Inclusive Business
CHECKLIST

The 'go/no-go' decision for an inclusive business partnership

Partnerships play a critical role in inclusive business (IB). However, inevitably they involve risk and can often suffer high transaction costs. This tool is used to help companies assess the value, risks and implications of a partnership in order that they can confidently go ahead, know that more information or negotiation is required, or decide not to proceed.

Your company has decided that a cross-sector partnership or non-traditional business partnership is a strategic way to pursue your inclusive business aims. You may have used the **"Why go it alone?"** checklist to get to this point. You've begun the process, met with potential partners, and started shaping how you collaborate. Now, before investing further resources into formalising arrangements, it is important to pause and reassess the opportunity. Partnerships have the potential to bring in significant value, but are inherently risky and often suffer from high transaction costs, especially when entered into unprepared. The added complexity of BoP markets amplifies the importance of ensuring that the value expected to be created significantly outweighs the costs and risks.

This checklist outlines eight essential criteria for moving forward with a partnership.

The eight key criteria to assess before entering into a partnership

	Area	Assessment	Outstanding Issues / Information Required
1	Clear **imperative** for a partnership approach	○ ○ ○ ○	
2	Partnership provides **significant added value** / impact	○ ○ ○ ○	
3	Partner(s) is / are **acceptable**	○ ○ ○ ○	
4	**Costs are acceptable** in relation to value gained	○ ○ ○ ○	
5	**External and internal financial resources** are sufficient for implementation	○ ○ ○ ○	
6	**Internal capacity and commitment** are sufficient for implementation	○ ○ ○ ○	
7	Partnership has **good strategic fit** with our mandate and objectives	○ ○ ○ ○	
8	**Risks** and repercussions have been considered, mitigated or accepted	○ ○ ○ ○	

Decision status as of date: ○ More info required ○ Decline ○ May be acceptable ○ Go Ahead

Using this tool: Assess your emerging partnership against the eight criteria. Issues to consider for each are outlined. For each criteria, decide whether to score it acceptable, potentially acceptable with adjustments, not acceptable, or in need of further information. Aggregate your responses to inform a 'go' or 'no go' decision. Setting up partnerships requires iterative process. So the tool can be a living document, offering a structured approach to regularly check progress towards the point at which the company can agree to partner, or indeed walk away.

Inclusive Business Checklists provide a quick and simple way to determine how effective an idea, tool or model might be for your inclusive business project. They can be used by inclusive business practitioners, to develop and scale up business strategies. They are based on the real-world experiences of companies actively expanding opportunities for people at the base of the economic pyramid through their core business activities.

Access the other Checklists at **bit.ly/HubChecklists**

1. CLEAR IMPERATIVE for a partnership approach: Basis for partnering

Is there a sufficiently strong rationale for partnering? ○ ○ ○

Three predominant imperatives for partnering include:

- To leverage the capacities / resources of another organisation that are not available internally
- To innovate by combining capacities and/or resources with others in new ways
- To share the costs / risks of developing new pro-poor products and services, or addressing BoP market failures or underdeveloped business ecosystems

Suggested Tool: Why go it alone? Checklist

Have non-partnership alternative approaches been considered and ruled out? ○ ○ ○

Overall assessment of imperative for partnership: ○ Not acceptable ○ May be acceptable ○ Acceptable

2. The partnership provides significant value / impact: Expected BENEFITS / VALUE

Be aware: *it is very difficult to put figures on benefits and costs in the inclusive business and partnering contexts. The imperative to partner often arises from a market failure. Partners may be needed precisely because the market has failed to adequately capture and monetize the value of a particular resource or provide a service for sale. Thus companies seek to acquire them using non-traditional strategies (partnership relationship) as opposed to transactional relationships. Comparing the full range of benefits with all the costs is essential. Consulting key internal stakeholders is important for this. But quantifying it all in monetary terms is difficult.*

Does the prospective partnership create significant value? ○ ○ ○

Some of the possible benefits of partnering for inclusive business may be:

- Market creation (transforming a BoP need into consumer demand)
- Market entry
- Access to key resources including non-tangible resources such as social capital
- Capacity building of key players in the IB programme
- Increased capacity to deliver (last mile distribution, establishing distribution networks)
- Increased technical expertise / knowledge
- Access to new networks/ constituencies
- Building awareness of essential sector specific information within BoP, of existing networks to leverage for distribution or other strategic aims, of local populations, and of other unique conditions
- Building trust – of consumers, distributors etc.
- Creativity / innovation/ sustainability
- Positioning / visibility
- Improved relationship with partners
- Improved relationship with other stakeholders
- Political benefits/ influence
- Positive branding/ reputation

Do these benefits significantly contribute to realising the company's inclusive business aims? ○ ○ ○

Overall assessment of partnership value / benefits: ○ Not acceptable ○ May be acceptable ○ Acceptable

3. The partner(s) is/ are acceptable: Prospective PARTNERS

Are the partner's interests sufficiently aligned with the inclusive business model? ○ ○ ○

Are the partners committed, with leadership buy-in and realistic expectations? ○ ○ ○

If the person you are negotiating with moves on, will the organisation still have commitment and capacity to deliver?

