



Is your social
venture
ready for
scale?

READY STEADY
SCALE!

D-Lab

Mit



Practical Impact Alliance



BoP INNOVATION CENTER

FOREWORD

A lot of faith has been put in social businesses to sustainably solve large-scale development challenges. Many social enterprises have proven it is possible to design and successfully deliver appropriate poverty solutions through inclusive business. However, only a few have had a significant impact on the problems they are trying to solve. Scaling social businesses in Base-of-the-Pyramid (BoP) markets requires a new generation of highly adaptive organizations that can operate and grow in uncertain and resource-limited markets where traditional business approaches often don't apply. Such organizations need to develop solid foundations in order to be ready for the complexities of scale in BoP markets. Yet we have seen time and again pressures - internal or external - to achieve scale too quickly, jeopardizing the chances of success for social businesses.

How can social ventures assess their own readiness to scale? And what aspects of their business need to be adapted to accommodate scale? Funders and ecosystem enablers want to be able to identify scalable social businesses, decide on the right time to invest in them, and develop the appropriate support needed to help them scale their impact.

This document answers some of these questions through a practical self-assessment tool built from the collective knowledge of practitioners who have been engaged in scaling social businesses. It is a simple checklist that enables practitioners to quickly assess their organization's readiness for scale and to clearly identify areas for improvement in four distinct areas: Social Impact, Financial Viability, Internal Capacity, and External Enablers.

The tool also offers a collection of best practices gathered from the experiences of social enterprises who are presently scaling inclusive business solutions in nutrition, water, health, agriculture, and energy. The best practices are illustrated by concrete lessons learned from these organizations along their scaling journeys.

We hope you will enjoy this practitioner tool as much as we enjoyed developing it, and we look forward to hearing your thoughts and suggestions for improving it.

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WHAT DOES SCALING MEAN?

Scale for an inclusive business means more than simply growing the size of the business (i.e., adding resources at around the same rate as adding impact or revenue). It means adding impact at a greater rate, while adding resources incrementally.

While there is no standard recipe for successfully scaling inclusive businesses, four scaling strategies can be distinguished:

SCALE DEEP

Being more efficient at what a company currently does for the same consumers, or with the same producers or entrepreneurs related to the products produced or services delivered. This strategy includes more efficient routes to market or a better marketing strategy to increase recurring sales. Scaling deep is similar to the concept of 'market penetration'.

One of the angles of the first phase of scaling for Living Goods was to invest heavily in digital tools and rigorous processes to drive performance and quality in the Ugandan market.

SCALE OUT

Developing new products for existing consumers or intensifying BoP engagement. This could entail the introduction of new products in existing markets or the modification of existing products and services. This way of scaling is similar to what is called 'product development growth strategy' in business literature.

One Acre Fund incrementally introduced new products in various sectors (e.g., health, energy, agri, insurance) to customers in different geographies (e.g., Burundi, Rwanda, Kenya).

SCALE UP

Getting more customers, producers, or entrepreneurs for what a company does with its regular business. Scale can be achieved by targeting new geographies or developing new distribution networks or pricing policies. In business literature, scaling up is often referred to as 'market development growth strategy.'

GreenLight Planet enters in partnership with MFI institutions in India and Africa to reach additional customers with their SunKing products.

SCALE ACROSS

Developing new products for new consumers, or a new business proposition with new producers or entrepreneurs. This scaling strategy is similar to what is called the 'diversification growth strategy' in business literature. Scaling across can be realized by remaining in the same industry or moving across industries.

Jain Irrigation Systems has scaled from their pioneering work in the micro-irrigation industry in India to offering piping systems to industrial customers worldwide; and to engaging their small-scale Indian farmers as suppliers to serve the food industry.

A number of these strategies can happen in parallel. However, having to deal with multiple at the same time can be challenging. For instance, Fenix International decided to stop scaling beyond Uganda (after expanding prematurely to other countries like Tanzania) to focus on their domestic market and deepen the value for their existing customers. What is required to implement each of these scaling strategies might also differ depending on the context, especially when scaling across or up in different geographies, as the enabling environment can change. In the case of Hydrologic, iDE, replication outside Cambodia is challenge due to the peculiarities of the Cambodian ecosystem.

SUMMARY OF THE FOUR SCALING STRATEGIES

	SAME BoP MARKET	NEW BoP MARKET
SAME PRODUCT/SERVICE	SCALE DEEP	SCALE UP
NEW PRODUCT/SERVICE	SCALE OUT	SCALE ACROSS

SCALING CASE: JAIN IRRIGATION SYSTEMS

Jain Irrigation Systems Ltd. (JISL) is an integrated agribusiness company and the largest manufacturer of micro-irrigation systems (MIS) worldwide. The corporation also manufactures plastic pipes for industrial and residential use and is a leading processor of fruits and vegetables. In India, JISL has 55% share of the drip irrigation market and a 35% share of the sprinkler market and is currently employing 6,000 people. A key factor in the success of JISL's MIS business is a subsidy provided by the central and state governments in India whereby farmers working less than five hectares of land receive a 50% subsidy on MIS equipment. JISL's MIS solutions are enabling farmers to switch from flood irrigation to more water and energy-efficient systems which yield water savings of 30-65% over traditional surface irrigation systems. Over the last fifty years, JISL has scaled through various strategies from a local trader of agricultural inputs to a multinational corporation offering a portfolio of products and services to various industry sectors worldwide.

SCALING DEEP

JISL started trading in agricultural input and equipment. To deepen the value proposition for small-scale Indian farmers, the company began manufacturing piping products, and later, micro-irrigation systems. As sales grew, JISL invested in R&D and technical assistance capabilities by opening a tissue culture lab and a demonstration and training center in order to support its customers in maximizing the value of JISL products.

SCALING OUT

In 2001, JISL launched Sustainable Agro Commercial Finance Ltd (SAFL) financing, a non-banking finance corporation, initially to finance farmers as well as suppliers' and distributors' purchases of JISL's products, and eventually to provide other types of loans for the agricultural sector. The company also branched out into green energy products including biogas and solar water pumps, to offer small-scale farmers access to sustainable energy solutions.

SCALING UP

JISL scaled up its piping and micro-irrigation product sales across India leveraging the state subsidies offered by the government. The company started its MIS expansion internationally in 2007 by acquiring several manufacturers in the US and Israel, which positioned JISL as the largest producer of MIS worldwide. More recently, the company has explored expansion into new BoP markets in Africa.

SCALING ACROSS

JISL started investing in fruit and vegetable processing to provide a market outlet for Indian farmers whose production increased as a result of access to micro irrigation. As demand grew for its processed foods, the company engaged in contract farming for specific crops engaging its customers as suppliers. Over the years, JISL developed new markets both in India and internationally for its non-MIS products and services, including PVC piping, tissue culture, food processing, and more recently for solar pumps.

Micro-irrigation Systems (MIS)	Piping Systems	Agro Processed Products	Others
<ul style="list-style-type: none"> □ Drip & sprinkler systems, precision farming advisory □ 1st in India & 2nd globally □ Wide distribution presence - over 8,626 dealers/distributors in India & internationally □ Manufacturing base in India, Israel, Turkey, USA, Latin America, & Europe □ R&D base in India, Israel, and USA 	<ul style="list-style-type: none"> □ PVC pipes & fittings, Polyethylene pipes, turn-key projects □ One of the largest players in India □ Catering to agricultural, industrial, and infrastructural customer base □ Manufacturing primarily driven from India □ Forayed into urban space by introducing plumbing systems 	<ul style="list-style-type: none"> □ Fruit pulps, concentrates, vegetable dehydrations, spice processing, etc. □ Globally number 1 in mango processing and number 3 in onion dehydrations □ Catering to top global food companies □ Forayed into retail in FY 16 □ Manufacturing in India, UK, and USA 	<ul style="list-style-type: none"> □ Renewable energy, tissue culture, PVC Sheets □ Globally number 1 in banana and Pomegranate Tissue Culture □ Large manufacturer and supplier of solar appliances □ Recently moved most of the plastic sheet business to Ireland, closer to customer base
USD 438m (45%) ¹	USD 215m (22%) ¹	USD 215m (22%) ¹	USD 86m (9%) ¹

1. Audited consolidated sales amount and % of total sales for Fiscal 2015-2016

IS YOUR SOCIAL BUSINESS READY FOR SCALE?



SOCIAL IMPACT CHECKLIST

- ☐ Is your social impact clearly defined, rigorously proven, and locally validated?
- ☐ Is your social impact growing proportionally to your scale?
- ☐ Do you have a robust monitoring system for your social impact?



FINANCIAL VIABILITY CHECKLIST

- ☐ Do you control the unit economics of your Minimum Replicable Business Unit?
- ☐ Are your financial and operational targets and metrics aligned?
- ☐ Is your delivery cost optimized to maximize impact?
- ☐ Is your return on philanthropic investment optimized?
- ☐ Are your replication criteria and processes clearly defined?
- ☐ Do you have a good understanding of scale implications on your business?



INTERNAL CAPABILITIES CHECKLIST

- ☐ Are your core processes standardized, documented, and digitalized?
- ☐ Do you have the right team to scale your business?
- ☐ Do you have the right partners to execute your scaling strategy?
- ☐ Can your distribution channels expand to support your growth?
- ☐ Can your marketing channels expand to support your growth?
- ☐ Can your supply chain expand to support your growth?



EXTERNAL ENABLERS CHECKLIST

- ☐ Is there sufficient market intelligence to inform your growth strategy?
- ☐ Is there sufficient access to finance in your markets?
- ☐ Is the policy & regulatory environment favorable in your markets?
- ☐ Is there sufficient human capital in your market to meet your staffing needs?



