Aflasafe Technology Transfer and Commercialization (ATTC)

Investor Selection

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IITA is a non-profit institution that generates agricultural innovations to meet Africa's most pressing challenges of hunger, malnutrition, poverty, and natural resource degradation. Working with various partners across sub-Saharan Africa, we improve livelihoods, enhance food and nutrition security, increase employment, and preserve natural resource integrity. It is a member of the CGIAR System Organization, a global research partnership for a food secure future.

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Exhibits

Acronym List

ATTC	Aflasafe Technology Transfer and Commercialization
BIP	Business Incubation Platform
EOI	Expression of Interest
IA	Intellectual Assets
IITA	International Institute of Tropical Agriculture
M&D	Manufacturing and Distribution
PACA	Partnership for Aflatoxin Control in Africa
R&D	Research and Development
TTLA	Technology Transfer Licensing Agreement
USAID	United States Agency for International Development

I. Introduction

The International Institute of Tropical Agriculture (IITA) has developed a unique solution, Aflasafe, to address aflatoxin contamination in major staple cereal crops in Africa. Through more than a decade-and-a-half of research and development, IITA and its partners have developed this product by identifying friendly fungi that are highly effective at reducing aflatoxin levels, then testing them in farmers' fields. This testing has helped IITA create the best composition of Aflasafe for each country while providing data needed for the registration and regulatory process. The widespread application of Aflasafe in aflatoxin-affected areas has the potential to significantly increase quantities of aflatoxin-safe maize, sorghum, and groundnuts, and significantly reduce health effects of aflatoxin, including stunting in children and liver cancer. Through Aflasafe, IITA seeks to contribute not only to improving food safety but also increasing the income of smallholder farmers.

To achieve these goals, IITA must widely deliver Aflasafe to agricultural value chain actors. However, developing an extensive production, distribution, and marketing operation throughout Africa to commercialize Aflasafe is not in line with the CGIAR Intellectual Assets (IA) Principles or the mandate of IITA as a non-profit research institution. After considering various options for manufacturing and distribution, IITA decided to pursue Aflasafe commercialization, led by the private sector and supported by the public sector, to turn this scientific innovation into a commercial product.

Exhibit 1. Science to Scale Commercialization

To facilitate the commercialization process, IITA received a grant from the Bill & Melinda Gates Foundation and the United States Agency for International Development (USAID) for implementation of a five-year initiative entitled Aflasafe Technology Transfer and Commercialization (ATTC), which is managed by IITA through the Business Incubation Platform (BIP). IITA hired Chemonics International, Inc. and Dalberg Advisors to support the implementation of ATTC. Aflasafe commercialization began in 2016 and has since expanded. Aflasafe is currently commercially registered and available in seven countries: Burkina Faso, The Gambia, Ghana, Kenya, Nigeria, Senegal, and Tanzania. As of October 2019, 12 more countries across Africa are at different stages in the pipeline for eventual Aflasafe commercialization: Benin, Burundi, Cameroon, the Democratic Republic of the Congo, Ethiopia, Malawi, Mali, Mozambique, Rwanda, Zambia, Uganda, and Zimbabwe. In each country, ATTC researches the potential for commercialization, identifies and attracts potential investors, transfers the Aflasafe technology to an investor, and supports the manufacturing, distribution, and marketing efforts in such a way that the Aflasafe product will be available locally in an economically viable, sustainable, and independent way for many years to come.

To enable the continued commercialization of Aflasafe and potentially support IITA or other CGIAR institutions in commercializing other products in the future, IITA, Chemonics, and Dalberg, under ATTC, have created four guides which outline the core processes of commercialization, i.e., how to take scientific research products to market. These guides include Market Assessment and Strategy Development, Investor Selection, Structuring the Business Relationship, and Implementation of the Business Development Strategy. A summary of the four guides is presented below in the order of the commercialization process.

1. **Market Assessment and Strategy Development**: This guide describes the process that the ATTC initiative created for developing a commercialization strategy for Aflasafe, demonstrating how it can become a marketable farm input for sale in a specific country. The guide introduces the concept of commercialization and how it relates to IITA's activities, outlines the desired outcomes of the market assessment and strategy development process, and suggests steps to be taken to develop a high-quality document featuring findings and conclusions backed by data—including the country context, market analysis, forecasts of Aflasafe uptake, a review of manufacturing potential, and identification of potential investors. The process should take approximately 4-6 months in total—if assigned to a dedicated team with no unforeseen delays. Once the commercialization strategy is in place, there should be a clear understanding of how to commercialize Aflasafe in the country by prioritizing core market segments that are sensitive to aflatoxin and thus more likely to adopt Aflasafe. The strategy also informs the capacities and expertise needed by an investor to undertake manufacturing, marketing, and distribution.

2. **Investor Selection:** This guide discusses the ATTC initiative's recommended process for sourcing potential partners, analyzing investor options, and ultimately selecting the investor(s) in a specific country with the best potential for success in the manufacturing, marketing, and distribution of Aflasafe. The initial ideas for partner identification will be generated during the strategy development process, with multiple submissions from partners and reviews by IITA, culminating in a final selection by an advisory board based on presentations and recommendations. The selection process should take approximately 4-6 months if completed efficiently and without delays.

3. **Structuring the Business Relationship:** This guide shares the ATTC initiative's experiences navigating CGIAR policies and practices and partner motivations to structure a business relationship with the private sector investor selected to become the manufacturing and distribution (M&D) partner for Aflasafe. It provides guidance to a non-legal audience on crafting the legal document needed for the transfer of the Aflasafe technology: a Technology Transfer Licensing Agreement (TTLA). The guide covers why

this type of license agreement was selected by IITA as the core legal document for the process, provides questions to consider when tailoring the TTLA template, and offers insights into negotiations with M&D partners to date. The TTLA process can take 1-2 months, depending on the level of negotiation required.

4. **Implementation of the Business Development Strategy**: This guide captures ATTC's experiences working with the selected M&D partner to hand over valuable business knowledge developed throughout this process. This guide provides background information, lessons learned, and the recommended process for developing the key deliverables, including consumer profiles of potential buyers, a business case for the marketing of Aflasafe, and a handover memo for the selected partner. The guide addresses each of the key sections of these documents and shows their importance in facilitating the marketing and sales of Aflasafe to potential buyers. The development, consolidation, and handover of this information should take a total of 3-4 months using the standardized templates and tools.

Please note that these guides are not exhaustive manuals, and thus should not be considered a complete list of steps to take. Also keep in mind that the approaches and guidance should be modified and contextualized for each target market and adjusted for changing dynamics. The guides have been designed with Aflasafe in mind but may be a starting point to adapt for other IITA or CGIAR products. As such, we have included considerations for products beyond Aflasafe throughout the guides.

This guide is dedicated to the investor selection process and provides a detailed description of the recommended steps to be taken, including the sourcing of potential partners, analyzing the options, and selecting the partner with the best potential for success. The partner that is selected to receive the Aflasafe license must invest in the manufacturing and distribution of Aflasafe. Thus, we use both terms— partner and investor—throughout this guide. The goal of this guide is to identify the partner with the best prospect for investing in and succeeding with the manufacturing and distribution of Aflasafe. Choosing the right partner contributes to the success of the commercialization of Aflasafe. The guide also contains an annex of sample documents from prior work done in other countries that you can refer to throughout the process of selecting an investor.

II. Overview of Investor Selection

Getting Aflasafe to the last mile, in line with IITA's mission, is most effective when working with and through the private sector. Without business acumen and experience, not to mention established and sustainable distribution channels and innovative marketing strategies, the product will never see the light of day. Successfully working with and through the private sector creates a cycle of financial support to regenerate and scale the operations of producing and distributing Aflasafe.