Are the experience, reputation and capacities of the partner sufficient for the role they will play in the inclusive business model? ○ ○ ○

Has the potential partner passed necessary due diligence procedures? ○ ○ ○

Reference: Partner Assessment Tool in The Partnering Toolbook

Overall assessment of prospective partners: ○ Not acceptable ○ May be acceptable ○ Acceptable

4. COSTS to your organisation are acceptable in relation to value gained

Have the following transaction, implementation and potential over-run costs been considered? ○ ○ ○

- Staff time (full economic cost of both partnership-facing and support staff)
- Consultants / additional support
- Costs related to risk-mitigation measures (e.g. capacity building of partner)
- Travel- / venue- / other 'hard' project costs

Has analysis been conducted based on the time scale generally employed by the organisation? ○ ○ ○

Internal proponents of inclusive business often complain that initiatives are impeded or prematurely terminated due to the short-term orientation of their companies. When weighing costs against value, consider whether value is accrued within a time period deemed acceptable or at a fast enough rate of return for your company.

Overall assessment of costs: ○ **Not acceptable** ○ **May be acceptable** ○ **Acceptable**

5. External and internal FINANCIAL RESOURCES are sufficient for implementation

Have funding sources for implementation been secured? ○ ○ ○

Are there sufficient financial resources to deliver on commitments made to partners including contingency for flexibility?

Can sufficient internal resources be committed? ○ ○ ○

- Senior leadership and decision makers understand the scope and depth of resources needed to manage the partnership and integrate the partnership into organisational operations
- Non-partnership facing functions (human resources) have confirmed capacity to deliver support
- The unique resource demands of the BoP are fully understood and accounted for

Overall assessment of partnership implications: ○ **Not acceptable** ○ **May be acceptable** ○ **Acceptable**

6. INTERNAL CAPACITY and commitment are sufficient for implementation

Do the relevant company staff have the sufficient internal skills and competencies to deliver? ○ ○ ○

They possess or understand:

- Facilitation, communication, negotiation, and other human relations skills
- The culture, interests, motivations, incentives, resources, capacities and limitations of their partners
- Technical partnering expertise (knowledge of the partnering lifecycle, key principles, best practice for governance, agreements and exit strategies)
- The unique demands and constraints of BoP markets

Reference: Partnering Roles & Skills Questionnaire in The Partnering Toolbook

Is there sufficient buy-in from relevant management/ staff/ divisions/ regional offices? ○ ○ ○

- Consultations have occurred
- Non-partnership facing actors with the decision-making power to intentionally and unintentionally affect the initiative have expressed commitment
- Employees directly engaged in the initiative are fully committed and recognize the need for greater leadership behaviour than potentially found in their conventional business roles

Overall assessment of practicality: ○ **Not acceptable** ○ **May be acceptable** ○ **Acceptable**

7. Partnership has good strategic fit with our mandate and objectives: INTERNAL FIT of partnership

Does the partnership help deliver strategic priorities and does it fit with the company's inclusive business objectives?	○ ○ ○
Does the partnership fit with current programmes / obligations / other partnerships?	○ ○ ○

Overall assessment of partnership internal fit: ○ Not acceptable ○ May be acceptable ○ Acceptable

8. RISKS and repercussions have been considered, mitigated or accepted

Partnering is a useful way to mitigate some of the risks posed by operating in uncertain and unfamiliar BoP markets. However, a partnership, itself, is subject to risk as well.

Some partnerships can have negative implications such as market distortion: initiatives that use external finance to provide services or goods at less-than-market value may unintentionally create a consumer price-sensitivity that is too low to be sustained.

Unintended harm could also occur – many corporations have partnered with other organisations to build the capacity of small-holder farmers to produce cash-generating crops for their supply chains. In doing so, staples and food crops have been displaced. Here, the implications on food security have had to be carefully considered

Are any of the following risks present, and if so, can they be sufficiently mitigated against? ○ ○ ○

- Going beyond mandate; loss of programmatic focus
- Duplication of efforts
- Overlong time investment
- Interference with natural systems / distorting the market
- Empowering others without legitimacy
- Compromised neutrality or independence/ reputational issues
- Loss of autonomy on key issues
- Implied endorsement of the partner
- Loss of core business focus; distraction from a value-creation orientation

Is the precedent (if any) set by the partnership / business model acceptable?	○ ○ ○
Has the effect on other relationships / reputation been considered?	○ ○ ○
Have potential negative unintended consequences been considered?	○ ○ ○
Any additional reporting requirements or accountabilities to other partners are acceptable	○ ○ ○

Overall assessment of risks: ○ Not acceptable ○ May be acceptable ○ Acceptable

Related resources:

Inclusive Business Partnership Know-how page created by TPI and The Practitioner Hub:
www.inclusivebusinesshub.org/page/know-how-partnerships-for-inclusive-business

The TPI Partnering toolbook: http://thepartneringinitiative.org/publications/toolbook-series/the-partnering-toolbook/

Hub-TPI Checklist on How to develop a Partnering Agreement:
www.inclusivebusinesshub.org/wp-content/uploads/2016/05/Checklist_Partnering_Agreement.pdf

SearchInclusiveBusiness, a database of inclusive business publications including those covering partnership:
www.searchinclusivebusiness.org

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For further information and to view other Checklists, go to:
Practitioner Hub on Inclusive Business: **www.inclusivebusinesshub.org**

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