusive Business model.</p>
Possible iB Transformation	<p>Intentional integration of BoP into core value chain via one of the engagement modes.</p> <p>↓</p> <p><i>Inclusive Business Model</i></p>	<ul style="list-style-type: none"> a Increasing commercial viability by reducing reliance on grant and donor funding through profitable commercial activities <p>↓</p> <p><i>Social Enterprise Initiative</i></p> <ul style="list-style-type: none"> b Integration of BoP into ancillary or side value chain <p>↓</p> <p><i>Inclusive Business Activity</i></p>	<p>Scaling</p>	<p>Implementation of an Impact Measurement and Management system.</p> <p>↓</p> <p><i>Improved Inclusive Business Model</i></p>	<p>Strengthening BoP integration to increase impact in depth and reach and enhancing commercial profitability.</p> <p>↓</p> <p><i>Improved Inclusive Business Model</i></p>
Assessment of iB Potential	<p>Consider your assessments under questions 6 and 7. How likely/realistic is it that the transformation can be implemented?</p>	<p>Consider your assessments under questions 10 and 11. How likely/realistic is it that the transformation can be implemented?</p>	<p>Good foundation for IB, but a scaling strategy should be implemented to reach full potential.</p>	<p>The potential is high!</p>	<p>The potential is very high!</p>

4. Next Steps and How to make use of the IB Readiness Assessment

After doing the assessment, you should have a better understanding of your company's IB potential and the changes that need to be implemented to become IB or move towards IB. Is your company/Are you ready to embark on the route towards IB?

a) You are not sure yet and need more information

If your interest in IB has been aroused or strengthened or you need more information to deepen your knowledge, we recommend further and more detailed literature under section 5.

b) Your company is already following an IB approach

This is great. If you think your company has an Inclusive Business Model, you can use the form of the IB-readiness assessment to contact the IBeeC secretariat to be considered for IB accreditation. Please remember, to fill out the company information in section 1.



WHAT IS IB ACCREDITATION?

IB accreditation is a transparent system to qualify companies as IB.
[Learn more about the IB accreditation in Cambodia.](#)

Contact of the IBeeC Secretariat: ibeeccsecretariat@gmail.com

c) You can seriously imagine making the move towards IB

This is fantastic. Please contact the IBeeC (ibeeccsecretariat@gmail.com) and enquire more information on their coaching and mentoring support for (potential) IB companies. Remember to attach the filled-out Tool 1 IB Readiness Assessment (including the company information in section 1) to the e-mail.

5. More Information on IB

Linked Publication/Tool	Content	General Information
Inclusive Business Features The Distinguishing Characteristics of Businesses that Engage the Base of the Pyramid	The Inclusive Business (IB) Features are an update on the framework for companies, policymakers, and investors about what it means to be an inclusive business.	Published by Inclusive Business Action Network (iBAN), Business Call to Action (BCTA), 2021
G20 Inclusive Business Framework	This report lays down a framework that defines inclusive business, sets out recommendations to enable inclusive business, and proposes a way forward for governments, the private sector, and other stakeholders.	Published by G20 Development Working Group, 2016
Inclusive Business Maturity Diagnostic	The Inclusive Business Maturity Diagnostic has been developed to understand the maturity of an inclusive business. The maturity of an inclusive business will help the business understand its next steps to achieving a sustainable, SDG-relevant inclusive business.	Published by Business Call to Action (BCTA)
Developing and Scaling Inclusive Business Models	The e-learning course "Developing and Scaling Inclusive Business models" is designed for multiple actors from the inclusive business (IB) ecosystem, especially companies and intermediaries. It explains the Inclusive Business Features, maps the IB ecosystem, and provides a treasure chest of practical tools for intra- and entrepreneurs. All the tools have been developed by established innovators from the IB ecosystem. They can be used to expand and transform companies by integrating the base of the pyramid into their business models.	Published by: Inclusive Business Action Network Target group: <ul style="list-style-type: none"> • Business development service providers • Growth enterprises • Social enterprises • Financial institutions (MFIs, banks etc.) • Impact Investors Published on: June 2022 Language: English Format: Online, 3 main modules, 15min - 120min per module
Introduction to Inclusive Business	This general introductory course imparts basic knowledge on inclusive business (IB), its definition and features. The course also sets the parameters of the IB target groups and how they are involved in the value chain. It outlines the different sectors where the base of the pyramid (BoP) is engaged, identifies different IB approaches and illustrates the inclusive business ecosystem. Overall, the intro course makes the case for inclusive business and highlights the positive impact of IB on the SDGs.	Published by: Inclusive Business Action Network Published on: December 2020 Language: English, Spanish, French Format: Online, 4 main modules, 15min - 90min per module

ANNEX

Considerations and Support

All information is taken from the following documents as indicated in the relevant text passages:

- Inclusive Business Features – The Distinguishing Characteristics of Businesses that Engage the Base of the Pyramid, Inclusive Business Actin Network (iBAN), Business Call to Action (BCtA), 2021
- G20 Inclusive Business Framework, G20 Development Working Group, 2015

Questions under 2.1

What is the BOP?

The base of the economic pyramid (BoP) The base of the economic pyramid (BoP) refers to poor and low-income individuals who lack access to goods, services and opportunities and are broadly described as those who are income constrained. It is generally accepted that the BoP extends beyond the extreme poor and includes those who are at the risk of slipping back into poverty. A commonly used global income threshold for the BoP is \$8 PPP per capita per day (G20/N4B). Some organizations also use the concept of the 'bottom 40%' of a country's income pyramid to account for country specific contexts.

