PARTNERSHIP EVALUATION TOOLKIT
FOR LIVELYHOODS LEADERSHIP STAFF & BOARD
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Executive Summary

LivelyHoods offers training and job opportunities to unemployed youth and women in Kenya to work their way out of poverty. LivelyHoods aims to scale its impact in East Africa by cost-effectively expanding its operations and is in the process of determining whether that can be accomplished internally or externally through partnerships. LivelyHoods’ scaling will be attained by addressing critical success of scaling in its business and impact models.

After conducting 36 interviews, observing sales-agent training sessions, consulting with four partner organizations, and attending the Global Distributors Collective Conference, we have observed LivelyHoods’ operational strengths, challenges, and opportunities as related to expansion. Our major findings regarding international partnerships are:

- **International partnerships are too expensive to be a financially responsible method of scaling**
- **International partnerships delimit markets for future expansion**

While international partnerships are resource-intensive and provide little positive cash flow, they offer the unique ability to cost effectively test markets for future expansion. Under this model, a successful partnership is short term, expends few resources, and provides information that differentiates low and high ROI areas. Through analyzing LivelyHoods’ international partnership activities, we determined three critical success factors for this market-delimiting model:

1. **Align Organizational Priorities**
2. **Leverage Existing Networks**
3. **Adapt Recruitment & Retention Strategies**

To facilitate financial sustainability, it is imperative LivelyHoods adapt its partnership strategy to fit a short-term, low-cost and market-testing model. This way, LivelyHoods can instead direct resources towards higher ROI operations. At the moment, the highest ROI operations tend to be in peri-urban regions of Kenya. It is our recommendation that LivelyHoods direct resources towards its already-profitable Kenyan peri-urban branches, particularly in increasing agent transportation budgets. Funding agent transportation is key to meeting the undiscovered demand throughout high-ROI peri-urban in Kenya to most effectively further the mission of LivelyHoods.
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Introduction

To scale LivelyHoods’ transformative impact and achieve financial sustainability, it has been working to establish international partnerships. Currently LivelyHoods is seeking to establish these partnerships throughout East Africa. It has established three partnerships thus far:

1. Aarti Energy, a clean-charcoal manufacturer based in Dar es Salaam, Tanzania
2. Suben Investments/Capida, an agricultural inputs distributor in Kampala, Uganda
3. Wezesha Impact, an NGO that provides vocational and business training based in Kampala, Uganda

Partnerships between social enterprises have the potential to greatly benefit both participants’ operations. Partnerships allow for social enterprises to utilize the fundamental economic principle of comparative advantage. This allows social enterprises to more efficiently utilize their resources to create revenue and impact. In a partnership, participants can capitalize on each other’s strengths, while potentially mitigating each other’s weaknesses.

Partnerships also have the potential to allow social enterprises to take advantage of economies of scale. In partnering with other organizations, LivelyHoods can dramatically increase the number of agents trained and the size of its customer base. In accordance with economies of scale, the marginal costs of training agents and selling products to customers will both decrease, increasing profitability and impact.

After the initial months of these partnerships, we evaluated and analyzed each partnership to determine its current and future success in furthering LivelyHoods’ mission. We traveled to each partner organization’s headquarters and interviewed key members of staff. Using the data collected from these interviews and site visits, we created a SWOT analysis for each current LivelyHoods partnership. SWOT analyses are traditionally used to evaluate project planning or business competition but have been flexibly adapted to fit LivelyHoods’ current partnership activities. Since LivelyHoods is already in the process of implementing these partnerships, Strengths and Weaknesses vs Opportunities and Threats have been differentiated through time horizons. Strengths and weaknesses hereby refer to current strengths and weaknesses of the partnership, while opportunities and threats provide items to exploit or mitigate in the future. Preliminary results of the partnership SWOT analyses indicate that partnerships with Arti Energy and Suben Investments/Capida are mostly stagnant. Further, Potential Energy acts as a supplier for LivelyHoods rather than a distribution partner like Arti and Suben. So, this report will focus primarily on Wezesha Impact.
# SWOT Analyses

## Wezesha Impact

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## Strengths

**Priority Alignment**

Wezesha Impact’s mission is to improve employment outcomes of youth in Africa, while LivelyHoods’ mission is to create employment for youth and women. The missions of both organizations revolve around employment, and LivelyHoods seems to be directly furthering the mission of Wezesha Impact, implying an overarching alignment of priorities. An alignment of priorities is crucial to establishing and maintaining a
partnership, as it assures that both organizations will direct resources towards mutually beneficial projects. Priority alignment is a key strength as it allows resources to be used mutually efficiently and effectively.