A competitive selection process is necessary to ensure the most appropriate private sector partner is selected, ideally one whose strategic goals align with the IITA mission, and whose financial and management capacity can support development of this business line as a long-term commitment. Although the product has been tested and proven with internationally recognized scientists at a research institute, it's not a franchise nor turnkey operation. There is still significant market knowledge and strategy development required of the private sector partner. While the investor selection process is similar in some ways to a venture capital due diligence process, ensuring a competitive selection process is even more critical as IITA has a responsibility to the management of public goods and a reputation to protect by ensuring quality standards are upheld by the private sector partner. Open competition is healthy in that it promotes fairness and also drives innovation. During the investor selection process, support and engagement with the potential investors is recommended as a means to get to know the prospective partners, ensure they understand the operations and address any questions as they complete the applications without creating unfair advantages for any one potential investor along the way. The prospective investors must prove themselves and show that they value this opportunity and will fight to succeed in getting Aflasafe to market in the face of anticipated challenges.

For additional background information on the entire commercialization process, and the importance of scaling through the private sector, please reference the overview sections in the Market Assessment and Strategy Development and Structuring the Business Relationship guides.

III. Roles and Responsibilities

It is advantageous for the ATTC team members who will be conducting due diligence and analysis on the investor candidates to have the experience and knowledge of what is required to commercialize Aflasafe in a particular country. As such, some team members that were part of the commercialization strategy team for that country should also participate in the investor selection process, as possible, to be available to answer questions.

Similar to the commercialization process to date, it is advisable to continue to draw upon the expertise of an external consulting strategy firm, to support the investor selection process. IITA is an internationally renowned scientific research institution. However, it does not have a private sector mandate and thus does not directly employ personnel with extensive business strategy experience and acumen. It behooves IITA to continue to partner with similarly strong, internationally recognized external consultancy and strategy companies to assess the capacities of investors. In addition, it may be important to add external resources with specialized expertise, such as financial analysis. In order to complete each step in the process detailed below, be sure to identify and mobilize the requisite human resources.

Exhibit 2 below outlines the essential roles and responsibilities, but keep in mind that different resources may be required based on the specific needs of a country. The list below does not specify which team members should be brought in from an external consulting team, but ideally, they should have expertise in agribusiness, strategy and financial analysis. The Team Leader, Strategy Manager, and Financial Analyst all play important roles throughout the investor selection process, supported by other key roles.

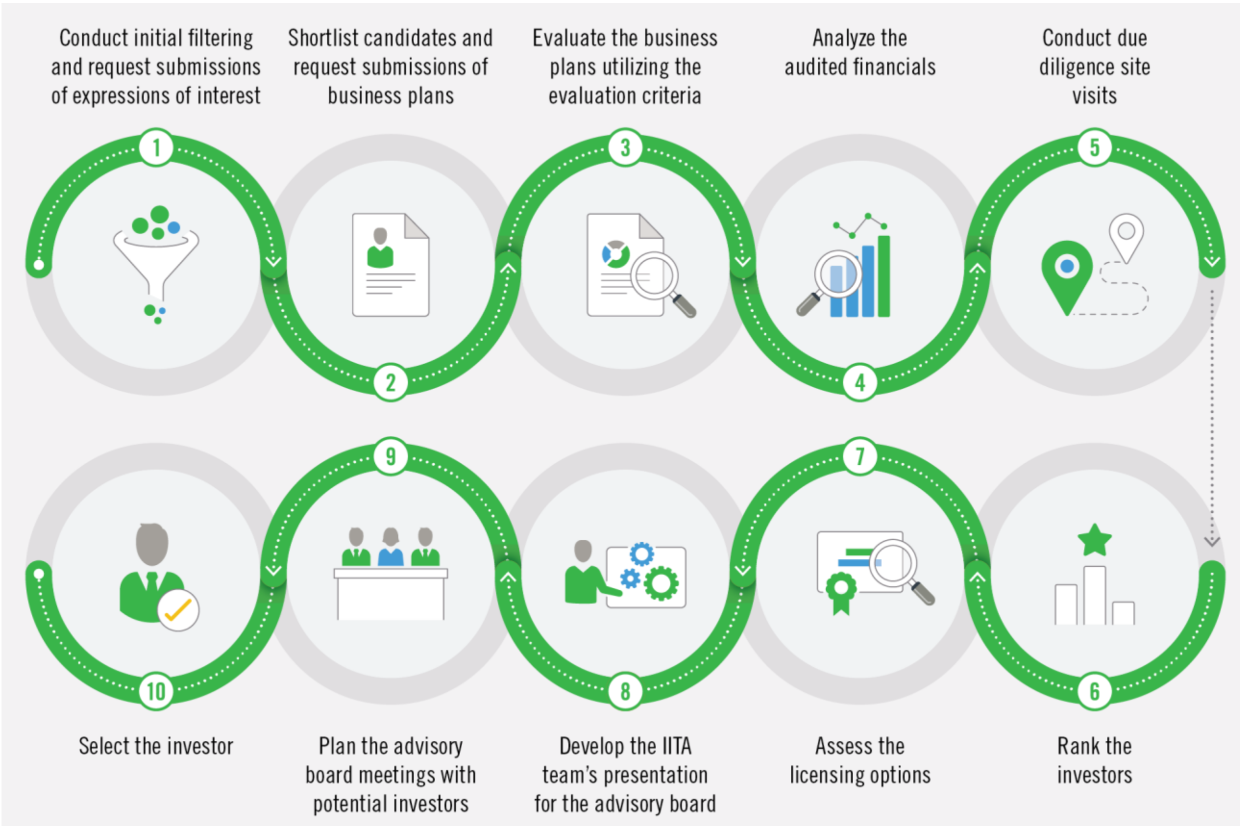
Exhibit 2. Illustrative Roles and Responsibilities for Investor Selection

Role	Illustrative Skills	Responsibilities
Team Leader	Expertise in agribusiness market dynamics, strong management skills	Overall quality control of the process. Represents ATTC during due diligence and in meetings with investors.
Strategy Manager	Experience in private sector engagement, knowledge of field research practices, critical thinking	Coordinates and manages each step of the process. Serves as secondary liaison with investors for ATTC.
Junior Strategy Associate	Experience in international development and economic research	Supports the Strategy Manager with research tasks, brainstorming, and operational tasks.
Financial Analyst	Mastery of MS Excel, understanding of corporate finance principles	Reviews the business plan financial model and audited financials, and develops financial slides for the Advisory Board presentations.
Scientist	Involvement in Aflasafe Research and Development (R&D) and/or testing, knowledge of country context	Reviews the soundness of the overall commercialization plan in relation to Aflasafe. Reviews the ATTC board presentation and participates in the advisory board meeting
Engineer	Expertise in Aflasafe manufacturing facilities	Participates in due diligence site visits and Advisory Board meeting to select the investor. Supports investor to design and inspect factory setup, identify and select appropriate equipment, and facilitate the technology transfer training.
Advisory Board	Individuals mostly from outside your organization who bring diverse experience in agribusiness, science, experienced business acumen, financial analysis and donor representative perspective	Reviews investor options during Advisory Board meeting and selects investor. Serves as external checks and balances consistently across each investor selection process, ensuring the project team, in addition to IITA and donor representatives, are learning and applying lessons learned through the entire commercialization process.

IV. Process

This section outlines the recommended steps to be taken for investor analysis and selection as outlined below in Exhibit 3.