SOCIAL IMPACT CHECKLIST

For a social business, social impact is the actual “product” of the enterprise, while product or service delivery is only a step along the value chain. So the first prerequisite to scaling a social business is to ensure that the social impact is a direct function of the company’s scale. Scaling can be distracting, and social enterprises need to put safeguards in place to prevent against mission drift and impact dilution during growth.

Is your social impact growing proportionally to your scale?

Impact dilution is a risk that most social ventures face as they embark on a scaling journey. Additionally, different scaling strategies might affect impact growth differently. It is important to ensure that your social impact is growing proportionally to your scale. Establishing a measure of success that factors both social impact and scale helps to keep this balance and evaluate different scaling strategies objectively.

BEST PRACTICES

- ☐ Establish a clear definition for your success that incorporates both social impact and scale
- ☐ Assess how your scaling strategy is affecting your social impact and verify that your overall impact is not getting diluted

Case: One Acre Fund p. 18

Is your social impact clearly defined, rigorously proven, & locally validated?

For social enterprises, impact is the first measure of success, so it needs to be clearly defined and rigorously proven. A strategic positioning on impact focus can also provide differentiation and attract key partners. Product or service efficacy is different from field proven impact, and it is important to have a solid evidence of both before scaling.

BEST PRACTICES

- ☐ Clearly define the social impact area you intend to affect
- ☐ Ensure alignment and relevance to your key stakeholders, including partners and funders
- ☐ Provide rigorous evidence of your product/service efficacy
- ☐ Validate your social impact locally by piloting in your market before scaling

Case: NutriGo p. 12

Do you have a robust monitoring system for your social impact?

In order to validate that impact is growing proportionally to scale, measurable impact KPIs must be monitored continuously against clearly defined targets. Setting SMART KPIs and a robust monitoring system is essential to keeping control of impact while the enterprise takes on the complexities of scale. Such control on impact metrics can also be attractive to impact investors.

BEST PRACTICES

- ☐ Define SMART KPIs for your social impact
- ☐ Set clear targets and monitoring frequency for your KPIs
- ☐ Put in place a robust monitoring system to gather data in real time
- ☐ Evaluate your performance continuously against targets and implement adaptive actions

Case: Evidence Action p. 16



FINANCIAL VIABILITY CHECKLIST

Whether a social enterprise is for profit or not-for-profit, a key condition to scale is a financial model that is consistent and replicable as the organization grows. At larger scale, the need for operating capital is much higher so philanthropic funding can become insufficient. Hence social businesses should be structured to continuously maximize the cost efficiency of impact delivery and to ultimately achieve financial independence.

Are your financial & operational targets & metrics aligned?

When serving BoP markets, profit, or even break-even, are not always feasible from the get go. Synchronized financial and operational planning and monitoring are critical to ensuring that the business is growing while performing at the best possible efficiency and improving overtime towards its financial goals.

BEST PRACTICES

- ☐ Set clear financial targets for the Minimum Replicable Business Unit and for the overall business
- ☐ Correlate your financial targets with measurable operational key performance indicators (KPIs)
- ☐ Drive your operational performance towards your financial targets
- ☐ Validate performance over enough time to ensure repeatability

Case: Evidence Action p. 17

Do you control the unit economics of your Minimum Replicable Business Unit (MRBU)?

The MRBU is the smallest business unit that gets replicated when scaling. To ensure financial viability at scale, it is important to control the MRBU financial performance and ensure that you are replicating a stable revenue model and cost structure.

BEST PRACTICES

- ☐ Clearly identify the MRBU in your business model
- ☐ Define a clear revenue model and cost structure for the MRBU
- ☐ Test your revenue model and cost structure over time for consistency

Case: NutriGo p. 13

Is your delivery cost optimized to maximize impact?

While scale often brings cost economies, it is much more expensive and complex to implement cost optimization at large scale. So before scaling, it is important to ensure that the model is as lean as possible and that margins are sufficient to support growth. However, excessive cost reductions can jeopardize the social impact, so finding the optimal point is critical.

BEST PRACTICES

- ☐ Set cost efficiency targets for your business processes: customer acquisition, production, sales, financing, and post-sales services
- ☐ Do not over-optimize at the expense of impact performance
- ☐ Consider further cost efficiency through technology adoption or partnerships

Case: Living Goods p. 14

Is your return on philanthropic investment optimized?

Many social businesses have to rely on philanthropic funding to build their market base and fund their growth. Tracking and optimizing the return on philanthropic dollars is essential to retaining or growing donor investments. Delivering measurable impact with high cost efficiency can attract patient capital to fuel growth.

BEST PRACTICES

- ☐ Set clear social return on investment (SROI) targets
- ☐ Track and evaluate your SROI against competing interventions (for funding)
- ☐ Leverage impact performance and cost efficiency for fundraising
- ☐ Ensure a certain level of control and stability of philanthropic revenues
- ☐ Strive for financial independence overtime

Case: VisionSpring p. 24

Do you understand the implications of scale on your business?

Operating at larger scale requires additional overhead costs like management functions. Additionally, variable costs like manufacturing and distribution can also change dramatically when certain scale thresholds are reached. Sizing the demand and competition at scale, and planning ahead for these cost sinks, is essential to avoiding financial difficulties at larger scale.

BEST PRACTICES

- ☐ Make projections of your cost structure (production, distribution, overhead) at different milestones of scale
- ☐ Test your demand market saturation assumptions in each new setting
- ☐ Test your competitive edge against big players for whom you will become relevant at scale
- ☐ Build healthy margins in your pricing to support scaling and unforeseen costs

Case: Fenix International p. 21

Are your replication criteria & processes clearly defined?

Once the model is tested and validated in one context, the success criteria need to be thoroughly documented in order to inform expansion in new markets. Thorough market analysis, structured pilots, and comprehensive decision-making processes are essential to de-risk replication and expansion.

BEST PRACTICES

- ☐ Define the market selection criteria and map viable markets
- ☐ Define pilot processes and success criteria
- ☐ Pilot in each new market at small scale before expansion
- ☐ Define your decision-making criteria for resources allocation

Case: One Acre Fund p. 19



INTERNAL CAPACITY CHECKLIST

Operating a social business at scale requires committed and competent people, meticulous and rigorous processes, reliable and complementary partnerships, as well as efficient and expandable channels (supply chain, distribution, and marketing). It also requires a culture of adaptive learning that enables organizations to evolve and adapt rapidly in order to meet the demands of larger groups of customers in new geographies or markets.

Do you have the right team to scale your business?

The skills required for scaling are different from those needed in early stages. When preparing for scale, enterprises need to bring in leaders with strong operations acumen, relevant management experience, and partnership development skills. In BoP markets, it is often difficult to secure the number of qualified staff to support growth, so investment in talent development is critical.

BEST PRACTICES

- ☐ Assess when your team needs to bring on new leadership with scaling experience. It is not easy!!
- ☐ Ensure a mix of entrepreneurial skills and operational excellence in your higher management
- ☐ Develop your staff by offering training opportunities in key skills and relevant best practices
- ☐ Anticipate your future needs for talent to sustain scale and invest in developing it locally

Case: Hydrologic, iDE p. 26

Are your core processes standardized, documented, and digitized?

To operationalize the scaling process, core processes need to be standardized and thoroughly documented in order to minimize the inefficiencies that come with larger scale. Digitalization of core processes and monitoring systems enables greater efficiency and performance at larger scales.

BEST PRACTICES

- ☐ Identify core processes to be standardized (e.g., hiring employees and new market selection)
- ☐ Document the core processes in detailed handbooks, guidelines, and operating procedures
- ☐ Establish a monitoring system to evaluate the efficiency of your core processes
- ☐ Leverage ICT to support the scaling of your core processes, boost their performance, and enable real-time monitoring

Case: Living Goods p. 15

Do you have the right partners to execute your scaling strategy?

Partnerships can be indispensable for reaching new customers, lowering delivery costs, and addressing external barriers. Choosing the right partners and managing partnerships successfully and efficiently takes time and resources. Investment in partnership selection and development processes are a must for growing businesses.

BEST PRACTICES

- ☐ Assess your scaling strategy and identify competencies and assets that cannot or should not be developed internally
- ☐ Develop clear partner selection criteria
- ☐ Invest time in due diligence and pilots before scaling a partnership
- ☐ Ensure alignment on mission and goals, transparency on risks and benefits, cultural fit, and complementarity of resources and competencies

Case: Greenlight Planet p. 29

Can your distribution channels expand to support your growth?

Due to infrastructure limitations resulting in higher delivery costs, distribution is often the main barrier to scale in BoP markets, particularly when reaching last-mile customers. Finding a scalable recipe requires time and often partnerships with organizations who have established channels that can be leveraged to reach the target population.

BEST PRACTICES

- ☐ Assess and pilot different distribution strategies (direct sales vs retail, proprietary vs shared)
- ☐ Project the fixed and variable costs of each strategy before scaling
- ☐ Leverage existing channels (retail networks, village entrepreneur networks, public service networks) if possible
- ☐ Seek partnerships with aligned and complementary organizations to reduce cost and increase efficiency at scale

Case: KOKO Plus p. 23

Can your marketing channels expand to support your growth?

Introducing impact products or services in BoP markets often requires significant behavior change, while consumer insights are scarce, markets are heterogeneous, and marketing channels are limited. Using appropriate marketing techniques is essential to developing replicable and scalable marketing strategies.

BEST PRACTICES

- ☐ Clearly distinguish demand creation from sales activities and monitor your conversion rates
- ☐ Evaluate the ROI of your different marketing investments (BTL and ATL) and invest in higher return strategies
- ☐ Consider leveraging philanthropic or public funds to support behavior change campaigns
- ☐ Leverage existing channels through partnerships
- ☐ Develop appropriate marketing campaigns that are frugal but anchored in behavior change theory

Case: VisionSpring p. 25

Can your supply chain expand to support your growth?