**Dynamic Selling Strategies**
Selling products and recruiting agents in a different geographical area and market requires certain strategic adaptations, which Wezesha Impact and LivelyHoods have begun implementing. In operations in Kampala, exhibition events have been put on in congruence with some door-to-door sales. The exhibition-style marketing and recruitment events appear to be more successful in penetrating target markets than door-to-door selling and continuing these will drive recruitment and sales. Having dynamic selling strategies is a strength because it effectively generates cash flow in this partnership.

**Existing Pool of Talented Youth**
Wezesha Impact’s existing programs and activities target the employment outcomes of youth. This has created a network of youth that have the potential to perform successfully as sales agents. Leveraging this pre-existing network into the recruitment pipeline for sales agents has proven successful thus far and is an organizational strength that should continue to be capitalized on in the future.

**Weaknesses**

**Expensive Product to Consumer Market**
The data collected from interviews with partner employees and sales agents indicated that one of the major complaints from potential consumers is that the clean cookstoves LivelyHoods agents sell are too expensive. This has led to low sales numbers for the agents in the early stages of this partnership. As a result, agents have received fewer commissions and tend to move on to higher paying economic opportunities. Products too expensive for the consumer market are a major weakness to this partnership as it diminishes the partnership’s ability to generate revenue and retain agents.
Lingual & Cultural Differences
In the current partnership with Wezesha Impact, trainings are performed with a translator, which as seen in the field, has the potential to make the training less than enthusiastic and in turn less effective. This has proven to be a major weakness in retaining sales agents in the partnership. Further, there also appeared to be some resistance to LivelyHoods’ door-to-door sales model in Uganda. It was not as common in Uganda for sales agents to sell door-to-door, as in LivelyHoods’ Kenyan operations. Unfamiliarity with this staple of LivelyHoods’ business model has decreased the partnership’s ability to sell products and generate revenues, weakening the functionality and benefits of this partnership.

Opportunities

Wezesha Impact’s Incubator Program
Wezesha Impact’s incubator program provides similar skills and training to LivelyHoods’ sales-agent training and consists of the most talented youth in its previous programs. There is a major opportunity for agents to be jointly trained, and then made LivelyHoods sales agents shortly after completion of the program. This will provide key trainings as well as a positive employment outcome for the talented youth, a core part of both Livelyhoods’ and Wezesha Impact’s missions. It is vital that LivelyHoods leverage this key opportunity to expand the salesforce of the partnership, boosting revenue and impact in the future.

Identify High Potential Markets in Uganda
Wezesha Impact’s operations and network extend outside of the urban area of Uganda where the partnership with LivelyHoods has performed all business activity thus far. Utilizing Wezesha’s network and experience in the market, Wezesha Impact and LivelyHoods can identify areas that will provide the most successful sales agents, and thereby the most impact (e.g., low levels of electrification with high youth unemployment). LivelyHoods’ ability to leverage Wezesha Impact’s peri-urban network is a major opportunity to expand future revenue.

Market Familiarity
LivelyHoods’ expansion to Uganda has struggled in targeting both of its key customer segments, underserved youth and women and low-income consumers. Wezesha Impact has been operating in Uganda for 9 years and has impacted the lives of over 5,000 people throughout the country. LivelyHoods lacks familiarity with the demographic being targeted in Uganda, and it will be imperative to leverage Wezesha’s previous success operating in Ugandan markets. Taking advantage of this organizational opportunity will facilitate more effective recruitment and sales strategies.
Threats
Agent Recruitment and Retention
Currently the partnership with Wezesha Impact is highly dependent on recruiting and training people to become sales agents. Recruitment and retention are the fundamentals that determine impact in these companies, and these trained agents generate revenues for both companies. In our field research, we observed that boosting recruitment and retention has proven difficult in the partnership. While recruitment appears to be relatively successful, retaining agents has been a major challenge in LivelyHoods’ partnership with Wezesha Impact. Agent retention lies at the core of LivelyHoods’ business model and its ability to generate revenue, so low agent retention is therefore a major threat to the future of this partnership.