Exhibit 3. Investor Selection Process



Before beginning the investor selection process, it is important to remember that much of the groundwork has already been laid during the commercialization strategy process. The information collected and documented during the commercialization strategy process should be referenced throughout the investor selection process as ATTC has already analyzed key questions—such as what type of market to target, who is driving demand, what level of investment will be required and what potential return exists, and also, who the potential partners in production, distribution and consumption are. The commercialization strategy document summarizes the key takeaways, which provide answers to these questions. ATTC should already have a good idea about the profile of the investor they are looking for based on interviews conducted during the commercialization strategy process and the fact that IITA has most likely already been working in-country for a few years performing Aflasafe test trials and certification. Additionally, the first set of potential applicants will likely come from the investor forum held during the commercialization process. Note that the Board's approval of the Commercialization Strategy and any feedback, guidance or questions from the Board regarding their assumptions about the potential licensing arrangements will also frame the investor selection process in any given market, as highlighted further in Step 7.

We have outlined below the basic process for investor selection and noted which ATTC team members should be involved in each step, including suggested timeframes. However, depending on the level of experience of the targeted businesses, availability of funds, and business acumen within the ATTC team, an external consulting company may be asked to provide additional fundamental support during the various steps in this process.

Step 1. Conduct Initial Filtering and Request Submissions of EOIs

Objective	To consolidate the list of potential investors, determine the initial filtering criteria and narrow the universe of candidates. After that, request Expressions of Interest (EOIs).
Things to keep in mind	• What companies have we met so far that would be strong candidates? • What are red flag issues that will eliminate candidates?
Projected timeline and resources	Led by the Strategy Manager, advised by the Team Leader and supported by the Junior Strategy Associate: • 2 weeks for consolidating the list of potential investors and conducting the initial filtering • 1-2 days for reaching out to investors to request EOIs • 1 week for firms to submit questions and requests for clarification • 2-3 weeks to receive EOI submissions

As discussed in the guide on Market Assessment and Strategy Development, begin identifying possible investors during the key informant interviews, ultimately deciding upon who to invite to the investor forum. During the investor forum, provide a survey asking firms whether they are interested to apply for the license. Encourage applications from potential investors who have strong manufacturing and/or distribution capabilities and are able to meet many of the criteria that you are seeking, such as high motivation and strategic alignment with their current business; a realistic understanding and readiness to take on the opportunity, adequate financial, marketing, and distribution capacity, and a strong management structure. Remember that it is possible to provide multiple licenses or pair investors, as discussed further in Step 7, and so an investor who is strong in either manufacturing or distribution, but not the other, should not be filtered out at this stage.

It is likely that some applicants may be filtered out before EOIs have been requested. It may be quite clear from the outset that certain firms are not a good “fit” with the local context, ATTC goals, or country-specific goals. It is not only OK, but smart and efficient, to eliminate some firms at the initial stage in order to focus time and effort on soliciting EOIs from those that do fit. For example, you may choose to not request EOIs from applicants that exhibit deficiencies such as:

- Businesses that do not have relevant experience in manufacturing, marketing or distribution of commercial products.
- Non-profit organizations that will not be driven to maximize market penetration and sales.
- Organizations that do not have experience or a presence in the target country.
- Businesses or business owners that are barred or excluded due to poor reputation in organizational databases, such as the System for Award Management in the United States.
- Businesses that do not have formal registration or authority to operate in the country.
- Parastatal organizations, if you have sufficient applications from private sector partners. (In Kenya, for example, ATTC partnered with a parastatal organization given the political situation. This should be analyzed during the market assessment and strategy

development process to determine the likelihood of the level of government involvement.)

Next, reach out to the shortlisted firms to request that they submit a formal EOI (see box). EOIs are the initial applications submitted by the firms that are candidates for the Aflasafe license. Request EOIs from all applicants at the same time to ensure a fair and competitive process that will attract the best potential partners. Businesses should demonstrate their dedication and motivation to making this business line grow in step with IITA's vision, ultimately ensuring the product will make it to the last mile.

Tips and Tricks

The EOI package should make clear to firms that this is not an application for funding from IITA. Investors must find their own funding and clearly indicate a financing plan. The communications must also clearly state the point of contact within IITA and request the same of each applicant to ensure efficient communication channels.

The EOI package submitted to ATTC by interested firms should include, but is not limited to, the following:

- A written EOI that serves as a cover letter
- Country registration verification
- An organizational chart
- Corporate governance documentation
- Audited financials for the past three years
- Proof of financial capacity (i.e., letter from a bank confirming a line of credit or agreement to lend for the Aflasafe investment, or a confirmation of cash reserves, equity or other financing if loans will not be needed)

Set a deadline of 2-3 weeks to receive EOIs. Give potential investors sufficient time to respond, but they should also show the ability to meet a deadline. The deadline for receiving EOIs should not be extended significantly beyond your original deadline—this can be a factor in determining who is serious about the opportunity. The documents themselves should not be difficult to gather. Remember to set an intermediate deadline (e.g., 1 week) for firms to submit questions and requests for clarification. Answers to these questions should generally be distributed to all recipients of the EOI package, unless they relate to a particular firm's specific situation.

Step 2. Shortlist Candidates and Request Submissions of Business Plans

Objective	To ensure that ATTC receives strong business plans to adequately assess the investor candidates.
Things to keep in mind	• What is the capacity of candidates in this country, and is targeted support needed to enhance the business plan submissions? • How can we ensure fairness during this process?
Projected timeline and resources	Led by the Strategy Manager, advised by the Team Leader and Engineer, and supported by the Junior Strategy Associate **If business plans are prepared independently with no support from ATTC:** • 1 week – review EOIs, shortlist candidates, and request business plans • 1 week – period to receive questions from businesses • 3 weeks after end of Q&A period – final business plans due **If working session approach is utilized (see discussion further below):** • 1 week – Preparation for kick-off meeting • 1 week after kick-off meeting – Business plan outline from investor due • 1 business day after receiving outline from investor – Feedback on outline from ATTC due

	• 2-3 weeks after receiving feedback on outline from ATTC – First draft of business plans and audited financials due • 2-3 week after receiving draft business plan – Feedback on business plan by ATTC and stakeholders for input due* • 2-3 weeks after receiving feedback from ATTC on draft business plan – Final draft of business plans due and presentation to ATTC * If site visits from specialists like the Engineers, or an invitation of perspective investors to a sample manufacturing site are possible, arrange after the draft business plans are submitted. Share feedback on a rolling basis if a specialist is not available to provide timely feedback.

Shortlisting the EOIs. After receiving all EOI submissions (see box), ATTC should review and determine which of the EOI applicants to invite to submit a complete business plan and share copies of audited financials for the past three years. The number of EOIs submitted will depend on the level of interest by potential investors; there is no required amount of EOIs to be received although three to six is a reasonable expectation. In the event of receiving only one EOI, analyze the applicant to determine if it is appropriate to continue the investor due diligence for the single applicant, or whether to re-open the process. Assuming receipt of multiple applications, do not inform the shortlisted investors who they are competing against. We believe that the anonymity of competitors ensures fair competition.

> **Lessons Learned**
>
> In Senegal, we received only one EOI. Early interaction with one investor during the research and trial phase led to a reduction in the number of applicants. We learned that in order to ensure more competition and interest, we must promote the opportunity as fully open throughout the early stages of research and commercialization or else potentially interested firms will not engage.

Upon receiving the EOIs, conduct another round of filtering, potentially filtering out:

- Applicants that do not have proper management structure and operations (e.g., individuals looking to make investments but not willing to manage operations).
- Very small businesses that do not have significant capital or access to capital, or that have operations that are too small to take on the Aflasafe investment in either manufacturing or distribution.
- Businesses that were unable to submit packages that were complete or within the deadline. In these cases, use your own judgment to determine how deficient the submission was and whether you will still consider the submission.