As companies scale, their sourcing, manufacturing, delivery and maintenance activities grow exponentially. Unreliable access to infrastructure such as utilities, transportation, waste management or communication services can be crippling for a growing venture in BoP markets. So it is important to project supply chain needs at scale and plan for potential bottle necks.

BEST PRACTICES

- ☐ Project your supply chain needs at different levels of scale to avoid bottlenecks
- ☐ Evaluate local versus global manufacturing options factoring in logistical costs but also quality and reliability
- ☐ Leverage ICT to optimize your stock level and minimize stock outs as you scale
- ☐ Invest in strengthening any weak links in your supply chain (developing suppliers or facilitating access to finance) if possible

Case: Hydrologic, iDE p. 27



EXTERNAL ENABLERS CHECKLIST

Many barriers to scale are outside the direct control of social businesses as they stem from broader market or industry constraints. The best practices¹ referenced in this section are intended for ecosystem enablers or industry facilitators who are working on a sectorial or regional level to lower these systemic barriers. The Global Off-Grid Lighting Association described on page 20, illustrates how some of these practices can be implemented.

Is there sufficient market intelligence for your growth strategy?

BoP markets are often highly heterogeneous, challenging the replicability of business models. The lack of market data and consumer insights in BoP markets can lead to costly strategic errors. While a few industries have started to rally collective intelligence, many have not yet reached critical mass to do so.

BEST PRACTICES

- ☐ Create a coalition of sector organizations and companies to unravel qualitative insights of the BoP leveraging ICT technologies
- ☐ Conduct longitudinal impact analyses of the performances of inclusive business

Is there sufficient human capital in your market to meet your staffing needs?

Managing operations effectively at large scale requires professional staff. Yet talent pools with experience growing social ventures are scarce, particularly in BoP markets. Talent development takes time and investment, so it is important to plan for human capital growth early on in the scale journey.

BEST PRACTICES

- ☐ Set up appropriate venture space for BoP business lines to growth
- ☐ Accelerate the development of blended curricula that include “inclusive business” at their core, especially in business schools and academia in Africa and Asia

Is the policy & regulatory environment favorable in your markets?

The political and regulatory landscape of your target market can bring additional barriers or enablers to your scaling journey. Regulations concerning quality standards, brand protection, fiscal rules or import/export tariffs are to be taken into careful consideration when scaling or replicating in new markets.

BEST PRACTICES

- ☐ Initiate policy dialogue around inclusive business at the national and regional levels in countries of interest
- ☐ Form coalitions that can lobby for the government’s role in the development and enforcement of quality standards and brand protection laws to protect from lower quality copycats; favorable fiscal regimes (e.g., VAT exemptions, low import and tariffs) for products that improve lives of BoP people; and relaxing laws on commercial borrowing, which can be protective and hamper growth of some companies

Is there sufficient access to finance in your markets?

As social ventures scale, they have greater need for capital to finance their growth operations and supply chains. Access to consumer financing can also become a limiting factor at large scale. Many developing markets lack access to impact financing and traditional financiers perceive these new industries as risky.

BEST PRACTICES

- ☐ Increase partnerships between funds to mutualize costs and increase potential return
- ☐ Develop a dual agenda on technical assistance and investment towards impact investors
- ☐ Support more innovative funding mechanisms

1. Best practices referenced in this section are extracted from BOP INC “Scaling Inclusive Business”.

PILOT TO SCALE CASES

Ten case studies were discussed and analyzed to generate the best practices presented in the scale readiness checklists. These include a mix of social enterprises and corporate ventures, for-profit and non-profit organizations, product or service focus, operation at different scales (from a few thousand to a few million beneficiaries) in various geographies across Africa and Asia, and pursuit of a variety of scaling strategies in different industries and impact areas (nutrition, water, health, agriculture, and energy).

To illustrate some of the concepts and best practices, we have selected a collection of key lessons from these cases. To keep it practical, we focused on one or two key lessons from each case as it pertains to scale readiness. We encourage you to learn more about these companies by visiting their websites and researching other resources that document their strategies and learnings.

Future Scaling Strategies

	SECTOR	DEEP	UP	OUT	ACROSS
NutriGo	Nutrition	✓	✓		
KokoPlus	Nutrition	✓	✓		
Living Goods	Health	✓	✓		
VisionSpring	Health	✓	✓		
Evidence Action	Water	✓	✓	✓	
Hydrologic, iDE	Water	✓		✓	
Fenix International	Energy	✓	✓	✓	
Greenlight Planet	Energy	✓	✓	✓	
One Acre Fund	Agriculture	✓	✓	✓	
Jain Irrigation Systems	Agriculture	✓	✓	✓	✓

✓ = Exploring this strategy rather than already implementing

How to navigate the lessons learned

For each question on the checklist, note the best practice case and identify



SOCIAL
IMPACT



FINANCIAL
VIABILITY



INTERNAL
CAPABILITIES



EXTERNAL
ENABLERS

NutriGo

Danone Communities

SECTOR
Nutrition

PRODUCT
Fortified infant
food supplement

LOCATION
Bengbu, China

CURRENT SCALE
5,100 babies in 315
villages by 2016

VISION FOR SCALE
54,000 babies in 1,525
villages by 2018

SCALING STRATEGY
Deep - Up



Background: NutriGo

In China, 55% of the 50 million children under five are on the cusp of malnutrition, and more than 10 million have iron deficiency. YingYangBao is a food supplement that has been shown to reduce anemia in infants 6-36 months old by 47%.

The product was developed by Chinese doctor Madame Chen Chunming, who formed a partnership with Danone Communities, Nutricia China, and the Chinese government to bring the product to market in rural China through the social business NutriGo. The product is manufactured centrally and distributed in rural clinics through 13 fully employed sales agents. Local doctors screen the children and the product is sold in pharmacies.

Demand is generated through an educational campaign both for doctors and families, which includes a wall ad in each village and three annual nutrition events that serve to create awareness, trigger purchases, and drive compliance.

Over the last two years, NutriGo has achieved strong results in a subset of the villages they have reached, but most villages are still struggling to achieve the level of continuous product usage needed to reach both break-even and the desired impact. The enterprise intends to grow by increasing usage in served villages, while simultaneously initiating sales in new ones and testing urban markets.

Following the impact of YingYangBao on the children's health, the Chinese government has begun to offer the product at no cost to low-income households in some regions, which is challenging the scalability of the young social business.

Social Impact Provide rigorous proof of efficacy and validate social impact before scaling

The efficacy of YingYangBao was proven by a randomized control trial conducted by the China Center of Disease Control and Prevention and the International Life Science Institute Office between 2001 and 2003. The study compared a control group and a treatment group of 1,000 infants age 4-12 months who received the supplement over a one-year period. The results showed positive impact on height, IQ, and motor ability – and the most significant improvement was observed in the anemia rate, which was 47% lower in the treatment group. This study provided robust proof of the product's efficacy, which has been essential to gaining the trust of the various stakeholders engaged in the launch of NutriGo. As a result of this strong evidence of YingYangBao's health impact, the China Ministry of Health decided to invest 100 million RMB to extend the free sampling of the products in ten of the country's poorest provinces.

To validate these results in their target market, NutriGo monitored anemia rates in the 315 village clinics where the product and business model were piloted over a two-year period. The pilot ended with an average decrease of 74% in anemia among the sampled population. These results confirmed NutriGo's social impact and gave the enterprise the confidence and assurance to scale further. NutriGo is presently exploring strategies to leverage the government's support in building a





sustainable market for the product.

Financial Viability

Control the unit economics of your MRBU

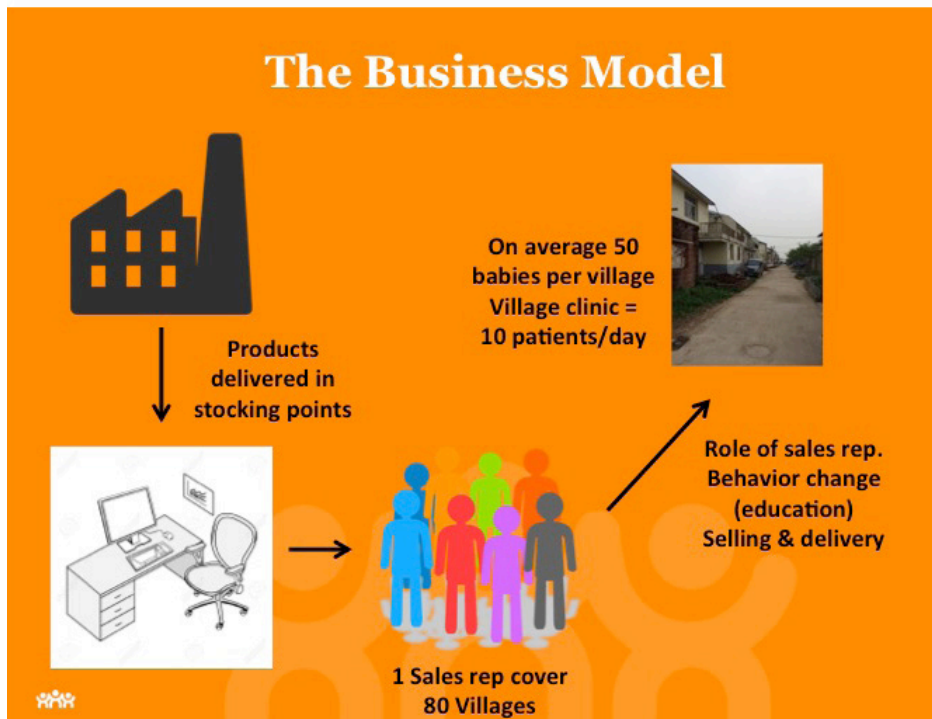
After piloting several distribution strategies, NutriGo decided to scale distribution through village clinics, as this channel had shown better penetration and sales continuity rates. The Minimum Replicable Business Unit (MRBU) in this case is defined as the village, where the village clinic serves as the point of screening and the pharmacy as the point of sale. By selling NutriGo, the pharmacists can increase their monthly income by 35 to 54 percent. The company allocates a fixed yearly marketing budget to create a pull for the product in each village. Each NutriGo sales agent covers 80 villages and the company estimates an average of 50 babies per village and 10 baby patients seen daily. A wall advertising is painted in each new village and accounts for half of the business unit expenditures.