To effectively engage the BoP, companies can take multiple inclusive lenses into account. Depending on the market context, the BoP may include women and gender minorities, displaced populations, people living with disabilities, and individuals with other social identities that might influence the method of engagement.

(Source: Inclusive Business Features, page 4)

What does direct engagement mean? What different modes of engagement are there?

A company directly engages the BoP if it integrates it in its values chain. There are 5 different modes of direct BoP-engagement, namely integration as:

- Consumer
- Supplier
- Distributor
- Retailer
- Workers

(Source: Inclusive Business Features, page 3)

What is meant with positive impact and core problems of the BoP? What does intentionally mean?

An inclusive business purposefully integrates the BoP into the business by engaging them as suppliers, distributors, retailers, workers, or customers in a manner that seeks to generate net positive social impact, such as improved livelihood opportunities, increased income or better access to relevant and affordable goods and services for the BoP. Intentionality is explicitly mentioned in this feature because it means the business purposely set out to create positive engagement with the BoP as part of its business strategy. Whether motivated by a business opportunity or a desire for social impact or both the positive impact on low-income populations is intentional and not an indirect consequence.

(Source: Inclusive Business Features, page 5)

Questions under 2.2

What does financial viability mean?

Financial viability is the ability of an inclusive business to survive and compete over the long term in a manner that is self-sustaining – it covers its costs and meets the needs of its investors, employees, and other stakeholders. Financial viability helps to ensure that the inclusive activity is underpinned by a functioning business model designed to be sustained over the long term. It also encourages the business to treat BoP stakeholders as business partners and/or valued customers, not as beneficiaries. A financially viable business may be able to leverage multiple forms of capital to advance its work, including commercial, concessional, or purely philanthropic. It could also enable the business to reinvest profits and expand its engagement with the base of the pyramid.

(Source: Inclusive Business Features, page 6)

Approaches to Inclusive Business:

There are different approaches of business to engage with the BoP. In the table below you can see three approaches on Inclusive Business. From a business perspective, the IB model is the most sustainable approach because it allows the company to involve and impact the BoP in a self-sustaining (commercially/financially viable) manner.

	Inclusive Business Models	Inclusive Business Activities	Social Enterprise Initiatives
BOP'S Relationship to Business	Core Value Chain	Ancillary	Ancillary or Core Value Chain
Financial Return Expectations	Market Returns	Market Returns or Below Market Returns	Not Profit Maximizing
Primary Funding Type	Commercial	Commercial	Mixed

(Source: G20 Inclusive Business Framework, page 5)

Questions under 2.3

Scaling

Closely linked to financial sustainability, scaling refers to the efficient growth of the business, where gains outweigh losses as the business adopts more efficient processes. Scaling is also the most effective and efficient way to increase social impact, based on the company's operational model, to satisfy the demand for relevant products and services. Considering that the 4.5 billion people living at the base of the pyramid represent a \$5 trillion global consumer market annually, the opportunity, but also the necessity to think big becomes apparent. The scaling potential of an inclusive business can also attract impact investors as they seek to maximize the development impact per dollar invested. Scaling inclusive business models can come with certain challenges, which determine the best scaling strategy. Targeting the BoP can mean lower revenue per customer, accepting certain risks, and/or incurring higher operational costs than in more developed or higher-income markets. As a result, inclusive businesses often need to aim for scale—for example, by serving a large BoP customer base—to make it a viable business opportunity.

(Source: Inclusive Business Features, page 7)

Questions under 2.4

Measuring and managing impact

Measuring and managing impact is key to promoting net-positive outcomes for the base of the pyramid. Impact is a change in positive or negative outcomes for people or the planet. Impact measurement is considered the quantification of changes in outcomes for the BoP while impact management is the process of mitigating the negative changes and maximizing positive changes for the BoP. Through this feature, inclusive businesses get an understanding of their impact on the base of the pyramid in order to adapt their processes and business model accordingly.

(Source: IB Features, page 8)



Inclusive Business Action Network (iBAN)

The Inclusive Business Action Network (iBAN) is a global initiative supporting the scaling and replication of inclusive business models. Through its strategic approach iBAN supports companies with tailor-made investment readiness programmes and develops national inclusive business policy strategies with policymakers. On a global level iBAN manages the largest online knowledge platform (www.inclusivebusiness.net) on inclusive business. iBAN creates a space where evidence-based knowledge transforms into learning and new partnerships. With its focus on promoting the upscale of inclusive business models and consequently improving the lives of the poor, iBAN is actively contributing to the achievement of the United Nations Sustainable Development Goals. iBAN is funded by the German Federal Ministry for Economic Cooperation and Development. It is implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. An earlier phase of this project (01/2017 – 12/2021) was supported by the European Union.

- <https://www.inclusivebusiness.net>



Emerging Markets Consulting (EMC)

Emerging Markets Consulting is a locally based consulting firm bringing best practices to both the private and development sectors in the Mekong Region. With 12+ years uninterrupted service, 350 projects completed and a permanent staff committed to living and working in the region, EMC is entirely invested in your success, and uniquely able to support your long term growth.

- <https://emc-consulting.asia>



GlobalCAD - The Centre of Partnerships for Development

GlobalCAD is an international consulting firm with more than 15 years of experience leading projects with high social, economic and environmental impact. It constitutes a global network of experts on sustainable and inclusive development. They organize their strategies based on partnerships, offering holistic and transformative solutions that respond to multiple global challenges. These services include research, strategic advice, technical support, training and capacity building in the areas of cross-sector partnerships, inclusive business and private sector development, green economy, climate change adaptation and mitigation, and gender equality.

- <https://globalcad.org/en>

The Inclusive Business Coaching and Mentoring Guide (iB-CM) was produced by Global CAD and EMC and funded by iBAN.