> **Lessons Learned**
>
> Having multiple perspectives when shortlisting potential businesses is important. Some businesses may not present a compelling EOI, but if there's someone on the review panel with significant country experience, s/he could provide additional context to explain the significance of including that company in the shortlist. This scenario occurred in Tanzania, where the documentation provided by one of the applicants was lower in quality and thoroughness as compared to the others. However, ATTC knew that the applicants possessed a very strong distribution network that qualified it as a top candidate. Although this investor was not ultimately selected by ATTC, they participated in the full application process.

Submission of Business Plans. Once you have filtered the EOIs, the next step is to request business plans from shortlisted candidates (see box). The business plan is comprised of a narrative component, as well as a model in Microsoft Excel containing financial assumptions and projections. The business plan submission is the official method through which the applicant will demonstrate their capability to take on the Aflasafe investment. At this stage, provide a general overview of the evaluation criteria in the letter or email to investors requesting business plans. It is not recommended to share the comprehensive selection sub-criteria at this stage. Rather, share just the main categories of criteria. This will allow for some flexibility in the process (see Step 3 below for details on evaluation criteria).

As the companies attempt to outline their approach to the business, they will no doubt realize they have significant questions—about the manufacturing process, the equipment, potential alternatives in the manufacturing and sourcing process, and even about the viability of the technology—as they are starting to visualize this business line within their operations. Support and timely feedback from the engineers and scientists at this stage can be critical to quickly addressing and mitigating any fears the company may have, but it will also give ATTC insight into whether they are willing to adhere to the required quality standards and if they have the capacity to be a strong business partner—one who can challenge the accepted knowledge to find efficiencies as opposed to challenging just for the sake of challenging.

As it is important to ensure that you are asking for and receiving sufficient information from which to evaluate and compare the potential investors, templates for both the narrative and financial projections are provided to solicit the same information across all of the shortlisted candidates. Ideally, you will receive a uniform level of information for comparison purposes. You may decide to pre-fill some of the information in the business plan narrative to guide the responder; for example, the template could include information from the commercialization strategy on the target market and recommended strategies and market segments. However, leave sufficient space for the investor to show their own analysis, commitment to and understanding of the product, and approach to entering the market. The template allows your team to evaluate the investor and should not be pre-filled with too much information, just enough to be clear in what is expected of the investor. The business plan narrative template and guidance letter from IITA is provided as Annex A and the business plan financial projections template is provided as Annex B.

Business Plan Narrative. The narrative component of the business plan requires applicants to display their knowledge of Aflasafe, an understanding of the marketplace, and the ability to map out a strategic plan and the resources needed for the investment. Specifically, the narrative template contains the following sections:

- Executive Summary
- Description of the business
- Potential markets and competitive analysis
- Strategic plan
- Manufacturing plan
- Marketing and distribution
- Financial plan
- Legal and governance structure
- Potential risk and mitigation strategies
- Acknowledged weaknesses and plan to address them
- Action plan
- Annex

Business Plan Financial Model. Request a financial model from the investor candidate that includes anticipated costs and targets. Aflasafe is an investment opportunity with a return over a medium-term horizon, therefore, ask for a five-year financial model as part of the business plan.

To support the process, consider providing a template for the financial model, containing the following sections:

- A summary of the commercialization process
- Annual production targets
- Annual marketing costs
- A procurement schedule
- A staffing plan
- Detailed financial projections (costs and revenues)
- A break-even point analysis
- A sensitivity analysis
- Potential risks and mitigation strategies
- Potential partners
- Action plan calendar

As all investors will utilize some form of financial model for projections and budgeting within their regular operations outside of Aflasafe, be prepared to accept different formats for the financial projections. The financial model template demonstrates to the investor the minimum level of detail required in order to analyze their projections. If the investor would like to submit a more detailed financial model, we recommend that you accept the additional detail. Many formats are acceptable, as long as they are organized so that the data is easily understood. If the investor cannot provide a financial model that is clear or complete, this is a red flag. The Aflasafe investment requires a level of capacity and planning that must be backed up by a financial model to prove that the investor understands the capital required as well as the risks and potential gains for the investment.

Upon receipt of the business plan narrative and financial projections, you must conduct an initial review of both to determine if there is anything missing or incomplete, to be sure you have complete submissions to analyze. Don't forget to respect the confidentiality of the information submitted by applicants. The ability to trust each other will be key to receiving quality information and establishing a good relationship.

If you expect the capacities of the applicants to be relatively low, you can offer support to investors during the business plan development process by organizing working sessions. In the past, the Chemonics and Dalberg teams offered support from the perspective of consulting firms. This provided some distance from the IITA team and reduced the potential for bias. However, if a consulting team is not involved, you can and should offer this same support. If you are providing insights to one investor regarding how to prepare the business plan, in fairness, try to provide the same information to all applicants. This will also increase the chances that you receive high quality submissions from everyone.

Lessons Learned

There are competing priorities with setting a timeframe that is too aggressive versus one that is too lax.

In the case of Tanzania, the Board wanted to award the TTLA in Tanzania within a 2.5 month timeframe from their approval of the Commercialization Plan, which meant less than 6 weeks for the businesses to submit all final documents and less than 2 weeks for the Board to evaluate the business plans, prepare presentations, and convene a Board meeting. Thankfully, the Board listened to feedback from the potential investors and adjusted their expectations, adding an additional 3 months to the process. With the end-of-year holidays, it took the entire five months in between Board meetings for the investors to finalize their plans, and it took another 7 weeks after the Board meeting to finalize the TTLA.

What each potential investor does with the information—i.e., how they apply it to their business plan—is up to the investor. Potential investors will interpret and apply the same information differently, but at least each one will have the same access to the information and no favoritism or unfair advantage will be shown. There will always be some investors who will want to have meetings, seek further insight, and try to figure out what the ATTC business advisors are thinking; these are the ones who recognize that the business plan support meetings amount to free management consulting support. Investors who do solicit advice from ATTC show initiative and the determination to succeed. These requests provide a window into the way they do business—and how open the company is to feedback and collaboration (see box below). Giving targeted support to investors will probably lengthen the timeline for completion of the business plan given the extra drafts and reviews, so keep setting deadlines in order to keep the process moving in a timely manner (see box). In Nigeria, for example, the Dalberg team had three sessions with the prospective investor HarvestField. Exhibit 4 below displays the process followed in Nigeria for providing targeted support to the business plan development.

Lessons Learned

Many potential companies are family-owned businesses. Across the globe, family-owned businesses are notorious for being slow to accept external advice and have a hard time adapting to change. This became clear during the due diligence phase, in assessing how the companies responded to the feedback provided throughout the entire process.

Exhibit 4. Overview of Business Plan Support Provided to Nigeria Prospective Investor

Objective of facilitation	• Equip HarvestField with knowledge and tools to build business plan for aflasafe • Tools: Skeleton of business plan and financial inputs template

Facilitation flow

Session 1: Kick-off	Session 2: Review outputs	Session 3: Presentation
• **Timing**: August 9 2017 • **Objective**: Kick-off process for business plan development • **Outputs**: Business plan outline	• **Timing:** August 23 2017 • **Objective:** HarvestField to share draft business plan and Dalberg to review (call optional) • **Outputs:** Draft business plan	• **Timing:** August 31 2017 (TBC) • **Objective:** HarvestField to present business plan to IITA and other stakeholders for input • **Outputs:** Final business plan to be submitted to IITA

Agenda item	Time	Lead
1. Share process for business plan development	**10 mins**	**Dalberg**
2. Review commercialization strategy	30 mins	Dalberg & HarvestField
3. Share components of business plan & key questions	30 mins	Dalberg
Break		
4. Factory options & financials	30 mins	Dalberg
5. Align on next steps	20 mins	Dalberg & HarvestField

Investors are also required to submit the three most recent years of audited financials. Reviewing the audited financials will allow for the determination of the health of the applicant's organization from a financial perspective—to assess if they have sufficient cash flow or borrowing ability to finance the initial capital assets, working capital to start production, and an ability to implement an aggressive marketing strategy and distribution plan. If requested by the prospective investor, IITA would sign an NDA to ensure data privacy.

