



Innovation Investment Alliance and CASE at Duke

PIVOTING TO IMPACT

Navigating the Road to Scale

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Part of the **Scaling Pathways series**.

Find the full series at www.scalingpathways.com

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INTRODUCTION

The Problem

Even the most successful social enterprises face the daunting challenge of scaling social impact.¹ In their seminal piece on scaling impact, Greg Dees and Beth Anderson quote policy expert and author Lisbeth Schorr: “We have learned to create the small exceptions that can change the lives of hundreds. But we have not learned how to make the exceptions to the rule to change the lives of millions.”²

What makes the notion of scaling impact so elusive? When there are hundreds, if not thousands, of new mission-driven enterprises emerging around the world, why are there so few examples of social enterprises that scale to achieve systems change?

There are many reasons, of course, but an underlying theme is that organizational growth is not always correlated with scaled impact. Unlike commercially-focused organizations, social enterprises often work on problems that are entrenched, depend on cross-sector collaboration, and require multiple scaling pathways to engage, demonstrate, or sustain what seemed to work in an early-stage pilot. It may make sense to scale what worked at 10 units to 30 units. But, once you get to 100 units or 10,000, value chains do something strange—they react. They may collaborate or start to compete to defend the status quo. The road to scale is a journey and it’s a complicated one.

The Project

Fortunately, while no one “roadmap” exists for scaling impact, important lessons are being learned from funders and social enterprises navigating the road to scale. The Innovation Investment Alliance (IIA) (a funding and learning partnership between the Skoll Foundation and USAID’s Global Development Lab, with support from Mercy Corps) along with the Center for the Advancement of Social Entrepreneurship (CASE) at Duke University, have embarked on a journey to study organizations that are attempting to scale impact.

To add to the ongoing conversation on how to create systems-level change and sustainable impact at scale, we are pleased to present the *Scaling Pathways* series. This piece, *Pivoting to Impact*, distills critical lessons that cut across geographies and sectors and provides vital information for enterprises and funders trying to unlock impact at scale. *Pivoting to Impact* builds on in-depth *Case Studies* that share the scaling journeys of three organizations that have completed their IIA-funded work. Each organization has a unique story to tell about its strategies, pivots, successes, and failures on the road to scale.³

Key Takeaways



Scaling is not linear

Social enterprises and funders expect iteration during, but often not after, pilot tests. However, these case studies show that the road to scale is complex and therefore requires experimentation, feedback loops, and sometimes failure. Reaching systems change and transformative scale involves disrupting the status quo, which is not a linear process but entails pivots along the way.



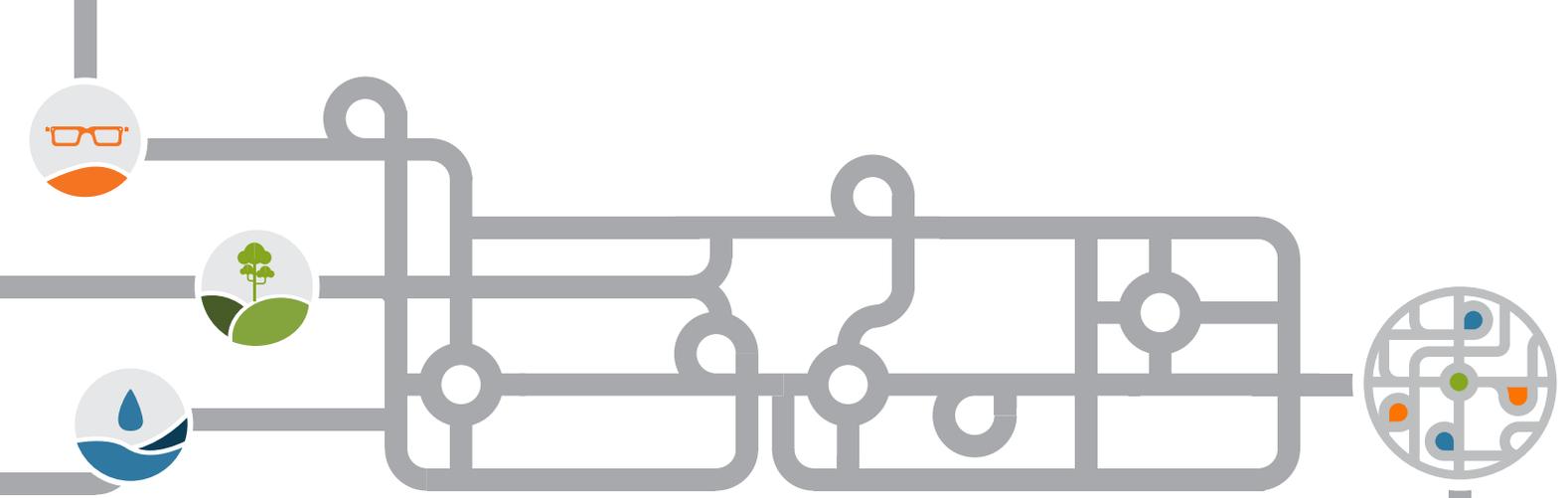
There are multiple pathways to scale

The case study organizations attempted to scale not just through organic growth but also through partnering, open source strategies, advocacy, and other means. Enterprises often attempt multiple pathways simultaneously and/or evolve through various pathways over time.