After two years, NutriGo had sales in 315 villages, but only 30 of them had achieved break-even. These “priority villages” had an average of 68% continuous product usage, over five times the average rate achieved in most other villages. These large discrepancies in sales performance from one village to another revealed that the company needs to better understand the sales and product adoption drivers and gain more control over its unit economics before scaling up to new villages. For NutriGo, it is essential to scale deep by improving compliance rates for existing customers before scaling up. This will allow the young social business to achieve financial viability and ensure that the desired health impact is scaling proportionally to the product sales.



“We are not ready for scale. We have to find a recipe to break even in each village before opening new villages.”

Valerie Mazon
Business Development Director,
Danone Communities



Living Goods

SECTOR
Health

SERVICE
Last-mile distribution
of health products

LOCATION
Africa & Southeast Asia

CURRENT SCALE
3 million people
served by 2016

VISION FOR SCALE
9 million people
served by 2020

SCALING STRATEGY
Deep - Up



Background: Living Goods

Many countries in Africa and Southeast Asia still face high childhood disease and mortality rates, in part due to the absence of basic health services. Living Goods has developed a model in which local community members are trained as Community Health Workers (CHWs) who offer health services and treatments. The CHWs buy and resell for a profit a basket of products curated by Living Goods, which include treatments for childhood diseases, family planning, fortified foods, and impactful products like cookstoves, solar lights, and water filters. CHWs have defined catchment areas and visit community members at their households to offer basic consultations and affordably priced products. A 2014 randomized controlled trial (RCT) showed a 27% decrease in child mortality in villages served by Living Goods.

The organization has grown significantly since its inception in 2008, from sixty CHWs in one country to 6000 CHWs on two continents. This growth was driven in part by Living Goods' partnership with BRAC. Fast growth was further enabled by the company's investment in mobile technology, which improved caregiver communication, diagnostic accuracy, patient compliance, and performance management.

In order to give every mother and child access to basic health services, Living Goods plans to further scale rapidly, and aim for national coverage, to broaden and deepen its impact and to multiply impact through partners and policy.

Financial Viability



Optimize your delivery cost to maximize impact

The RCT results marked a pivotal moment in Living Goods' scaling journey. Prior to that, the enterprise was focused on achieving financial sustainability while driving health impact by reducing operational costs and margin. Back then, financial viability was defined as reaching break-even in each branch. However, incremental cost reductions resulted in lower impact performance. After the RCT revealed a 27% reduction in child mortality rates, the organization focused on delivering the highest health impact in the most cost-effective way, rather than striving for full financial sustainability.

Living Goods established that branches can operate at 80-90% cost recovery and that a 15 to 20% margin on products is necessary for the enterprise to support its growth. Agents' margins are also established and reviewed periodically to sustain sales and impact. Moreover, Living Goods invested heavily in standardizing operational processes and in ICT tools to increase efficiency and support the consistent replication of its winning recipe.

Even though this meant continuing to rely in part on fundraising, the company had reached the optimum delivery cost to maximize performance and impact, and was ready to start scaling. Following this shift in strategy, Living Goods tripled its operations in Uganda in just one year and started to operate in Kenya, Myanmar, and Zambia.



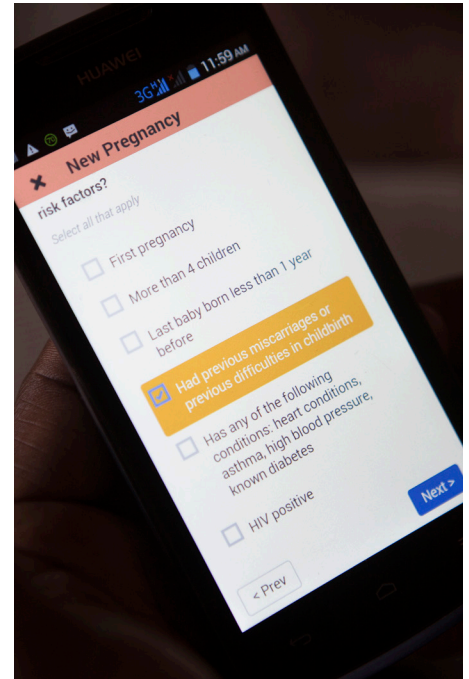


Internal Capacity – Processes

Standardize core processes and leverage digital tools to drive performance and consistency while scaling

One of Living Goods' key success factors is its investment in rigorous and documented processes for operation management and expansion. To support its growth in Uganda, the company developed a branch management handbook that details operating procedures ensuring that all branches are following the same processes. It also developed the expansion handbook that documents the process for new branch opening and recruitment of new community health workers, etc. All new Living Goods staff has to spend 6 weeks in training, both in class and in the field, to learn all these processes and become proficient in performing operations.

Living Goods also invested heavily in digital tools to improve field performance, management performance, and patient compliance. CHWs are equipped with mobile phones and digital applications that help them increase treatment accuracy, ensure the consistency and quality of their service, and improve their efficiency through an automated daily task list driven by real time data. Digital tools are also used to support management performance through real-time monitoring of key metrics against targets and customized dashboards for different levels of management. Lastly, Living Goods' digital tools have also proven to be effective in driving healthy behavior and treatment compliance through the use of SMS reminders to both patient and caregivers, and by enabling early diagnostics and treatment thanks to the "agents on call" feature.



Objective	Priorities
1: Scale Rapidly and Aim for National Coverage 	1A: Triple Living Goods' reach in Kenya and Uganda
	1B: BRAC to consolidate then resume growth
	1C: Aspire to reach national scale in one country
	1D: Launch and scale in a new country
2: Broaden and Deepen Impact 	2A: Expand WHAT we do: family planning; nutrition; pregnancy and newborn care; immunization referral; outbreak detection & surveillance
	2B: Strengthen HOW we operate: test targeted incentives; household micro-targeting; experimentation with free medicines
3: Multiply Impact through Partners and Policy 	3A: Catalyze partners to implement, maybe government too
	3B: Secure long-term sustainable funding
	3C: Shape community health policy nationally

“Seeing the results on the impact modified our strategy and our focus. Now our focus has been impact in a cost-efficient way.”

Emilie Chambert
Uganda Director,
Living Goods

Evidence Action

SECTOR

Water

SERVICE

Chlorine Dispensers
for Safe Water

LOCATION

Uganda, Malawi, Kenya

CURRENT SCALE

~4.7 million people
served by 2016

VISION FOR SCALE

Reach and continue to
serve 5 million people
with safe water access

SCALING STRATEGY

Up - Deep - Out



Background: Evidence Action

Three hundred fifteen thousand children under five die every year from diarrheal diseases caused by unsafe water and poor sanitation. Evidence Action works to improve access to safe water by installing chlorine dispensers adjacent to water wells. Recipient communities elect a community promoter, who educates community members in proper dispenser usage and benefits. The dispensers are regularly re-filled and repaired by paid circuit riders who receive phone notifications about usage rates and maintenance needs.

Chlorine dispensers are provided and maintained at no cost to communities, are easy to use, and do not affect water taste, resulting in a high usage rate. A randomized controlled trial found that the dispensers led to a six-fold increase in chlorination adoption after two years.

To offer the dispensers for free, Evidence Action relies on carbon credits to cover 60% of delivery costs. The remaining 40% of costs are covered by philanthropic donations. To sustain this model, Evidence Action is continuously improving its delivery cost per user to offer the most cost-effective social return to its investors.

As the program scales up, the company intends to diversify its revenue streams by testing adoption with user fees introduced, leveraging dispensers for advertising, leveraging the agent network for distributing other products, and seeking greater financial commitment from governments. In addition, Evidence Action is seeking governmental and non-governmental partnerships to further reduce its delivery costs.



Social Impact

Establish robust monitoring systems for social impact

With roots in rigorous evaluation and expertise in behavior economics, Evidence Action developed a robust impact monitoring model that forms the base of the enterprise's success. In addition to the number of people served, Evidence Action tracks adoption rate as an important KPI of dispenser use by the community. One and a half percent of all dispensers installed by Evidence Action are evaluated monthly, and a random selection of eight households at each dispenser site are interviewed for qualitative information about adoption and usage in that particular village. Evidence Action strives to keep this metric over 50% and has incremental improvement targets in each country.

Furthermore, Evidence Action has chosen DALYs (Disability Adjusted Life Years) as an overall reporting measure of impact because it is a standard common health metric used in the global health and development field and provides a standard scale of measurement across interventions and diseases. The DALY estimates can also be used alongside program cost data to show the cost-effectiveness of dispensers in different settings. The economic value of lost productivity due to death or disability, which can be easily estimated from DALYs, provides a base for comparison with a larger spectrum of health and livelihood interventions. To date, Evidence Action models indicate that the dispensers have averted 837,206 cases of diarrhea and contributed to the diversion of 22,324 DALYs.