Step 3. Evaluate the Business Plans utilizing the Evaluation Criteria

Objective	To thoroughly analyze the business plan submissions and evaluate the quality of the proposals submitted
Things to keep in mind	• Are there any unique qualities or characteristics that an investor operating in this country should possess? • While reviewing business plan submissions, how can we compare strengths and weaknesses, on an absolute and relative basis?
Projected timeline and resources	Led by the Team Leader and Strategy Manager, supported by the Junior Strategy Associate and Financial Analyst • 2-3 days for updating and contextualizing the detailed selection criteria (flexibility to update/change before reviewing business plans) • Up to 3 weeks should be allowed for reviewing business plans and asking follow-up questions to investors as needed, although this is generally not advertised to investors in advance as part of the process

	• Begin consolidating information by drafting slides for the Advisory Board while reviewing and comparing business plans

Upon receiving the final business plans, the real analysis can begin. Establishing evaluation criteria enables an objective comparison of the merits of each proposal and firm. The criteria will help determine follow-up questions to ask of the investors if the information submitted is not clear in any way. The criteria may be influenced by the guiding questions and key takeaways developed in the strategy document as part of the commercialization process.

It is recommended to allow some flexibility in the sub-criteria (as indicated in the right side of the table below) as you will learn about more critical nuances within the country context and potential approaches as you begin comparing investors. To maintain the integrity of the evaluation process, any additional sub-criteria, changes to the sub-criteria, or clarification of expectations within the sub-criteria should be agreed upon by the evaluation panel in advance of each assessment and should be applied evenly to all potential candidates. Exhibit 5 below provides a sample of the evaluation criteria from the recent investor selection process in Tanzania. The refinement of the evaluation criteria is an iterative process, with incremental changes and progress strengthening the selection process as it progresses. No doubt the process will continue to evolve over time, as we learn from each experience.

Exhibit 5. Investor Evaluation Criteria in Tanzania

Criteria	Sub-criteria
Motivation & Strategic Alignment	❑ Investor aligns with ATTC's mission to be a leader in innovation of agricultural technologies in Tanzania ❑ Business plan details a market-driven approach for driving uptake of Aflasafe ❑ Investor is aware and sensitive to aflatoxin contamination in Tanzania
Realistic Understanding & Readiness	❑ Investor possesses financial capacity to invest in Aflasafe manufacturing & distribution in 2019 ❑ Investor possesses managerial and operational capacity to launch Aflasafe production in 2019* ❑ Investor is prepared to implement its business plan in next 3 to 6 months
Financial: Health, Scale, Access, Management	❑ Investor possesses financial capacity to invest in Aflasafe manufacturing & distribution in 2019 ❑ Business plan details the source of funds or financing to make an investment in manufacturing & distribution ❑ Financial plan and forecast show financial acumen and ability to turn a profit
Marketing and Distribution	❑ Business plan details a market-driven approach for driving uptake of Aflasafe ❑ Investor has experience marketing new products to processors and consumers in Tanzania ❑ Investor has relationship with processors, aggregators, and farmers ❑ Business plan outlines existing distribution channels to reach target market; or detailed plans to create them
Management Team	❑ Management team is dedicated to Aflasafe business, marketing, awareness, and advocacy* ❑ Team has positive relationships with public sector institutions ❑ Balanced patience with action and strategic thinking* ❑ Ability to communicate the vision and approach internally and externally*
Exclusivity & options	❑ Investor is open to working with other partners

*These sub-criteria will be evaluated in particular during on-site due diligence visits as described in Step 5 below.

Based on the established evaluation criteria, begin to analyze each applicant's qualifications in detail (see boxes). Pay particular attention to any deficiencies or "red flag" issues and be prepared to ask the investor to clarify as needed via targeted follow-up questions. There may be a valid explanation, thus removing the red flag, or perhaps there is a mitigation plan to take note of.

Tips and Tricks

Question the assumptions in the business plan! We must scrutinize and have a discerning eye regarding any projections. We also need to check for accuracy. The financial analyst can focus on the business plan financial model while the Manager can focus on the business plan narrative.

At this stage, also use IITA's network to conduct informal reference checks on the investor, in particular if the investor is not well known to ATTC. It is important to know the reputation and history of the investor. Tactfully look out for any "relationship issues" with other private sector partners or the government that would hinder their business potential. Also use the reference checks to determine how realistic their business plans are. Without giving out proprietary information to references, confidentially assess the feasibility of the investor's capacity to take on the investment in Aflasafe production and distribution. To see the results of the investor selection criteria for the four finalists in Tanzania, please refer to Annex C.

Lessons Learned

Having multiple skill sets and perspectives on the evaluation team is useful. During the review of the Tanzania business plans, Chemonics ensured there was complementarity in the team's skills. In particular, an individual with significant financial analysis experience was brought in specifically to review the audited financials and the financial component of the business plans once all of the financial documentation was received. This individual had not been very involved in the process to date and didn't have the entire context and/or biases regarding the relationships developed with all of the businesses. This helped to ensure thorough and comprehensive review and analysis from a perspective more akin to how the Board might be approaching the information and decision—some Board members may primarily be piecing together the comparative analysis from the financial documentation. Bringing in fresh perspectives can ensure an unbiased review—not based on previous engagement with the investors—and anticipate questions from the Board.

Step 4. Analyze the Audited Financials

Objective	To assess the financial health and capacity of each applicant.
Things to keep in mind	• Does the financial data show a steady trend or are there outliers? If there is outlier data, what does it signify about their regular business operations? • How do the financials compare across companies and what conclusions can we draw based on what we know about the differences in size and business models? • Can we compare financials to other firms in the industry (if we have access to that data)?
Projected timeline and resources	Led by the Financial Analyst, and supported by the Team Leader and Manager • 3 weeks for reviewing business plans and asking follow-up questions to investors (this is done in tandem with the review of the business plans) • Begin consolidating information by drafting slides for the Advisory Board while reviewing and comparing the audited financials

A financial statement audit is the examination of an entity's financial statements and accompanying disclosures by an independent auditor. The result of this examination is a report completed by the auditor—the audited financials—attesting to the fairness of presentation of the financial statements and related disclosures. The audited financials allow you to assess the financial health and capacity of an applicant (see boxes on this page). Request the most recent three years of audited financials from each applicant. One year of financials is not sufficient because they don't show trends. Three years of audited financials allow you to see how the financial health of the company has changed in the years leading up to today.

Tips and Tricks

This is not a franchise business model or complete turnkey operation. In order for the chosen business partner to be successful, it takes marketing strategy, distribution networks, financial investment, and market relationships and knowledge. Developing and/or expanding these networks takes time and money. If a potential investor already has a struggling business line, or a struggling core business, this new business line with Aflasafe will not be a savior, or a quick and easy cash cow. As much as there are definite advantages to working with IITA, (proven technology/product, technical expertise, international research institute reputation), this is still a new business line. As with any new business line, there's a significant investment of time, strategy, and money required during the first few years and the chosen investor must be willing and able to meet this challenge.

While the format of the audited financial reports may vary from country to country, they will generally consist of similar information. The financials should contain an introduction of the financial firm who performed the audit and their assertion that the financials present a true and fair view of the state of the audited entity's financial affairs. The most important aspect of the audited financials for purposes of due diligence is the summary of the total sales, profit (gross and net), taxes, equity, debt, assets, cash flow, and inventory.

