

## RAVI's Process for Developing New Rural Ventures 16<sup>th</sup> July 2012

*Ventures are developed through phases of: scouting and innovation, pre-commercial proof of business concept, proof of commercial viability, and scaling up to reach profitability.*

### A. Scouting and Innovation

#### Notes and ideas

Various notes progressively moving towards conceptualization.

#### Business concept

An account of how a business could work, without financial analysis but with market assessment.

#### → A design of a pilot effort is the outcome of this phase.

A paper which is the basis of an agreement with rural entrepreneurs and RAVI to start trying something small to check out whether it could work, and to adapt and change it to fit with bottlenecks and opportunities encountered while implementing it

### B. Pre-Commercial Proof of Concept and Incubation

Precondition: Design of pilot effort and agreement with rural entrepreneurs how to try it out, ie. outcome of scouting phase. Then, progressively....

#### 1. Technical

Proof that the envisaged technology for the venture works in the conditions and environment in which it shall operate

#### 2. Operational

Proof that we know what is required to keep the equipment and services operating, including required logistics, etc.

#### 3. Economic

Proof that we know what is required to break even on this venture

#### 4. Scaling-up

Proof that we know what is required to scale up the operations to the point where the venture becomes profitable enough for investors to come in.

#### → A business plan is the outcome of this phase.

A business plan based on tested operations and figures from the pre-commercial phase.

## **C. Investment and Scale Up**

Precondition: A business plan and investment plan, ie. outcome of pre-commercial phase

### **1. Due diligence**

Prepare the venture for due diligence by investors, ie. legal requirements, financial arrangements, etc.

### **2. Finance scouting**

Negotiations with investors, design PPPs, etc....

### **3. Financing**

Organize and check on the financial arrangements, accounts, financial flows, time-lines, mile-stone payments, etc.

➔ **The launch of the venture is the outcome of this phase.**

The venture becomes operational on a commercial footing

## **D. Tracking, Expanding and Sustaining the Venture**

Tracking the evolution of the venture, coach the entrepreneurs, supervise on behalf of investors, consult on expansion, etc.