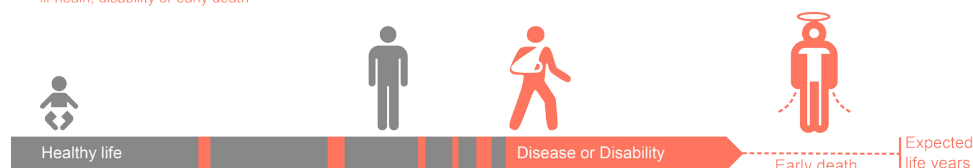


DALY

Disability Adjusted Life Years is a measure of overall disease burden, expressed as the cumulative number of years lost due to ill-health, disability or early death

$$= \text{YLD} + \text{YLL}$$

Years Lived with Disability + Years of Life Lost



Financial Viability

Drive your operational performance towards your financial targets

As cost is one of the main barriers to water chlorination adoption, Evidence Action installs and operates the chlorine dispensers at no cost to communities. The company recovers delivery costs by selling carbon credits – which account for 60% of revenue and by raising philanthropic donations. In this case, financial performance is defined as the enterprise's capacity to maintain its carbon credit revenues, diversify its revenue streams, and progressively decrease its dependence on philanthropic dollars.

To achieve these goals, Evidence Action ensures that its delivery cost is declining with each new user while dispenser usage and reliability rates stay high as operations scale. Therefore, the enterprise is keeping a razor-sharp focus on operational excellence by investing heavily in supply chain reliability and cost efficiency, and by closely monitoring delivery KPIs. Reliability is a critical factor in user adoption as empty or broken dispensers are not usable. Data is gathered by the evidence circuit riders on each trip that chlorine is delivered to the dispenser, and a mobile issue and repair tracking tool is used to ensure outage rates stay below 5%. Furthermore, continuous improvements to circuit optimization and chlorine sourcing are pursued to reduce delivery costs.

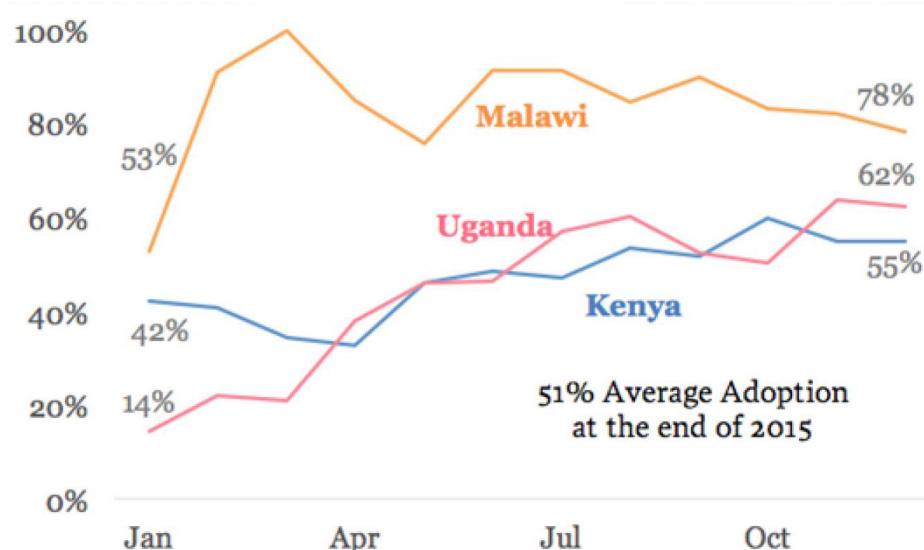
These KPIs are also used to drive Evidence Action's expansion decisions. In every new location, the enterprise conducts 6-month pilots to verify need, uptake, supply reliability, and delivery cost before deciding to expand into the area.



Evidence Action

“We know that if the dispenser is empty one day, there is a 14% chance usage will drop, if it is missing for three days the risk goes up to 42%, and to get people back on usage is very hard.”

Andy Narracott
Deputy Director,
Global Safe Water



One Acre Fund

SECTOR

Agriculture

PRODUCTS & SERVICES

Agricultural bundles

LOCATION

East Africa

CURRENT SCALE

400,000 farmers by 2016

VISION FOR SCALE

1 million farmers by 2020

SCALING STRATEGY

Deep - Up - Out



Background: One Acre Fund

During the hunger season in many African countries, 33% of children are stunted and 10% of children under five die. One Acre Fund (OAF) field officers offer agricultural technologies, financing, distribution, training, and market facilitation services to improve farmer yields and income. Each OAF field officer supports up to 200 farming families in insuring their crops, using improved seeds, and providing harvest support, solar energy-fueled appliances, and health products. This agricultural-bundle model has proven to increase farmers' income by 30% to 40%, according to several randomized controlled trials. The model also drastically reduces food insecurity and extreme hunger.

OAF is able to cover 80% of field costs through farmer payments, while remaining costs are sustained through philanthropic fundraising. The model produces an impressive social return on investment (SROI) of \$5 impact (increased farmer income) for every \$1 of donor contribution. OAF has seen significant growth since it began serving 40 farmers in Kenya in 2006. Now expanded to six countries, the organization serves 400,000 farmers. One Acre Fund is scaling in different ways, including by deepening value to current customers, expanding to new markets, and through system-level change and influence. To improve accessibility to the poorest farmers, One Acre Fund has also begun to explore partnerships with microfinance institutions like BRAC.



Social Impact

Ensure that impact is growing proportionally to scale

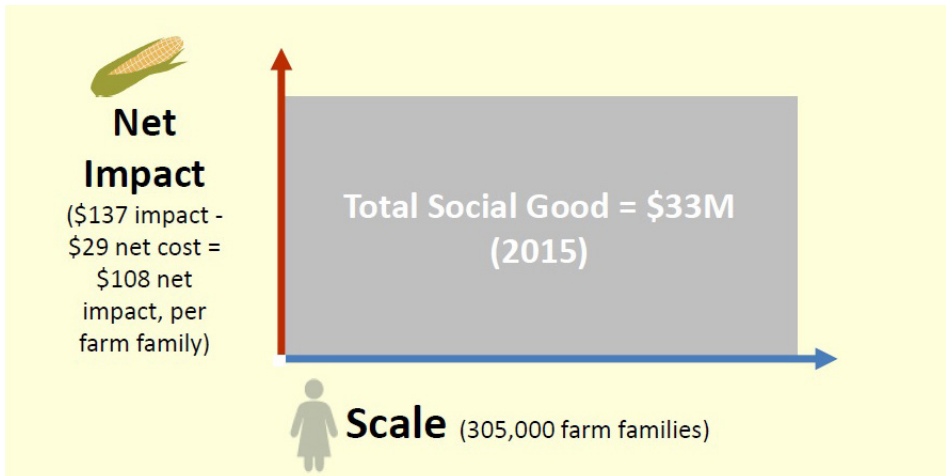
One Acre Fund defines success as a function of three key metrics: scale (number of people reached, with a focus on gender balance), impact and impact efficiency. The main measure of impact is farmer profit, where OAF farmers register an average \$137 increase in annual income in comparison to control groups. Impact efficiency is defined as the company's social return on investment (SROI), where each philanthropic dollar is presently yielding 5 dollars of a farmer's increased income, and OAF strives to improve this ratio to 1 to 10 by 2020. OAF combines these 3 metrics to calculate the "total social good" box, which is the product of multiplying the net farmer profit by the scale in each market. To date, OAF has been delivered \$33 million in total social good. This metric is at the base of all of OAF's expansion decisions.

The company is pursuing three scaling strategies, each growing the total social good box in different but proportional ways. 1) OAF is scaling up its core program by increasing the number of farmers per site, adding new sites in existing countries or entering new countries, while keeping the net impact per farmer constant. 2) The enterprise also scales deep by growing the net impact through innovation programs that either increase farmer income further or decrease the net cost per farmer. 3) OAF is also engaging in scaling elements of its program through system interventions. This last strategy trades depth of impact for mass scale and permanence. For example, by spinning off and scaling one element of its core program, such as training in partnership with large-scale and influential actors like governments, OAF is still delivering an equivalent amount of total good to its other programs.

This approach to driving growth by a standard measure of success that factors in both scale and social impact is allowing OAF to be more assertive in its scaling decisions and ensuring that the company's total social impact is growing proportionally to the scale achieved.



One Acre Fund "Total Social Good" Box




Financial Viability

Set clear criteria and processes for replication and expansion

OAF is presently operating in eight east African countries and continues to accelerate its expansion to new markets through various scaling strategies. To identify and select new market opportunities, OAF conducts thorough market analysis through desk research, then classifies countries based on impact potential, likelihood of success, market size, and poverty tier. In selected markets, the company dedicates two to six months to scouting the context by conducting on-the-ground farm surveys, interviews, and local research to validate program applicability and test the operating environment. Only after passing this validation step does OAF move to conducting pilots (over 2 farming seasons) in which it provides a program to 100-200 farmers; and, if successful, it tests 500 to 1500 to verify its core metrics and decide whether to launch. This thorough process allows OAF to reduce the risks of replication, both within the company and through its vulnerable customers.

To determine the level of investment to allocate for each market, the company adopted a zero based budgeting approach, where resource allocation decisions are informed by a combination of quantitative and qualitative metrics. These include present and projected scale and SROI, as well as assessments of impact proof, need for global support, client need, and non-income impacts. This process enables OAF to control the risks of its ambitious and diversified growth strategy and build a business portfolio with geographic and risk-level diversification.

One Acre Fund "Zero-Based" budgeting process

Program	SROI		Scale		Impact proof level	Draw on global support	Client need	Non-income impacts
	Today	2020	Today	2020				
Kenya core	10.0	57.0	210k	500k	HIGH	MED	MED/HIGH	HIGH
Zambia pilot	N/A	3.5	0.4K	15k	MED	HIGH	MED	LOW
TZ seed demand stimulation (syst ch)	4.5	6.5	10k	250k	MED/HIGH	MED/HIGH	MED	LOW
...



“With a bigger portfolio, we have to think about how to invest. Twice yearly we ‘score’ all programs against key criteria to support ‘zero-based’ resource allocation.”