Tips and Tricks

Both working capital and long-term financing are required for the investment in Aflasafe. Debt financing can be expensive and hard to obtain. Make sure the investor has the capacity and financial health to take on more debt if it is required and included within their business plan. Keep in mind that audited financials may not tell the whole story. Is the firm making any other investments in new products that would impact its ability to take on the Aflasafe investment?

To analyze these statistics, create a matrix in Microsoft Excel, which will allow for ease of comparison across years and across companies. This will enhance your ability to identify outliers and trends. For a sample matrix of the analysis of audited financials completed for the four finalists in Tanzania, please refer to Annex D.

For example, if total sales or net profits decline in two or three of the three years displayed, question this negative trend. If the net profit margin is negative or under 1%, ask why. There may be a valid reason that indicates this is only temporary; however, if the investor is having challenges managing their core business, it may be a sign that they are not healthy enough to take on the Aflasafe investment. Exhibit 6 below contains relevant financial ratios to calculate and compare across investors:

Exhibit 6. Financial Ratios for Analyzing the Audited Financials

Financial Ratio & Calculation	Definition
Total Assets to Liabilities Ratio = Total Assets/Total Liabilities	A high ratio for total assets to liabilities indicates that the company has either a strong level of assets or low liabilities or both. The higher the ratio the better, to show that the company has significant assets to cover its liabilities.
Current Ratio = Current Assets/Current Liabilities	The current ratio measures a company's ability to pay short-term obligations or those due within one year. The higher the ratio the better.
Quick Ratio = (Current Assets - Inventories)/Current Liabilities	The quick ratio measures a company's ability to pay short-term obligations or those due within one year with assets excluding inventories which are meant for sale and not to pay off liabilities.
Cash Ratio = Cash/Current Liabilities	The cash ratio measures a company's ability to pay short-term obligations or those due within one year using its most liquid assets which are cash and cash equivalents (i.e., if urgent payment is required).
Total Debt to Equity Ratio = Total Debt/Total Equity	The total debt to equity ratio is a measure of the degree to which a company is financing its operations through debt versus wholly-owned funds (i.e., equity). A very high ratio indicates high leverage, and potential risk.
Inventory Ratio = Inventory/Sales	The inventory ratio analyzes the level of inventory that an investor is carrying in a given year. A high ratio could indicate challenges with selling products.

Step 5. Conduct Due Diligence Site Visits

Objective	To ask further questions, verify what is described in the business plan and observe first-hand the management team and operations of each investor
Things to keep in mind	• What do we need to verify in person? • What aspect of the business plan was unclear and requires further probing?
Projected timeline and resources	Led by the Team Leader, Strategy Manager and Engineer • 1-2 weeks prep time before travel (can be done in parallel with the business plan reviews) • 1 day on the ground with each investor plus 1-2 days of travel (depending on distance between investors)

Site visits are a key step in the evaluation process to verify what was included in the business plans by seeing physical operations in person and meeting team members. Request to meet with senior management as well as other technical experts. Consider sending an engineer to meet with the businesses to answer questions on capital expenditure requirements and production specifics, and also ask technical questions of the businesses. In advance of traveling, (for the non-engineer visit) read through the business plans and develop a list of questions—to be most efficient with time, and to be able to hone in on any areas that require clarification (see box below for more ideas).

Lessons Learned

If the registration process, the commercialization strategy, and the market intelligence are all developed by different teams or individuals, it’s critical to keep a central repository of the raw information gathered, or even start an FAQ early on of basic issues/discussions. Although some of the information may not be included in formal public documents, the details are still important to share with future teams to ensure there’s a common understanding of key issues, such as VAT applicability, implications of joint venture operations, country context views, background on the national government’s view on multi-national operations, etc. If this information is not shared and maintained in a central location, future individuals/teams may re-research and make determinations on the same issues with the same contextual background or interpretation of the analysis. It is helpful to see and understand how thinking might have evolved and why.

When planning the site visit, it's important to reflect on exactly what you want to verify during the visit, and design your questions accordingly. Your team should focus on analyzing the following key areas:

- Scale and operations: Visiting the operations in person will provide an excellent sense of scale and manufacturing capacity. Does the company's scale and sophistication seem appropriate for Aflasafe commercialization? Ask to see the relevant manufacturing equipment they currently have and confirm what will be purchased.
- Market knowledge: The investor should not just regurgitate their commercialization strategy. They need to provide concrete examples which support their own strategy. Ask probing questions to test the depth of their market knowledge.
- Relationships and distribution network: Ask the investor to provide specifics on their distribution plan and network—they will likely be more willing to discuss sensitive information verbally than in writing. Can the investor leverage their existing distribution network and succeed in Year 1?
- Government relationship: Ask the investor how they plan to work with the government to promote public health campaigns as part of the awareness-raising component that will create demand.
- Financial: Prepare to question any irregularities in the audited financials or seek clarification on the financial projections. Ensure that marketing costs included are sufficient. Ask about other investments they are planning to make, to see if there are upcoming financial pressures not reflected in past financial statements.
- Transparency: The investor must be willing to share sufficient information to prove that they are prepared and willing to trust your team. How open was the company to letting you see operations? Were your questions answered and were follow-up items provided if not available during the meeting?
- "Soft" factors: Look out for any signals from management that may indicate the company is hesitant, not ready for the challenge of commercializing Aflasafe, or does not consider Aflasafe a priority. Did they value your time? Did they prepare questions for you? How involved was the senior management team during the visit? How committed do they appear to be to this endeavor? Did their body language indicate discomfort or lack of sincerity?

Step 6. Rank the Investors

Objective	To consolidate the analysis completed thus far into subjective rankings based on the evaluation criteria.
Things to keep in mind	• How will we rank? Will we assign points or look at the criteria and results holistically? • How do we factor in risks and "red-flag" issues?
Projected timeline and resources	Led by the Team Leader supported by the Manager • 1 week to clean up notes and update evaluation criteria results for each investor • 1 week to meet and compare rankings, and come to consensus

Once you have reviewed the business plans and audited financials and conducted due diligence site visits, there should be ample data points and conclusions to evaluate investors against the evaluation criteria previously established and, as applicable, tailored for context. It may be helpful to have a way of highlighting each categorization and conclusion as positive, negative or neutral. This could be a quantitative ranking where points are assigned or a visual snapshot, such as color coding. When all of the results and conclusions have been written up for each candidate, you can then rank them. The rankings and conclusions form should be in a format such as Microsoft PowerPoint, Excel or Word that can be easily reviewed and understood by other decision-makers who were not part of the analysis. In particular, the resulting analysis should be shared with the ATTC Advisory Board and included as part of the Board presentation discussed in Step 8 below. It is also important to explain any aspect of the rankings that are more subjective or do not fit well within the original evaluation criteria, as well as identify open questions or key risks (if any) to flag coming out of the ranking process. Lastly, rank overall capacity using the evaluation criteria, as well as capacity in manufacturing versus distribution, as you could consider a special arrangement for multiple licenses or distribution support, as discussed further below.

