

# Emerging SMEs

Secrets to growth from micro to small enterprise

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# Presentation roadmap

## Study

- Focus and definitions
- Research methods

## Outcomes

- Qualities of high growth business owners
- Growth progression
- Gender and aging implications

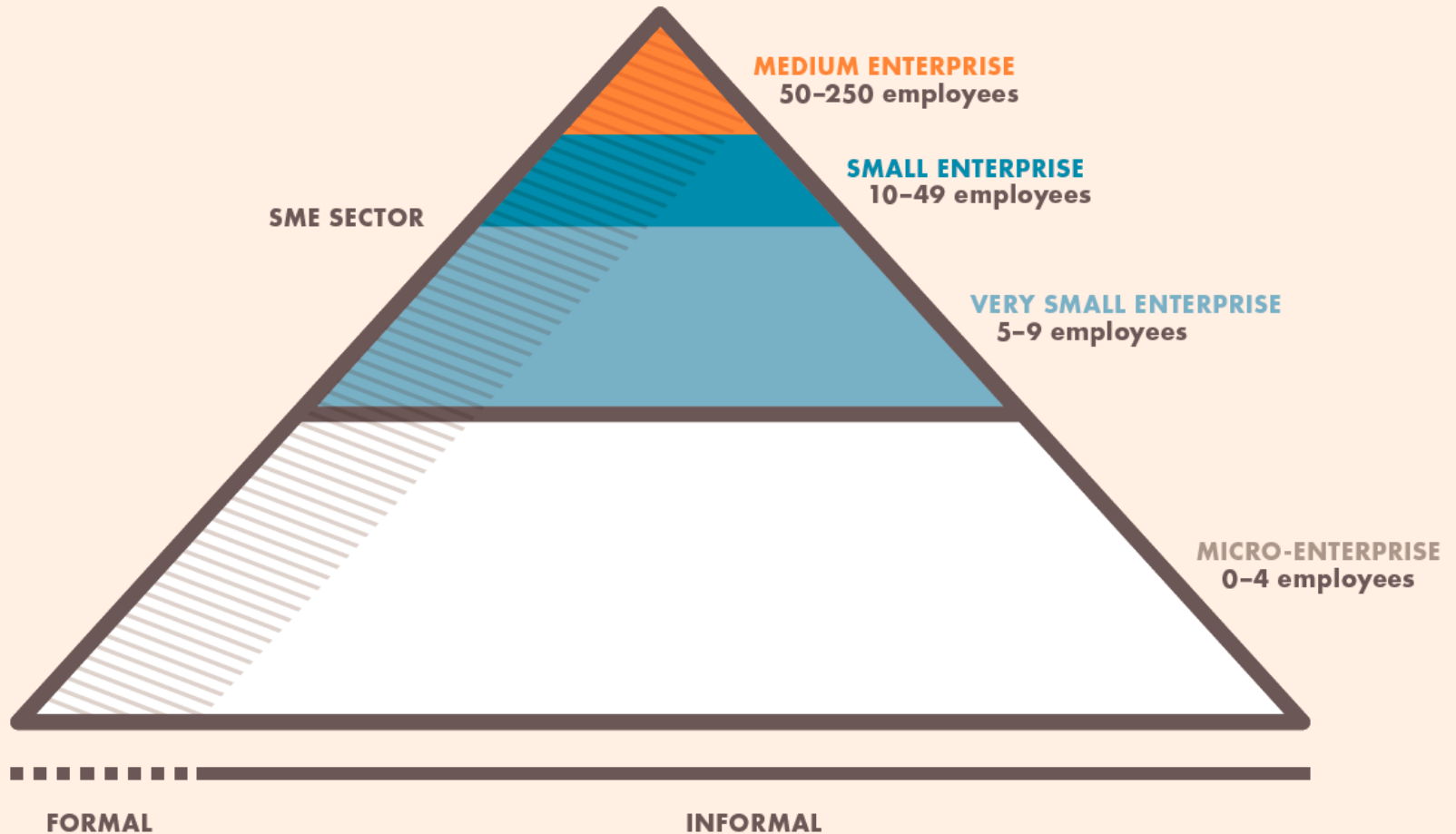
## Discussion

- Q & A

# Primary research focus

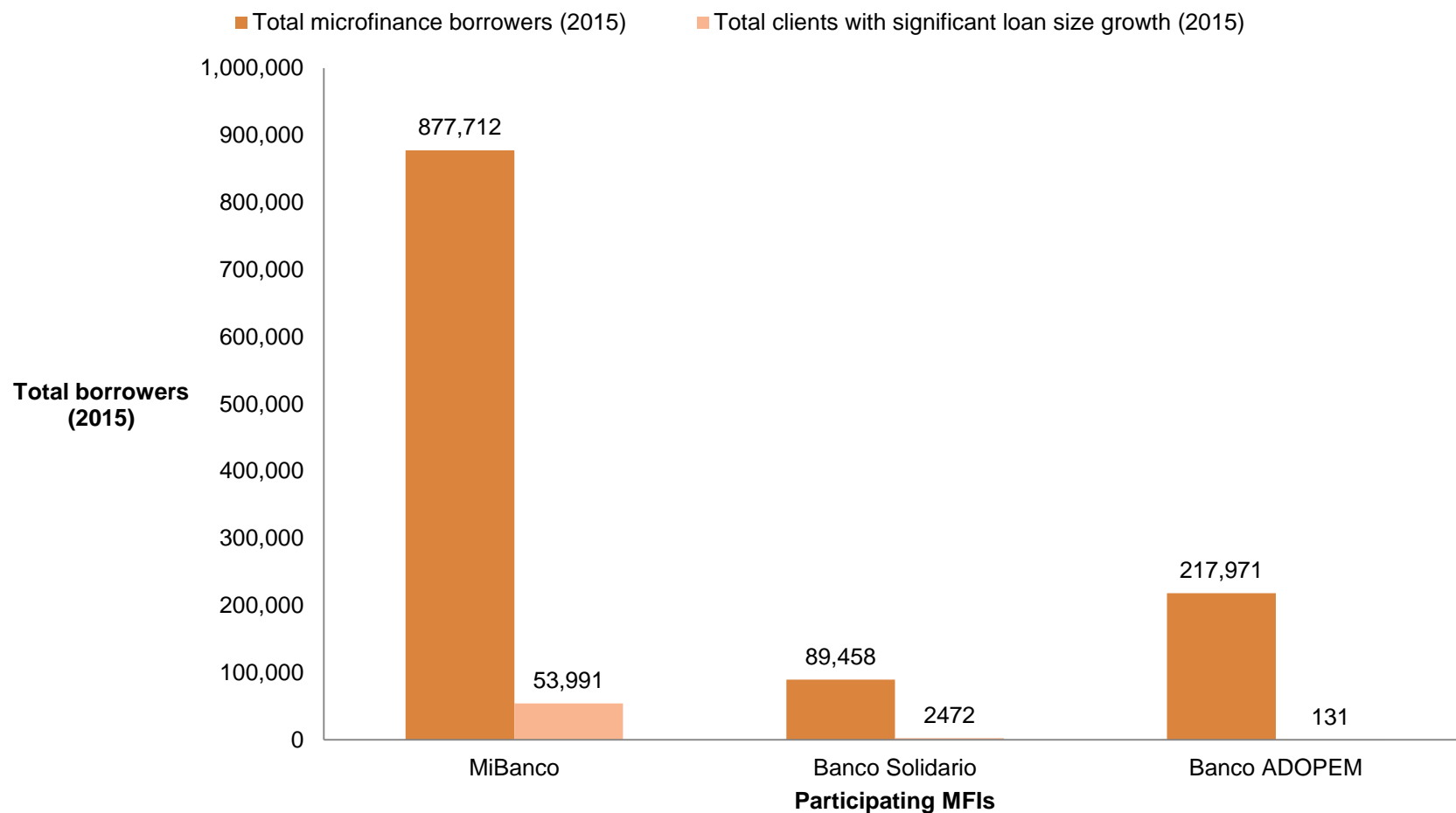
- To identify and learn from entrepreneurs who have grown their businesses from a micro-enterprise into an SME
  - Characteristics of these entrepreneurs and their businesses
  - Growth processes and obstacles encountered
  - Use of financial and non-financial services (e.g., advising or training)

# Visualizing the SME Sector



# Study sample from participating MFIs

## Microfinance Context and Institutions



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# Micro-to-SME clients represent less than 2% of MFIs' total client pool

## Poverty Impact

- Direct benefit to low-income families
- Job creation
- Contribute to BoP economies