Mathew Forti,
Managing Director,
One Acre Fund USA

Fenix International

SECTOR

Energy

PRODUCT

Solar-powered appliances

LOCATION

Uganda

CURRENT SCALE

70k customers by 2016

VISION FOR SCALE

N/A

SCALING STRATEGY

Deep - Up - Out



Background: Fenix International

Founded in 2013, Fenix International seeks to provide power and inclusive financial services to the one billion-plus households that remain unconnected to a power grid. Their 10-60W expandable ReadyPay Power solar panel technology can be used to power lights, radios, phone chargers, televisions, and other household and business appliances. Fenix International uses a MobileMoney payment program to facilitate pay-to-own financing options, which makes the products accessible to low-income consumers and allows customers to expand their ReadyPay systems over time.

Because the pay-as-You-go (PAYG) industry is still young, Fenix International adopts an end-to-end energy solution approach to offer a complete customer experience. The company does everything from technology design and production to last-mile sales and distribution to consumer financing and credit scoring, and customer experience.

Since its inception, Fenix International has electrified 75,000 households in Uganda and has recovered \$7 million in payments, which required rigorous systems and high loyalty from customers. Key success factors include a clear pilot to scale process, well-defined targets and KPIs, and a robust financial model. Future growth plans include continuing product portfolio and customer base expansion, growing customer value, and geographic expansion in other regions where mobile money technology and access to finance are favorable.



External Enablers

Form or join industry coalitions to overcome external barriers to scale

Like most companies in the off-grid energy sector, Fenix faces several external barriers to growth, such as a lack of access to finance and the threat of low-quality generic products. These obstacles are difficult for any one company to overcome alone as they stem from a lack of impact data for the young industry and a lack of regulations and policy frameworks to support off-grid sector growth.

GOGLA (Global Off-Grid Lighting Association) is the association representing the off-grid lighting and electrification industry. It was formed in 2012 as a public-private initiative, conceived out of the World Bank Lighting Global Program to help address these gaps. GOGLA's vision is to enable the off-grid lighting and household electrification industry to quickly and sustainably deliver basic electricity to every household before 2030. Through research, convening, and advocacy, GOGLA is working to address several external barriers to industry growth, including limited access to finance, an inadequate policy environment, and the poor-quality products swamping nascent markets.

Now consisting of about 85 members from industry and other stakeholders, GOGLA has created a standardized industry-wide metrics system for evaluating impact. GOGLA also supports research into the quality of life gains provided by off-grid electricity products, and launched a campaign publicizing those benefits. To increase the availability of finance, GOGLA produces market intelligence studies on sales and investment data and convenes investor conferences. GOGLA advocates and facilitates conversations around policies that would increase the industry's regulations, making it harder for low-quality products to distort markets.



Financial Viability

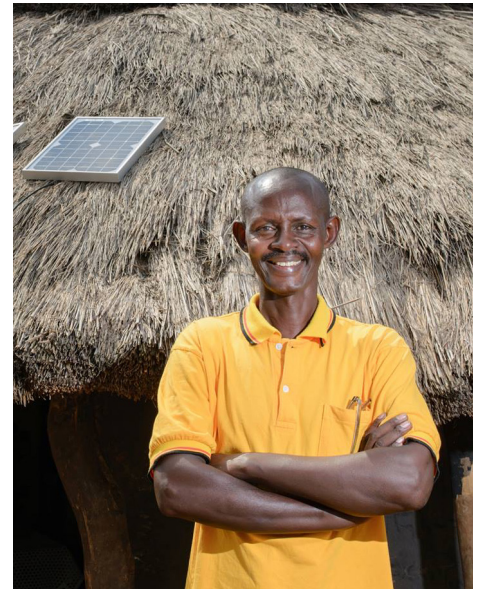
Anticipate the implications of scale on your business

Fenix International grew their ReadyPay Power sales from 10 pilot customers in 2013 to over 70,000 customers in 2016. They simultaneously scaled customer mobile payments from 1,100 in 2013 to over a million payments per year in 2016 and grew their product portfolio to include 3 ReadyPay Power upgrades and an ultra-affordable solar home system. This impressive growth pace required the company to develop a clear pilot to scale plan and a robust financial model. These systems were put in place after an early setback that they faced and learned from: after a pilot with MTN in Uganda with only 500 units, Fenix created commercial cash sales agreements with telecoms in 3 other markets - Rwanda, Tanzania and Kenya. The company set up lean sales and customer service teams in Rwanda and Tanzania, but sales were not as high as expected due to limited financing options for customers. Fenix decided to scale these back and focus on achieving scale and business viability with their pay-to-own business model in Uganda before growing their presence in other markets.

In addition to establishing a detailed product development and market expansion process, Fenix makes sure to aggressively test their model in each pilot setting. One key element the company tests for is customer demand and market saturation: in many pilots, firms capture a lot of early adopters and think it might be easy to scale, but when they go to scale sales may not be as fast as they expected because the product or service could be better suited for early adopters than for the whole market. Instead of piloting in big areas, Fenix pilots in small areas to really understand market saturation quickly and set reasonable targets that do not overestimate demand.

Fenix also makes sure to challenge their competitive edge in every market: a lot of companies pilot where there isn't competition. Fenix intentionally tries to pilot where there are big competitors (like M-KOPA) so they can truly anticipate how successful they will be when they reach bigger scales.

Another key learning for Fenix is to build healthy margins that can help account for margin of error on what costs might be at scale as unexpected challenges arise.



 fenix intl

GOGLA

1. Core association

Member communication and networking

Member and industry representation

Working group coordination

2. Sector support programs

"Enabling Environment"

"Access to Finance"

"Consumer Protection and Quality"

"Scaling back was a very difficult decision for our senior leadership, but it ended up being one of the best decisions we made and one that continues to inform and define our approach to scaling today."

Lyndsay Handler
CEO, Fenix
International

KOKO Plus

Ajinomoto

SECTOR

Nutrition

PRODUCT

Fortified infant food supplement

LOCATION

Ghana

CURRENT SCALE

20k babies in 2016

VISION FOR SCALE

200k babies by 2019

SCALING STRATEGY

Deep - Up



Background: KOKO Plus

Ajinomoto is a global leader in amino-acid-based products for the pharmaceutical, nutraceutical, sports nutrition, consumer food, health, and beauty industries. The company created a fortified infant food supplement called KOKO Plus to address the stunted growth of children aged six to twenty-four months due to malnutrition. The project was piloted in Ghana in partnership with the International Nutrition Foundation, the University of Ghana, and the Global Alliance for Improved Nutrition (GAIN).

A nutritional efficacy study proved that the supplement has the desired effect of reducing stunting. The product is centrally manufactured by local partner Yedent Ltd, and distribution was tested through two different strategies: direct sales through a network of village women and savings and loans associations in a rural area and through proximity retail stores supported by social marketing in a semi-urban area.

The test showed significant differences in consumer awareness and sales performance. Ajinomoto is presently developing a scaling strategy that integrates the pilot's learnings. The company is exploring partnerships with large-scale NGOs who bring complementary capabilities to Ajinomoto's to bring the product to market in Ghana.

Distribution Test Design

	ESM (Eastern region) 3 districts	CARE (Northern region) East Mamprusi District
Population	490,000	16,000
Children (6-24 months)	20,000	900
Income level ※estimation (USD / person / month)	Low to middle 100-200	Very low 20-50
Population density	Medium	Very low
Needs of nutrition improvement	High	Very high
Distribution scheme	Conventional market channel (Social marketing)	Community base (CARE's VSLA platform)
Whole sale price (PS)	16	16
Retail price (PS)	25	20
Study cost (USD) ※including M&E	600K (funded by USAID)	600K (funded by JICA and Ajinomoto)





Internal Capacity – Distribution Channels

Evaluate the scalability and cost effectiveness of your distribution channels

Ajinomoto piloted two different distribution models in two different geographies. In a rural market in northern Ghana, they tested a door-to-door sales model in partnership with CARE. Ajinomoto delivered the product to distribution hubs near villages, and CARE Village Based Entrepreneurs purchased it weekly and distributed directly to customers. CARE provided marketing support to build awareness and demand through cooking demonstrations, community theater, and market-day outreach. This high-touch model was effective in creating message coverage (99% heard of the product) and also in triggering continued use of the product (62% after 12 months). However, due to low population density in the pilot market, the total sales were still low.

In a more urban market in the eastern region, Ajinomoto tested distribution through traditional retail and worked through the Experiential Social Marketing Foundation to implement a social marketing plan including radio, information centers, posters, billboards, cooking demonstrations, and mobile activation vans. This model showed high message coverage (90%), but the continued use was significantly lower (only 10% percent after 12 months). Despite this low continued use rate, total sales in the area were five times higher than for the rural model because of the significantly higher population density in this area.

After seeing these results, Ajinomoto realized scaling either distribution strategy would force the company to trade impact for financial viability. In partnership with World Vision, who has a large village saving and loan association (VSLA) footprint in the densely populated eastern region of Ghana, Ajinomoto is exploring a combination of both strategies that would achieve the depth of door-to-door sales and the breadth of proximity retail, with a target of 20% to 30% effective coverage (for both rural and urban markets). For rural markets, Ajinomoto is recognizing that the door-to-door model will require subsidy to sustain demand generation activities and partnerships with other product providers to share distribution costs.



Distribution test results

	CARE VSLA	ESM Social Marketing
Message coverage; Have you ever heard of KKP?	99%	90%
Contact coverage; Have you ever used KKP?	84%	53%
Effectiveness coverage; Do you continuously use KKP?	62%	10%
A ratio of sales volume	1	5

“We cannot scale either model as we would trade depth for size of impact. We need to combine both models before scaling.”

Satoshi Kitamura,
Ajinomoto Co., Inc.