Step 7. Assess the Licensing Options

Objective	To assess our options for the business relationship and role of the investor(s) with whom we are considering.
Things to keep in mind	• Was there a clearly dominant investor in both manufacturing and distribution, or do we consider one investor strongest in manufacturing while another is stronger in distribution? • How does geography factor in? Will the selected investor have the ability to distribute throughout the entire country?
Projected timeline and resources	Led by the Team Leader and Scientist, supported by the Manager • 1 week to consider licensing options (to be conducted in tandem with the ranking of the investors)

“Exclusivity” is noted as one of the evaluation criteria from Step 3 above. Consider discussing exclusivity when corresponding with applicants during the EOI and business plan phases. Although the standard licensing arrangement is to have one exclusive licensee who manages both the manufacturing and distribution (Option 1), you can also consider whether the responsibility should be divided amongst multiple candidates and what the implication of that arrangement might be. For example, one candidate may have the clear capacity to manufacture, but they are not known for distribution or marketing. It may be beneficial to provide separate licenses for manufacturing and distribution or to recommend a partnership between one manufacturer and one or more distributors.

The licensing options should be analyzed and presented to the Board as part of the Board presentation (see Step 8 below), with pros and cons of each option. By summarizing the potential options in the presentation which is submitted to the Board before Board meeting, frame the investor selection process and help guide the Board in thinking through their options. Note that after seeing all of the investor presentations, it is possible that an alternative arrangement may be identified during the Board meeting discussions, as happened in Tanzania (see box, and discussed in further detail below). The arrangement that the Board and investor(s) envision will be central to the negotiations and finalization of the TTLA, which is discussed in detail within the next guide. The tables below outline the most common licensing arrangements available to IITA:

Lessons Learned

For Tanzania, after the commercialization strategy, the Board assumed that there would be two licenses provided. This impacted the way the entire process was conducted in Tanzania. We were transparent and forthcoming with all of the potential investors with this information, asking about their preferences (including the options of having one manufacturing license with multiple distributors, or two manufacturing license). We also asked investors about geographic strengths, in preparation for potentially awarding two licenses.

Option 1: Nationwide exclusive licenses

Option 1a: One nationwide exclusive license with a single investor for both manufacturing and distribution

PROS		CONS		IMPACT ON TTLA	LEGAL NOTES
IITA	INVESTOR	IITA	INVESTOR		
•IITA's experience to date •Easier to do quality control and monitor adherence to business plans •Revocation = best manner to hold partners accountable •Remedies for breach, revocation, damages, etc easier to manage •Decrease unit per pricing	•Business decisions driven by overarching and potential competing priorities of the business vs. competition within the country's Aflasafe market potential •Higher potential return on investment •Integrated control of the entire process, no reliance on others	•"Eggs all in one basket" •No competitive pressure to increase sales and market share •Failure to perform, no readily available alternative •IF partners have deficiencies in one are, no contractual way to obligate them to partner with someone (ie distribution partner) to mitigate those weaknesses	•None	•More "teeth" including timebound milestone expectations with objective delivery schedules (production, distribution, marketing) •More elaborate good faith resolution process (mediation, arbitration) to assure accountability	•Requires Intense negotiations and proper competitive process

Option 1b: One nationwide exclusive license with single investor for manufacturing partner and recommended distribution partnerships with additional companies

This arrangement transpired in Tanzania where we had multiple competent applicants who offered different strengths. The investor chosen was clearly the strongest potential partner. The investor was given an exclusive license, but it was clear that given the large size the country, it would be advantageous for the investor to partner with some of the other applicants who had strong distribution networks. The Board determined that the selected investor should work directly with the other applicants who had networks that were complimentary to that of the selected investor. The selected investor is negotiating its distribution arrangements with the other applicants at the request of IITA. This approach will increase the investor's geographic reach using partners who are already familiar with Aflasafe having gone through the application process.

Option 1c: Nationwide exclusive distribution license and no manufacturing license in the country (yet)

Our preference is to provide the manufacturing license to a firm within country. The additional investment in manufacturing operations creates more incentive for the licensee to succeed and is a better model for sustainability of operations. However, there may be instances where there is not a suitable company capable of manufacturing or it may be that no companies are interested in manufacturing. In this case, IITA could provide a distribution license only, if there is a nearby manufacturing operation.

Option 2: Two competing investors each with a manufacturing & distribution licenses. Sub-options include open nationwide competition, or geographically delineated zones.

PROS		CONS		IMPACT ON TTLA	LEGAL NOTES
IITA	INVESTOR	IITA	INVESTOR		
•Competitive environment increases incentives to produce Aflasafe and reach market segments •Can target support to successful investor •Ability to shift resources to another partner that is performing	•None	•Collaboration and information sharing more difficult •Significant additional management effort required •Businesses have little incentive to problem solve and gain additional market share; furthermore noted will "blame" IITA for interference if this model doesn't work. •Detriment to ROI and pricing •Too many cooks in the kitchen	•Financial breakeven harder to reach •May increase cost of capital as banks evaluate market potential •Businesses stated not interested if there are multiple manufacturing licenses. The ROI on the cost of capital is not as appealing. •Marketing investments become more conservative; no product differentiation	•Separate and distinct TTLAs	•Requires heavy negotiations •More suitable for established products and markets •More suitable if there are other future product lines, i.e opportunities for multiple partners to demonstrate their ability to win more business •Policing critical to successful outcome; cumbersome management •Lack of uniform performance (common in franchise model)

Option 3: One manufacturing license plus one or more distribution license(s). In the case of multiple distribution licenses or the manufacturer's insistence on distribution rights, delineation of markets will be necessary.

PROS		CONS		IMPACT ON TTLA	LEGAL NOTES
IITA	INVESTOR	IITA	INVESTOR		
•Support to manufacturing and marketing targeted and delineated •Existing partner in the event of the others' failure (ability to shift resources) •Competing distribution licenses could lead to better output and faster commercialization •Enables ability to engage with highly specialized or qualified partners	•Partner with complimentary skills •Potential to share financial risk	•Could decrease investor interest if licensing arrangement is imposed •Additional management effort required •Businesses have little incentive to problem solve and gain additional market share; "blame" IITA for interference if this model doesn't work. •May be loss of potential scale/pricing leverage	•Increase in price if manufacturer cannot use own distribution channels •Risk sharing could be unbalanced depending on arrangement •Marketing investments become more conservative; no product differentiation •No interest to be completely "divorced" from distribution. Companies need ability to sell and move product (ie distribution), not just production	•Insert revocation and performance rights, and strict cure period to then be enforced very tightly	•Potential additional legal exposure (breach, failure to deliver, etc.) •Manage carefully & contingencies in place for all anticipated performance issues; could hinder rapid commercialization •Heavy negotiations to delineate territories and terms •Policing critical to successful outcome

Option 4: Joint venture by pre-selected investors.

This became an option based on the request of an investor; however, it is unlikely to work in practice. If no agreement can be reached, revert to dictated terms under the prior options, and consider encouraging partnership that are not a formal joint venture.

PROS		CONS		IMPACT ON TTLA	LEGAL NOTES
IITA	INVESTOR	IITA	INVESTOR		
•Places responsibility on investors to negotiate deals •Investors "own" partnership decision	•Partner with complimentary skills on own terms •Potential to share financial risk	•Reduced control by Board to determine license arrangement •Increase number of parties for coordination	•Larger businesses with higher risk tolerance would have negotiating leverage	•Clear delineation of roles and responsibilities for each company and the JV?	•Most complex arrangement •Not recommended because of all the issues that can go wrong •Who can IITA hold responsible? •Best to have distinct responsibilities •What recourse would an investor have? One partner could insert a claim against IITA, resulting from IITA decision to hold the other party responsible •Potential for extensive enforcement and accountability issues

Once the best licensing arrangement is analyzed and determined, you can begin to prepare for the board presentation.