Lack of Revenue Model
Wezesha Impact currently operates solely on contributed income and does not generate revenue through business activities. Financial sustainability is a key goal for LivelyHoods as it scales through establishing partnerships. Wezesha Impact currently lacks a revenue model and does not have strategies to generate significant business revenues. Incorporating a revenue model into a non-profit operating on contributed income requires a change of mindset and expectations, which can lead to a misalignment of priorities in the long term. This poses a major threat as this misalignment can cause a dilution of both organizations’ missions, contradictory to the goal of the partnership.
Partnership Critical Success Factors

CSF 1: Align Organizational Priorities

Significance
Aligning the priorities of LivelyHoods and its current and future partner organizations is integral to the creation and maintenance of a successful partnership. When priorities are aligned in partnerships, it is easier to ensure resources are directed to mutually beneficial projects. For example, in LivelyHoods’ partnership with Wezesha Impact, both organizations share the priority (and mission) of employing youth. Therefore, it is easier to prioritize resources towards programs and initiatives that further the missions of both organizations.

Strategy
This can be pre-emptively evaluated by comparing the mission statements of potential partner organizations. Organizations with missions who target similar demographics or customer segments will have similar goals and priorities to LivelyHoods in reaching its target markets. If LivelyHoods seeks out organizations with missions similar to its own, establishing successful partnerships will be significantly easier.

CSF 2: Leverage Existing Networks

Significance
Partnering with organizations with existing networks of potential sales agents and customers decreases many early administrative, logistical, and marketing costs of establishing a partnership. Partner organizations with existing networks allow the partnership to begin business and impact activity quickly. This in turn allows for quick initial results of the partnership programs or activities. An existing network effectively reduces start-up costs of a partnership, while also allowing a shorter time period for results and evaluation. The earlier an evaluation and following business decision can be made, the less time and resources will be dedicated to unfavorable projects. On the flip side, high-potential projects will also be supported faster, boosting initial growth of profitability and impact, and reducing the time to breakeven.

Strategy
To identify partners that have existing networks to be leveraged, it will be necessary to perform a light analysis of the business and impact models of potential partner organizations. In these analyses, social enterprises with similar recruitment and sales models to LivelyHoods will be most important to distinguish. While LivelyHoods' door-to-door model is not common, any organization that utilizes in-field sales agents should be considered “similar.” Social enterprises with related similarities are extremely likely to have already-established networks of potential
sales agents as well as customers and are therefore prime targets for establishing a partnership. In the example of Wezesha Impact, their various training programs have created a network of past trainees to hire sales agents from as well as provided contact information of potential customers.

CSF 3: Adapt Recruitment and Retention Strategies

Significance
At the core of LivelyHoods’ business and impact models are the sales agents it trains to sell life-changing products. As a result, agent recruitment and retention are critical success factors in any geographical area or context in which LivelyHoods operates. In expanding to these new markets through partners, usual strategies for agent recruitment and retention appear not to be as effective as in Kenya. Therefore, it is imperative to adapt recruitment and retention strategies to the given markets LivelyHoods is expanding to. Finding partner organizations with market familiarity and leveraging this key strength will be vital to adapting current recruitment and retention strategies.

Strategy
To adapt recruitment and retention strategies, LivelyHoods’ partner organizations should take the lead in this process. For the recruitment and retention adaptations to be successful, LivelyHoods’ partner organizations must have a high degree of market familiarity. The partner social enterprise’s understanding of target customer segments will be key to the success of the partnership. For example, upon recommendation from Wezesha Impact, market exhibitions were tested and appear to be more effective than door-to-door sales in Uganda. Working with Wezesha Impact to further adapt the recruitment and sales strategies in Kampala will increase agent retention and recruitment, and thereby the profitability and impact of the partnership.
Conclusion & Final Recommendations

LivelyHoods offers training and job opportunities to unemployed youth and women in Kenya to work their way out of poverty. LivelyHoods aims to scale its impact in East Africa by cost-effectively expanding its operations and is in the process of determining whether that can be accomplished internally or externally through partnerships. Partnership activities have encountered various challenges leading to high unanticipated partnership costs and an increased drain of LivelyHoods’ precious resources. To further LivelyHoods’ mission and achieve its goal of financial sustainability, it is imperative LivelyHoods adapt its partnership strategy to fit a short-term, low-cost and market-testing model.