VisionSpring

SECTOR

Livelihoods,
education, health

PRODUCT

Eyeglasses

LOCATION

Global

CURRENT SCALE

3.5 million pairs
sold by 2016

VISION FOR SCALE

10 million pairs
sold by 2020

SCALING STRATEGY

Deep - Up



Background: VisionSpring

Five-hundred-forty-four million people worldwide could have their sight corrected with just a pair of reading glasses. Founded in 2001, VisionSpring is a social business that seeks to meet this need by providing vision screenings and affordable eyeglasses to people who earn less than \$4 per day. Social impact areas pursued by VisionSpring include increased educational achievement for children, improved productivity for low-wage earners, and decreased road and workplace accidents caused by diminished vision.

VisionSpring brings eyeglasses to market through several channels: wholesale distribution to institutions such as health service providers, government agencies, and NGOs; and vision access projects subsidized by corporations, foundations and governments where demand is generated through workplace-, school-, and village-based Clear Vision Camps that offer free vision screenings; and retail, using a hub and spoke model. Wholesale accounts for 54% of sales, vision access projects for 44%, and retail comprises 2%. The company is able to recover 25% of its fully loaded operating costs through product sales and relies on philanthropic investment to finance growth. This allows VisionSpring to keep the product at an affordable price for its target population and to reach individuals previously unserved by the market. As it grows, the company is working on decreasing the philanthropic investment per pair through low margin, high volume sales.

VisionSpring is also engaging in systems level change with the EYElliance, a coalition of multi-sector organizations established by VisionSpring's founder Jordan Kassalow, devoted to reducing the unmet vision needs of the world's poorest consumers.



Financial Viability

Optimize your return on philanthropic investment if you are raising philanthropic funds

Since 2001, VisionSpring has sold 3.5 million pairs of corrective eyeglasses in 43 countries, and the enterprise is looking to grow to 10 million pairs. This level of growth has been achieved while the company recovers only 25% of its costs from product sales. VisionSpring raises philanthropic funds to support the remainder of its costs and is intentional about sustaining a decreasing level of subsidy to fuel growth. In order to achieve impact at large scale, the company needs to keep prices at a level that its target market (people living on less than \$4 per day, 50% of whom are first-time wearers) can afford, while semiskilled workers can earn a sufficient commission to sell the product. Through economies of scale and increased operational efficiency, VisionSpring is able to progressively decrease the philanthropic dollars per pair sold. The company is trending to attain the \$3-per-pair mark, a level of performance that positions VisionSpring as an attractive investment for philanthropic donors, especially compared to used glasses giveaway programs which cost as much as \$20 per usable pair. By setting annual targets and tracking this metric for each business unit, the enterprise ensures a sustained level of philanthropic investment that allows it to scale without compromising on social impact.

VisionSpring has 800 individual donors, including institutional contributors, governments, and foundations, and utilized \$3.4 million in philanthropic revenues in 2016.





Internal Capacity – Marketing Channels

Develop scalable marketing channels to sustain demand generation

Clear Vision camps have accelerated the pace of VisionSpring's growth in Bangladesh. In partnership with BRAC, the company has scaled a Village Entrepreneur sales model to 61 of 64 districts. BRAC community health workers (CHW) conduct awareness and promotion campaigns for vision camps that they hold in their communities several times a year. Newer health workers are paired with a Program Organizer (PO) who is skilled in identifying blurry near vision (presbyopia) and referring on other eye conditions. This pairing makes eyeglasses days attractive to local consumers, and reinforces the idea that the screeners are trustworthy. CHWs earn a commission for reading glasses sold and completed referrals, while POs earn a salary.

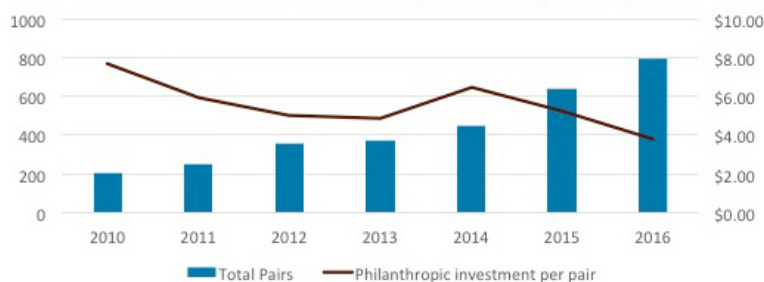
Between August 2015 and June 2016, VisionSpring doubled monthly sales, primarily by priming the customer for a purchase before the eye screening. The company tested different advertising methods, including street shows, microphone announcements, leaflets, and TV ads. Leaflets were found to be the most effective at increasing sales. They increased camp attendance by 18% and sales conversion increased seven basis points (25 to 32%)—growing sales by 28%. Leafleting also helped target the right customers, 75% of whom are purchasing their first pair ever, and 74% are in their prime working years (ages 35-55) when presbyopia onsets. In 2016 BRAC and VisionSpring sold their one millionth pair of eyeglasses (having screened 4.5 million people). That year, 23,000 CHWs were promoting eyeglass sales, and 9,000 had been upskilled to conduct vision camps and screening independently.

VisionSpring is actively taking the lessons of Bangladesh forward in new markets. Through collaborations with hospitals, clinics, and NGOs, VisionSpring Clear Vision camps bring glasses to villages and slums, workplaces (manufacturing, agriculture, and transportation workers), and schools and education programs (adult literacy and K-12 schools).



Scaling with Greater Efficiency

More Pairs with Less Philanthropic Capital



BENEFITS OF EYEGLASSES

35% increase in productivity
20% increase in earned income

~378 million
in economic impact*

ECONOMIC IMPACT OF READING GLASSES (per consumer)

\$2 Average Daily income
 X **280** Working Days Per Year
 X **20%** Average increase in monthly income
 - **\$4** Average Cost of Our Eyeglasses

\$108 annual increase in earning potential*

* Estimate based on 2009 productivity study of VisionSpring conducted by The William Davidson Institute. University of Michigan, USA.

“We are not targeting 100% cost recovery, we focus on reaching the most people with a sustainable level of donated revenue that we can raise year after year.”

Ella Gudwin
President,
VisionSpring

Hydrologic iDE

SECTOR

Water

PRODUCT

Ceramic water filters

LOCATION

Cambodia

CURRENT SCALE

460,000 units
sold by 2016

VISION FOR SCALE

1 million units
sold by 2020

SCALING STRATEGY

Deep - Out



Background: Hydrologic, iDE

iDE began manufacturing and distributing the Tunsai ceramic water filter in 2001 to provide an affordable solution for accessing clean drinking water in Cambodia. The porous ceramic material infused with silver ions filters enough water to support the daily needs of a single household. The filter's popularity spurred iDE to form Hydrologic in 2010, a for-profit social enterprise focused on commercializing the Tunsai ceramic filters.

The original \$18 Tunsai filter is now primarily sold wholesale to NGOs, who distribute the filters at little or no cost to the poorest customers. Hydrologic has since developed a newer, more expensive (\$36) Super Tunsai ceramic filter, which is more aspirational and convenient. While the company tried retail sales with limited success, higher numbers have been achieved through a direct sales approach, wherein highly skilled sales agents pitch the product during community and door-to-door meetings.

Today, with over 460,000 units sold since inception, Hydrologic has achieved profitability, in large part due to its ability to offer product financing to its customers and build an effective rural sales force. For future growth, Hydrologic is studying strategies that capitalize on the company's distribution channel to offer additional products. Conditions specific to Cambodia, including an open market, few official restrictions to business activity and travel across provinces, and the fact that most sales agents own their own motorcycles for transport, have contributed significantly to Hydrologic's success. Thus, expansion to other countries where these conditions do not exist may not be an obvious scaling strategy.



Internal Capacity – People

Develop a team that can achieve and manage scale

Hydrologic's growth journey has been accelerated by the launch of the Super Tunsai, which allowed the company to tap into a larger market base, increase its margins to support growth, and become relevant to micro-finance partners. To scale the Super Tunsai, Hydrologic developed a direct sales model combined with a financing offer. However, as the company started to scale, sales efficiencies dropped with every additional province it entered. With growing needs for more sales agents, both the recruitment and management processes were put to the test. The company learned that it was not effective to recruit people who have sales experience and that FMCG-type experience was not necessarily the right expertise that they needed as the customers they worked with were different. The company sought people open to learning and invested in developing them through comprehensive training. They also learned that, for sales to be effective, there needed to be a strong management system in place, without which the company faced high turnover and low efficiencies. So Hydrologic decided to focus on a smaller number of provinces and a core group of sales people and managers, which it trained in best sales practices for the BoP market. It went from 60 to 24 sales agents and invested in a year of on-site support from a professional sales consulting and training firm. As a result, individual performance increased rapidly, from 25 to over 140 filters per sales person per month. This investment in management and local staff development allowed Hydrologic to achieve profitability, a milestone that very few companies have been able to reach operating a direct sales network in the BoP.





Internal Capacity – Supply Chain Channels

Ensure that your supply chain can sustain your scale growth

Hydrologic manufactures the ceramic filter elements at a factory employing 35 workers and located in a rural area about 40 km north of Phnom Penh. Plastic parts are produced by external manufacturers in Phnom Penh and Ho Chi Minh City, Vietnam. Each filter set is packaged at the factory with a ceramic filter element, plastic receptacle and lid, plastic spigot, plastic scrub brush, and illustration-rich instructions.