## This shows us ...

- Characteristics of “growth entrepreneurs”
- Common growth hurdles

## “Growth Entrepreneurs” are...

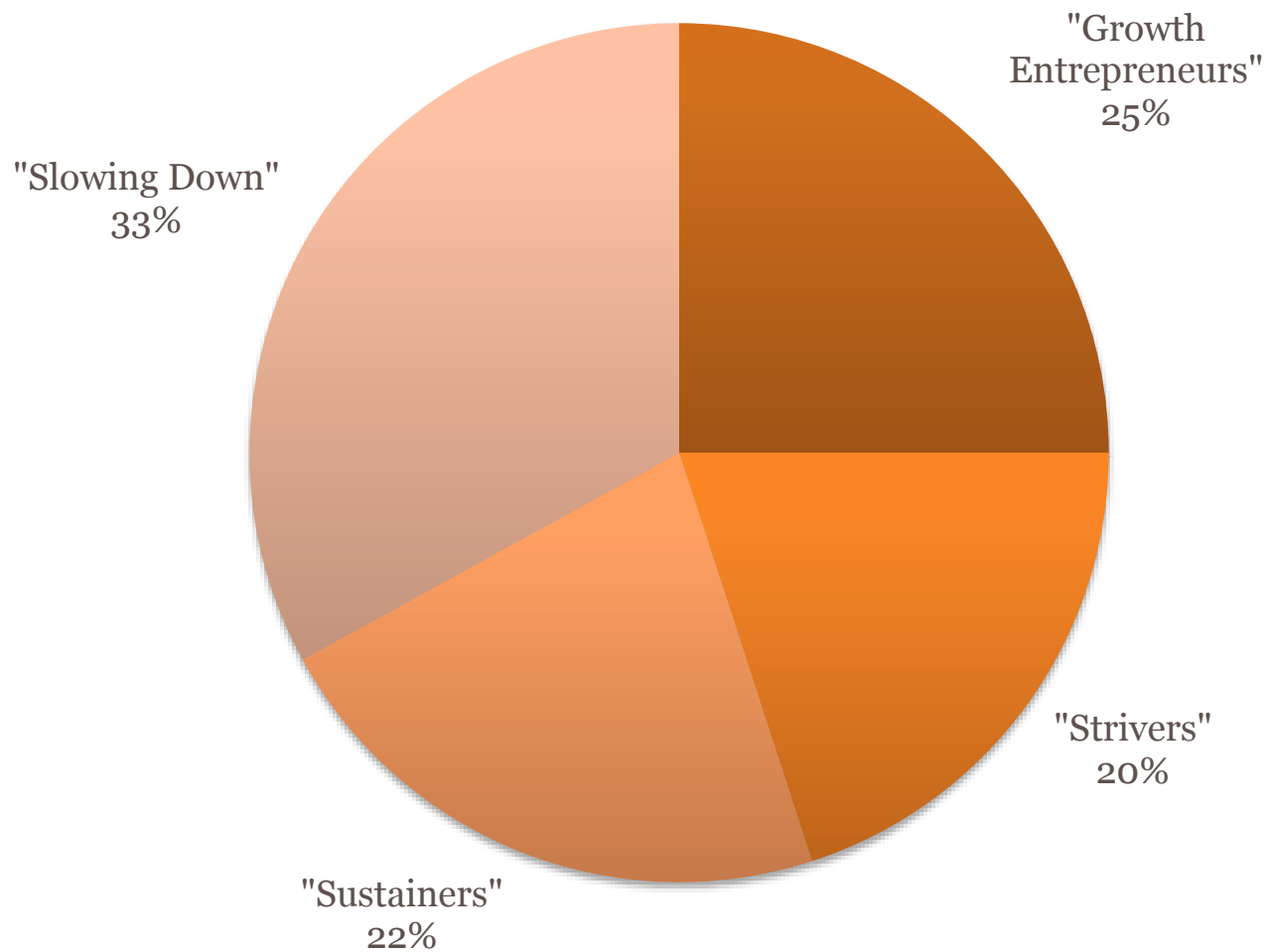
- **Visionaries** — They have a clear vision of growth for their business.
- **Employers** — They effectively involve non-family employees in their business.
- **Focused** — They devote their time and resources to growing only one business.
- **Organized** — They keep financial records and increase administration as their business grows.