Step 8. Develop the ATTC Team's Presentation for the Advisory Board

Objective	To create a presentation which effectively summarizes the investor options and ATTC's recommendation for investor and licensing option.
Things to keep in mind	• What decisions does the advisory board need to make at the end of the board meeting? How can we anticipate those and provide the necessary data to facilitate the decision making? • What are our recommendations that we want to communicate? • What risks and concerns should be indicated and considered?
Projected timeline and resources	Led by the Team Leader and Manager, supported by the Scientist and Financial Analyst • 2-3 weeks to create the draft presentation, incorporate feedback from internal stakeholders into a final version, and submit to the advisory board; remember that we began drafting slides for the presentation during steps 4 and 5 while evaluating the business plans and audited financials

Create a PowerPoint presentation which summarizes the key takeaways that the Board should consider when reviewing the candidates. This presentation is provided to the Board in advance of an in-person or Skype/phone meeting in which the Board convenes to review their options and hear directly from the candidates (addressed further below). There will likely be two versions of the presentation: the first is sent to the Board approximately one month in advance of the Board meeting and is similar to a visual summary of the primary information in each business plan, without any recommendations; the second is presented in person, and reflects any updates and feedback received leading up to the Board meeting, in addition to a summary comparison of the various companies and a recommendation for the Board to consider. The presentation to the Board and subsequent discussions with the Board is a great opportunity to share the analysis and any final recommendations.

The presentation itself may contain sections including, but not limited to:

- A review of the investor selection criteria
- Proposed manufacturing sites
- A review of the financial analysis
- An overview of the licensing options
- A ranking of the investors (with explanations of rankings)
- Key considerations for the Board.

The presentation given in person will most likely also include a section to discuss any outliers, special factors, or considerations to facilitate discussion with the Board. The data for the presentation comes from the work previously done during the due diligence phase and analysis of the business plans. To see a sample board presentation completed for Tanzania, please refer to the ATTC database/toolkit.

The in-person presentation is helpful to frame the conversation and focus the Board members who are all juggling multiple initiatives. Thus, sufficient time for Q&A and an engaging dialogue with the Board is also critical, to ensure the Board members have a confidential space to ask any precursor questions before hearing the presentations from the companies.

Step 9. Plan the Advisory Board Meetings with Potential Investors

Objective	To organize and facilitate the advisory board meeting in a way that provides sufficient information for the board to make a decision on the investor(s) and licensing options.
Things to keep in mind	• Will the Board convene for an in-person meeting to listen to the presentation, or will presentations only be held over videoconference (e.g. Skype) or phone? • How many investors will present out of the group of finalists? • What will be the order of the presentations?
Projected timeline and resources	Led by the Team Leader and Manager • The Team Leader should reach out to the advisory board at least two months in advance of the anticipated meeting date, as board members may have to travel • Preparations for the advisory board meeting will occur in tandem with the creation of the ATTC board presentation • The board meeting itself will take place usually over 2 days

In addition to the presentation you will have created to summarize your analysis and recommendation, each of the investors will be asked to present their business plans to the Advisory Board. ATTC's Advisory Board is comprised of members of the Bill & Melinda Gates Foundation, USAID, representatives of IITA senior management, and third-party advisors, such as the Partnership for Aflatoxin Control in Africa (PACA). Typically, at least one representative from each group attends the Board meeting. The ATTC Managing Director is the secretary of the Advisory Board. For IITA, a scientist and/or engineer may participate in the meeting to contribute their expertise as part of the investor review process when assessing understanding and ability to replicate manufacturing process. The Board also typically has a member that is able to analyze the financial information presented as part of the due diligence on investors.

Having the Board members and investor representatives together in person is ideal because it reduces the potential for technological challenges that can occur when multiple people in different locations are dialing in, and allows Board members to meet the representatives, assess their commitment (or lack thereof), and ask questions directly. However, if resources and/or time are limited, or if an in-person meeting is not possible, meeting by Skype or phone is a second option. Due to connectivity and language issues, it has been found to be greatly preferred to hold all of the Board presentations in person. In addition to providing the option for translation if/as needed, and mitigating connectivity issues, an in-person presentation naturally provides more interactive Q&A sessions in addition to time for general interaction with the potential investors.

Lessons Learned

We would like for all investors to be able to put their best foot forward to give ATTC the clearest summary and most thorough view of their potential. Offer to provide guidance in preparing for the presentation to any potential investors that are interested. For example, investors can send their draft presentation for review and feedback, and/or rehearse with your team. However, do not give an unfair advantage to any one investor during this process. Your feedback should be constructive, to enhance the quality of the presentation, but not include tips on how to appeal to the Board.

By this stage, all of the investors who are finalists have undergone site visits and thorough due diligence. It is recommended to invite three (maximum of four, if warranted) investors to present to the Board. By now, you may have realized that one or more investors are not suited to be the selected M&D partner and therefore, it would not make sense to request an in-person presentation. It could also be that one of the investors is not qualified to carry out the manufacturing component but would be a valuable distribution partner. Speak with the investor to confirm their interest in distribution only, and if they are interested, invite them to participate in the presentation, making it clear what their interests and capabilities are.

The Board will agree on the structure of the engagement with the investors, determining the length, format, and order of the presentations. Please see Annex E for a sample of the guidance letter provided to previous investors regarding the Advisory Board presentation and what to expect during the Q&A process (see box above for additional guidance).

Step 10. Select the Investor

Objective	To select an investor or investors with the greatest potential to succeed in manufacturing and distributing Aflasafe
Things to keep in mind	• Did the presentations validate or change your assumptions of who was the strongest partner? • Is there any follow-up that is needed from an investor in order for the Advisory Board to make a decision? • What terms will the investor require that can be discussed now to get ahead of the TTLA discussions?
Projected timeline and resources	Led by the Advisory Board, and supported by the Team Leader • Ideally, the Advisory Board has sufficient information and can come to consensus and a decision at the end of the meeting. If not, there may be follow-up required from one or more investors, which could extend the investor selection timeline by 1-2 weeks.

Following the investor presentations, the Board members will convene to discuss and deliberate, analyzing the strengths and weaknesses of the investors and the information gleaned from the presentations. The team can help by recapping the key decision points (these should also be on a slide within the Board presentation), as well as by summarizing any new pertinent information learned during the investor presentations. At this time, the Board will likely re-rank the investors. You can help spur the investor selection discussion by asking leading questions, which take a holistic view of the options.

Once the Board has made its selection (see box), the ATTC Managing Director will inform the selected investor(s) in writing. If a decision is made during the course of the Board meeting and it's possible to invite the selected firm(s) in to the meeting, congratulate them and discuss next steps in person, all the better! However, in some cases, the Board will have continual and legitimate concerns about the top candidates and will have asked for additional information after the presentations—resulting either in no company selected as a manufacturing and distribution partner or another month of discussions, deliberations, and compromises, within the Board and with the selected partner (see the example in the text box to the right). ATTC should inform the investors who have not been selected and thank them for their interest and participation in the process.

Lessons Learned

It is possible, even after the presentations, Q&A with the investors, and discussion amongst the Advisory Board, that they are not ready to make a decision. In Nigeria, the Advisory Board had reservations and felt they didn't have sufficient information to make a decision based on the presentations and responses to their questions. As a result, the Advisory Board did not make a final decision at the end of the Board meeting. Instead, they continued to perform due diligence and asked for additional information from the investors, giving the Board a few extra weeks to analyze their options. The opposite was the case in Tanzania, where the Advisory Board was satisfied with the information presented by the investors and was able to make a unanimous decision on the final day of the Board meeting.


HOW DO WE GO FROM SCIENCE TO SCALE?
COMMERCIALIZATION
INNOVATE AND DEVELOP
ASSESS MARKET AND DEVELOP STRATEGY
SELECT INVESTORS AND STRUCTURE THE BUSINESS RELATIONSHIP
IMPLEMENT THE BUSINESS DEVELOPMENT STRATEGY
LEARN, ADAPT, AND SCALE