

SURVIVAL RATE

Outcome indicator

Indicator Phrasing

English: % of supported [specify the target group] that are still operational [specify the time] from when they received support

French: % de [spécifiez le groupe cible] appuyés qui sont opérationnels [spécifiez le temps] après avoir été appuyés

Portuguese: % [especificar o grupo-alvo] apoiados/as que estão operacionais [especificar o tempo] a partir do momento em que receberam apoio

Czech: % podpořených [určete cílovou skupinu], které jsou [určete období] od obdržení podpory funkční

What is its purpose?

The indicator measures the proportion of supported businesses that are still operational after a certain period since receiving support. Its purpose is to show the sustainability of the provided assistance. The indicator is especially important for projects supporting start-ups, where the survival rate often drops below 50% in the first four years.

How to Collect and Analyse the Required Data

Determine the indicator's value by using one of the following methodologies:

A) If the business has a reliable accountancy system and submits annual tax statements, use the following approach:

1) Stipulate in your written agreements with the supported businesses that each business is obliged to provide on a yearly basis a copy of its **Income Statement** (one of the documents submitted to tax authorities to fulfil the business' obligation of paying income tax). They should be provided for as long as you need to monitor the business' performance. At the same time, the agreement should include the project / organization's obligation to use the data only for monitoring and evaluation purposes and not to share them externally.

2) Define **minimal threshold for revenue** at which a business can be considered as "operational".

3) Using the threshold, **count the number of operational businesses**.

4) To **calculate the indicator's value**, divide the number of operational businesses by the total number of surveyed businesses. Multiply the result by 100 to convert it to a percentage.

B) In all other instances, use the following approach:

1) **Select the period** for which you will assess the performance of the business. This can be, for example, the past 3 months. However, if the sales are prone to seasonal changes, you will have to adjust the period accordingly (e.g. if a business processes fruit, it is likely that the fruit is available during the post-harvest season only. Similar issues can occur with some tourism-based businesses; etc.).

2) **Define what you mean by the term “operational”**: which exact criteria must be met for the business to qualify as “operational”? This is very important as it removes the potential subjectivity of the indicator for businesses where being “operational” may be difficult to judge. Examples of such criteria – that must always be adjusted based on the context of your intervention – include:

- the business has provided its services in a minimum, pre-defined extent and timeframe (e.g. to a certain number of customers)

- the business has generated a minimum, predefined volume of sales

3) **Collect the required data** using one of the following methodologies:

Collecting data directly from the supported businesses: First, ask the representatives of supported businesses to provide you with **documents** that might help you determine whether the businesses can be considered as “operational”, such as accounting documents, stock registry, list of clients, etc. Next, collect any missing information using **observations** at the business location (e.g. is there activity occurring which indicates it is operational, such as customers or suppliers visiting) and **interviews** with the most relevant stakeholders, such as: business representatives, employees, major buyers, suppliers or neighbours. If you supported a very large number of businesses and cannot survey all of them, use a [representative sample](#) of the supported businesses.

Collecting data from other stakeholders: In some cases, you may be able to collect data on the targeted businesses from other stakeholders. For example, development programmes often support ‘contract farming’, whereby a large company contracts small companies or farmers to supply them. In this case, rather than interviewing each small business, it would be quicker to just interview the large company, which can say which of their suppliers are operational. The reliability of the data the large company provides should be verified by visiting a small number of randomly selected suppliers.

4) **Calculate the indicator's value** by dividing the number of businesses that are operational by the total number of businesses. Multiply the result by 100 to convert it to a percentage.

Disaggregate by

Disaggregate the data by the types of supported businesses and other criteria relevant to the focus of the intervention.

Important Comments

- 1) Do not measure survival rates **earlier than one year from the businesses' establishment / support** – your results would have very limited validity (the ideal time would be 2 - 3 years).

- 2) It is recommended that you also **assess why some businesses are not operational any more**.

- 3) The **average survival rates for newly established businesses** (in higher-income countries, see [1](#), [2](#), [3](#)) that have not received support from any development organization are:
 - after 1st year: 80 – 93%
 - after 2nd year: 69 – 76%
 - after 3rd year: 60 – 62%
 - after 4th year: 51 – 56%
 - after 5th year: 44 – 51%

These numbers can give you a general idea of what can be expected; however, keep in mind that 1) the survival rates differ depending on the context; and that 2) businesses whose establishment was driven by the availability of development assistance (e.g. financial grants) might have lower survival rates than those driven primarily by the founders' ideas and determination.

Access Additional Guidance

- Miehlabrad, A. and Posthumus, H. (2018) [Gathering Information from Businesses](#)