Under this model, a successful partnership is short-term, expends few resources, and provides key information that differentiates low- and high-ROI areas. By adapting to this market-testing model and keeping in mind the partnership critical success factors, LivelyHoods can instead direct resources towards higher ROI operations. Currently, the highest ROI operations tend to be in peri-urban regions of Kenya. It is our recommendation that LivelyHoods direct resources towards its already-profitable Kenyan peri-urban branches, particularly toward increasing agent transportation budgets. Funding agent transportation is key to meeting the undiscovered demand throughout high ROI peri-urban in Kenya to most cost-effectively further LivelyHoods' mission.
Appendix

A. Arti Energy SWOT Analysis

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<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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<tbody>
<tr>
<td>1. Early success of door-to-door sales model</td>
<td>1. Lack of awareness of clean cookstoves</td>
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<tr>
<td>2. Charcoal briquettes synergize well with cookstove sales</td>
<td>2. Transportation Costs</td>
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<td>3. Sales agent support</td>
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<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
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<tbody>
<tr>
<td>1. Educating consumers effectively creates demand</td>
<td>1. Agent resistance to door-to-door sales model</td>
</tr>
<tr>
<td>2. Aarti subscription model</td>
<td>2. Government support for gas</td>
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B. Aarti SWOT Brief Descriptions

a. Strengths
   i. Door-to-door Sales Model Works
      1. Early partnership activities show that the few agents who utilized the door-to-door sales model in conjunction with their training performed very well.

b. Weaknesses
   i. Lack of Cookstove Awareness
      1. There is a need to build demand through marketing. Tougher to educate consumers, considering most marketing is done in person.
   ii. Transportation Costs

  iii. Educating consumers to create market demand
1. Early partnership activity has indicated that the demand is there, the consumers just need to be educated about the benefits of the product. A major opportunity exists here for a partner program to be developed for LivelyHoods provide further training on interacting with and educating customers.

ii. Piggybacking on charcoal subscription

1. Aarti Energy’s business model involves a subscription model charcoal delivery service. In partnering with Aarti, sales agents can market and sell LivelyHoods products during scheduled charcoal delivery. Providing more interaction with current and potential customers will assist in establishing successful sales pipelines.

d. Threats

i. General resistance to door-to-door sales model
   1. Although the few agents who utilized it were successful, the slow adoption of the door-to-door sales model indicates a potentially low agent retention rate in the future.

ii. Government Support for Gas
   1. Support and subsidization of gas by the Tanzanian government has led to it being a major competitor with charcoal. While superior charcoal products exist in certain markets, gas still poses a threat to charcoal and charcoal product sales.
C. Suben Investments/Capida SWOT Analysis

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<thead>
<tr>
<th><strong>Strengths</strong></th>
<th><strong>Weaknesses</strong></th>
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<tbody>
<tr>
<td>1. Door-to-door model progress</td>
<td>1. Low number of agents</td>
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<tr>
<td>2. Robust hiring strategy</td>
<td>2. Transportation costs</td>
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<th><strong>Threats</strong></th>
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<tbody>
<tr>
<td>1. Existing sales network &amp; pipeline</td>
<td>1. Differing organizational priorities</td>
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D. Suben Investments/Capida SWOT Brief Descriptions

a. **Strengths**
   i. Door-to-door model is progressing in alignment with that of LivelyHoods
      1. Suben/Capida has adapted the door-to-door sales model to align more with societal norms. Marketing in the evening is working well as it is when most people are returning home from work.
   ii. Robust hiring strategy
      1. Recruitment is done strictly through internal referrals. Active agents are highly trusted and there is very low risk of agent fraud.

b. **Weaknesses**
   i. Minimal number of agents
      1. Suben/Capida currently has very few agents to drive sales in its network.
   ii. High Transportation Costs
      1. A weakness in scaling this partnership is that Suben Investments/Capida agents report an inability to sell to potential customers in peri-urban areas due to a lack of a transportation budget provided.
c. Opportunities
   i. Large existing sales network
      1. Suben/Capida’s main source of revenue is in selling agricultural
         inputs to farmers. As these are seasonal products, its return
         customers form a valuable network to sell LivelyHoods products to.

ci. Threats
   i. Differing organizational priorities between LivelyHoods and Suben
      1. Currently no clear alignment of goals between the two organizations.
         Threatens long term partnership without further alignment.