# Stories of “growth entrepreneurs”



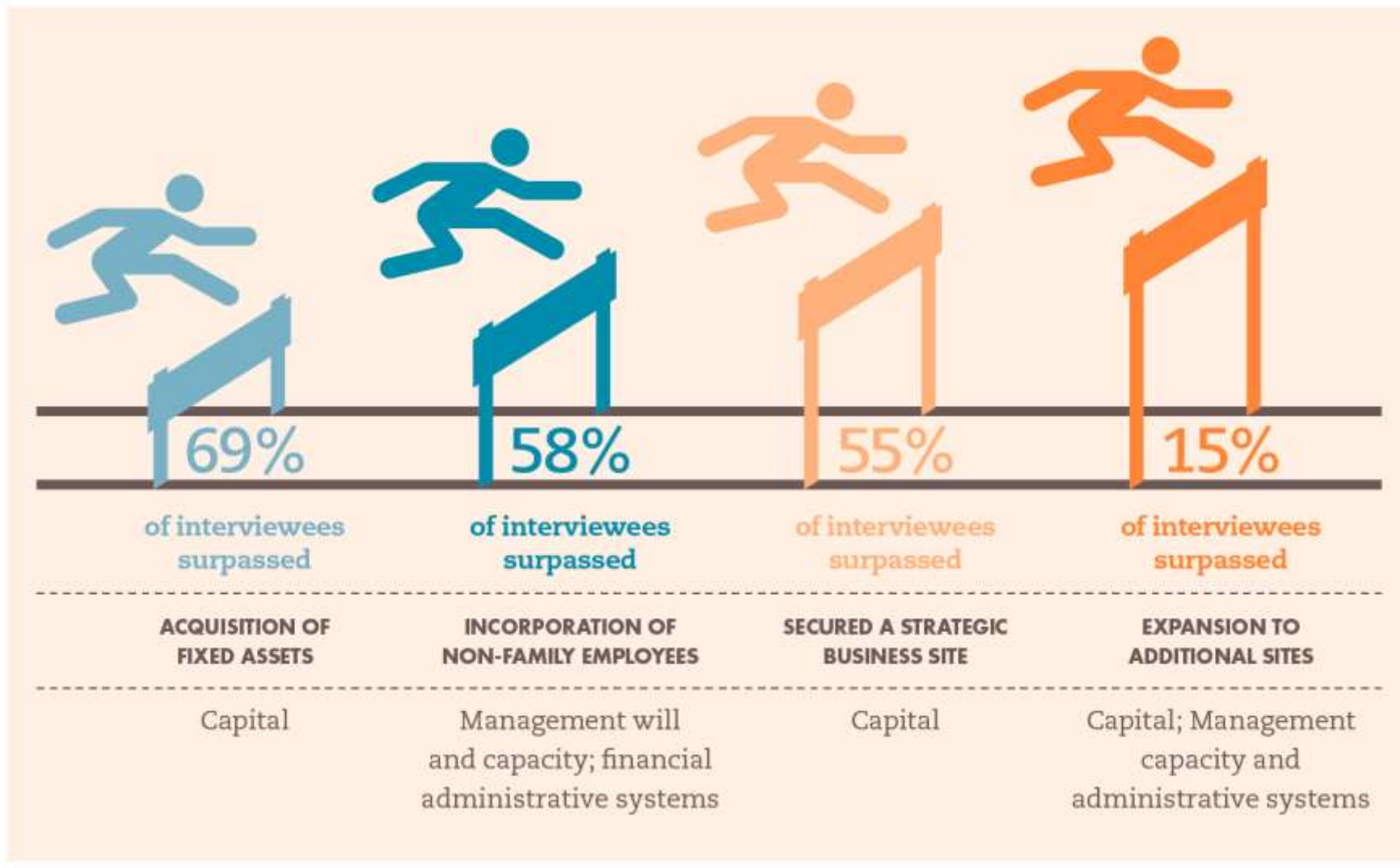
# Classification of interviewees



# Lower growth groups

<b>STRIVERS (20%)</b>	<b>SUSTAINERS (22%)</b>	<b>SLOWING DOWN (33%)</b>
<p>Clear vision for growth</p> <p>Seeking to add sites, employees, equipment</p>	<p>Still seeking modest business growth</p>	<p>Seeking to maintain or reduce business involvement</p> <p>Tendencies: more women, older age, and trade sector businesses; greater investment diversification</p>

# Enterprise growth hurdles



# Women in emerging SMEs

- Very few women are the lead owners of high growth enterprises (only one of the GEs was a woman).
- They are often joint-owners, occupying a support role (64% of GEs fell under this category).
- In several cases, the leadership of a growing female-owned enterprise was subsequently handed off to a male family member.
- Family care responsibilities are the primary reason for “leaning out.”



# Rental units – the popular pension plan

- Many interviewees expressed fatigue and a desire to eventually slow down and stop working.
- Few have access to pension funds, and view saving as a poor investment.
- Rental units emerged as the de facto pension plan for entrepreneurs across the three countries.

**“Como tengo ya 57 años, y no quiero más fuerte.”** *(Since I’m already 57, I don’t want to work any harder).*

- A market vendor in Lima



# Q&A