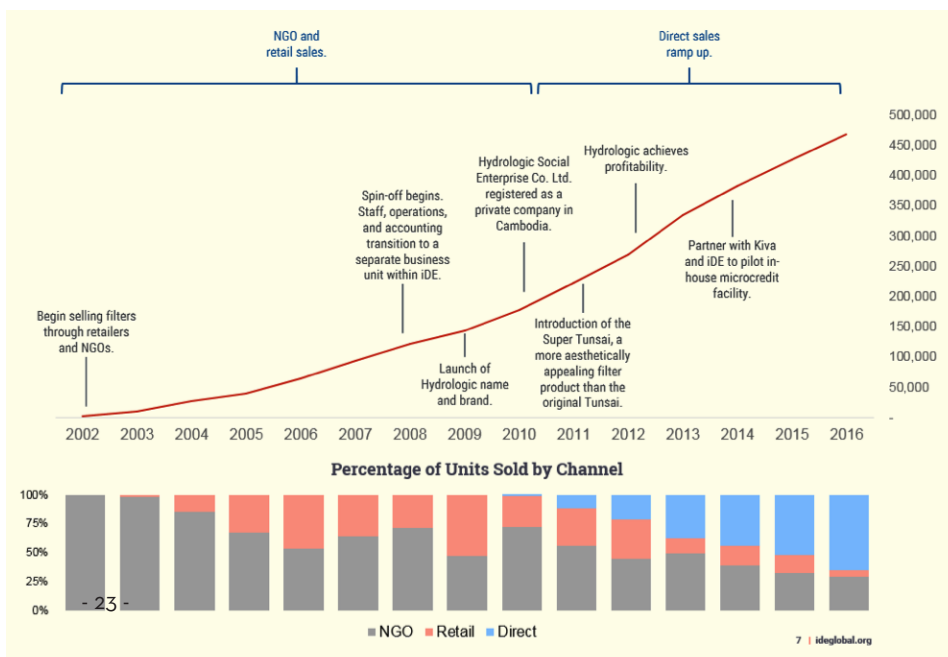
Over the years, Hydrologic had to evolve and adapt the manufacturing process in order to keep up with sales growth. As production volumes started to increase, defective product rates rose to financially unsustainable levels. The company worked on standardizing processes and optimizing equipment design to bring the wastage rate consistently under 10%. To respond to the growing demand, a new factory was built in 2010 with a more logical production flow and enough equipment and space to produce up to 8,000 filter pots per month.

Sourcing lead times for the plastic containers from Vietnam also created problems as volumes grew, so the company had to increase its level of on-hand inventory as a buffer for the supply chain unreliability. The company also faced final product inventory out issues as sales started to increase in widespread provincial areas. Hydrologic then moved to daily data updates on orders to improve planning accuracy and delivery schedules across the country.

In preparation for further growth, Hydrologic began an investment program to automate many functions, expand capacity, and maximize control using improved technology. This included an automatic press that reduces the time to shape a pot from 15 minutes to 30 seconds and a gas-fired kiln that will improve quality, working environment, and emissions. Today, the company has ensured that its supply chain can sustain its ambition to double lifetime sales in the next four years.



Cumulative Filter Sales and Milestones



“Get staff on board who will commit to learning, and provide them with the training and on-going coaching they require.”

Michael Roberts
Country Director,
iDE Cambodia

Greenlight Planet

SECTOR

Energy

PRODUCT

Solar lanterns, home systems, radios, and fans

LOCATION

Global

CURRENT SCALE

6 million+ products sold by 2016

VISION FOR SCALE

12 million products sold by 2020

SCALING STRATEGY

Deep - Up - Out



Background: Greenlight Planet

Greenlight Planet designs and distributes reliable, affordable solar home energy solutions for the nearly two billion people in the world who lack consistent access to electricity. The company's Sun King line of solar lanterns, home systems, radios, and solar powered fans range in retail price from \$8 to \$130 and are sold in more than 50 countries.

Since Greenlight Planet's founding in 2009, the organization has sold nearly seven million Sun King™ products; half of those sales occurred in the last two and a half years. Greenlight's success in scaling is driven by a combination of factors: high quality, reliable products that meet consumers' needs, well structured distribution channels and effective approach to address consumer affordability.

Greenlight Planet reaches its target off-grid consumers through two distinct distribution models: an in house, last-mile direct sales channel and a broad network of more than 400 distribution partners. While the vast majority of Sun King sales occur through distribution partners, the direct sales business in India, Kenya, Myanmar, Nigeria and Uganda enables Greenlight to reach some of the hardest to reach communities through a network of more than 1,000 locally known and trusted sales agents.

Sun King products have a transformative impact on people's lives. According to Greenlight Planet's impact data, children study an additional two hours per day after accessing a Sun King lighting product. Use of Sun King products also enables households to increase their income by 25% and savings by 15%.

To address the challenges of asking lower income customers to come up with enough cash up front to invest in a Sun King product, Greenlight launched SunKing™ EasyBuy a flexible pay-as-you-go technology that enables customers pay for their products over time through a series of small installment payments. This EasyBuy technology is flexible enough to be integrated into diverse distribution channels. Payments can be collected in daily, weekly or monthly increments through mobile money where such technology is prevalent or through cash and recorded into a mobile based software system; if payment is not made on time, the Sun King system automatically shuts off, preventing the customer from using it until payment is made.

The SunKing™ EasyBuy (PAYGO) service has increased energy access to low-income groups at difficult to reach locations. With easy payments plans, customers can buy a solar lamp or home system at cost cheaper than the average spend on kerosene. What's more is that after completing regular installment payments, the customers then own their solar product, accessing free solar energy to use for life. Greenlight anticipates accelerated market penetration through EasyBuy technology, both through external and internal distribution channels.



Internal Capacity – Partnerships



Evaluate and select strategic partners that can help you scale

Greenlight started its initial operations in mid 2009 through a very localized direct sales approach in rural Bihar and Orissa, India. To truly scale access to under-electrified homes across Africa, Asia and Latin America, Greenlight began establishing distribution partners, initially in East and West Africa in early 2010. Since then, the company has developed more than 400 strong business partnerships with diverse organizations that include rural retail networks, telecommunication companies, utility providers, agricultural companies, social enterprises, non-profit organizations, and micro-finance institutions.

Greenlight Planet has a rigorous partner selection process that includes a detailed set of criteria and several piloting stages.

While it works with large and small scale partners, Greenlight Planet looks carefully at the partners' operational area in terms of rural off-grid coverage, the fit of their offerings with its products, potential monthly run rate, management structure, long-term vision, and need for support services such as marketing, training, or post-sales support. Greenlight Planet works with its partners to launch small-scale pilots to build the right marketing, distribution and after-sales service operations to fit the local geography and consumer base.

Expansion from the initial pilot is determined on the results from various evaluations such as sales performance, branch or retail point productivity, individual agent performance, effective use of Greenlight Planet support, and the financial viability of profits achieved compared with pre-established targets. Following mutual review and agreement on the expectations and outcomes of these pilots, both Greenlight Planet and designated distribution partners proceed with efforts to scale.

This high level of attention to partner evaluation and selection has been a key success factor to Greenlight Planet's scaling journey in over fifty countries.



greenlight
planet™

“We are extremely selective about our partners and very rigorous about the on-boarding process: we start small and judging on the success of the pilot program, add more partner branches and retail points of sale.”

Gaurav Bhandari,
Senior Manager, Asia
Global Partnerships,
Greenlight Planet, Inc.



MIT Practical Impact Alliance

Led by MIT D-Lab, the Practical Impact Alliance (PIA) is a membership group that brings together leaders from diverse organizations with aligned missions to share knowledge, collaborate, and develop best practices. PIA member organizations include corporations, international nongovernmental organizations, government agencies, and social ventures.

PIA fosters collaborative action and shared learning among a community of change-makers from within leading business, social, governmental, and academic institutions. By bringing these independent actors together, PIA aims to catalyze change within organizations, generate and disseminate useful knowledge, create practical innovation, and enable effective implementation of market-driven solutions to poverty. Through PIA's activities (working groups, summits, innovation challenges, etc.), member organizations can increase their individual and collective impact – all while leveraging and supporting the work of MIT programs focusing on global poverty alleviation.

PIA Pilots to Scale Working Group

PIA formed a working group in 2016 focused on inclusive businesses' readiness to move from the pilot stage to a large scale. Through monthly case presentations and discussions, the group identified the need for a simple practitioner tool to assess scale readiness. Based on the lessons gathered from ten case studies examined throughout the year, the group developed a practical checklist to assess scale readiness in four key areas: social impact, financial viability, internal capacity, and external enablers.

The working group included representatives from multinational companies Ajinomoto, Danone, Johnson & Johnson, Medtronic, and SC Johnson, corporate foundations Siemens Stiftung (Empowering People Network) and the OCP Phosboucraa Foundation, international non-profits World Vision and Mercy Corps, USAID's Global Development Lab Development Innovation Ventures (DIV), and social ventures Greenlight Planet, Living Goods and Smart HydroPower. D-Lab collaborators from the BoP Innovation Center (BoP INC) and Purdue University I2D Lab also attended this working group.

The group was co-led by MIT D-Lab, Danone Communities, and BoP INC. Members gathered monthly in 2016 to share and discuss cases on the subject. A total of ten case studies were presented and discussed, including six by PIA members or their grantees. Guest speakers included representatives from Evidence Action, Once Acre Fund, VisionSpring, Fenix International, GOGLA (Global Off-Grid Lighting Association), Hydrologic (iDE), and Jain Irrigation Ltd.

BoP Innovation Center

The BoP Innovation Center is an independent foundation supporting start-ups, SMEs, and multinationals in creating commercially and socially viable business models and activities that include the people in the Base of the Pyramid (BoP) as consumers, producers, and entrepreneurs. Their services are based on three pillars of expertise: marketing and distribution; inclusive innovation; and inclusive business empowerment. Scaling being a constant challenge for their partners, they investigate and publish (<http://bopinc.org/updates/publication/scaling-up-inclusive-business>) on this subject with our collaborators, including MIT D-Lab.