Common roadblocks occur on the road to scale

While there is no one formula for scale, we can anticipate and prepare for common roadblocks. The case study organizations learned to lay the right foundations (people, systems, and infrastructure), create data and dashboards for tracking progress, adapt and pivot to impact, partner with others to scale more effectively, and zoom out to find opportunities and reduce opportunity costs.



The Three SCALING JOURNEYS

How did Imazon scale government partnerships to reduce deforestation in the Amazon?

For over 25 years, Imazon has been fighting deforestation, helping to decrease the rate of deforestation by nearly 80 percent in the Brazilian Amazon. From the start, the Imazon team realized that one organization alone could not stop deforestation so they leveraged open source data and government partnerships to reduce deforestation.

- THE PILOT**
Tested partnerships with municipal government and community. Results: Decentralized management efforts improved, community acceptance increased, and deforestation rates dropped 90 percent.
- SCALING UNIT**
A partnership with municipal government where Imazon provides measuring and monitoring, convening, and registry development and partners enforce compliance.
- SCALING PATHWAYS⁴**
Disseminate → Affiliate → Influence
- CONCLUSION**
Using data dissemination, new technology, and partnerships, Imazon helped scale a process for reducing deforestation. Lessons from that work led Imazon to pivot, and to focus on and leverage their unique organizational strengths for broader systems change.





How did VisionSpring scale eyeglasses to millions in BOP?

VisionSpring has reached more than 3.5 million consumers at the base of the pyramid, providing affordable eyeglasses to people who didn't have access. It has a culture of iterating on business models—from low income entrepreneurs selling glasses door to door to retail to wholesale.

- THE PILOT**
Tested a “hub and spoke” retail model in Central America. Results: Five stores worked well and were on the road to cost recovery and mission impact.
- SCALING PATHWAYS**
Grow/Replicate → Disseminate, Affiliate, Influence
- SCALING UNIT**
One retail store with three to seven “spokes” (entrepreneurs reaching out to BOP communities).
- CONCLUSION**
VisionSpring attempted to scale by replicating the hub and spoke model but then determined that this model had too many opportunity costs so closed Central American operations and pivoted towards more impactful pathways in other parts of the world.

How did Evidence Action scale safe water in Uganda?

Through their Dispensers for Safe Water program, Evidence Action installs chlorine dispensers at community water points. To ensure effective usage of the chlorine and improve health outcomes, Evidence Action conducts behavior change and community education initiatives.

- THE PILOT**
Based on a successful RCT and prior experience in Kenya, tested Dispensers for Safe Water at 10 water points in Uganda. Results: Diarrheal disease decreased and community demand for Dispensers skyrocketed.
- SCALING PATHWAYS**
Organic growth (first wide, then deep).
- SCALING UNIT**
Combination of chlorine dispenser hardware, a five-step community education process, and ongoing service delivery and maintenance.
- CONCLUSION**
Program grew broad at first but usage of the dispensers dropped significantly. Paused geographical growth and pivoted to deeper engagement at community level to increase impact. Increased adoption rates to nearly 60 percent from a low of 14 percent.



NAVIGATING THE ROAD TO SCALE



The question of scaling impact has been on the minds of social entrepreneurs, funders, academics, and beneficiaries for years.

Much progress has been made in developing sophisticated frameworks for how impact enterprises can best “reach scale.” For example, Monitor Group & Acumen Fund’s *From Blueprint to Scale* outlines four stages that an impact enterprise takes when pioneering a new business model: Blueprint, Validate, Prepare, and Scale.⁵ In *Scaling Innovation: A Framework for Funders*, The International Development Innovation Alliance describes the scaling process in six overlapping stages, across which eight good practices for funders have been identified.⁶ Other frameworks begin with the end. In *What’s Your Endgame?*, Alice Gugelev and Andrew Stern posit that the key to scaling impact is for organizations to develop strategies around one of six endgames: Open Source, Replication, Government Adoption, Commercial Adoption, Mission Achievement, or Sustained Service.⁷

Scaling Pathways adds to this existing knowledge base by delving into what happens when you’ve successfully built and tested a model for change and are ready to start your scaling journey. It can take years to get to this point but the strategic decisions are not done even after a very successful pilot. When the rubber meets the road to scale, how can entrepreneurs fuel up for the journey and not get lost? Where are the potholes and how do you avoid flat tires? The following insights about navigating the road to scale and the roadblocks that will come up along the way are based on three in-depth *Scaling Pathways Case Studies* spanning multiple sectors and geographies, and are consistent with our experience working with and studying social entrepreneurs over the last fifteen years.

First things, first: Where are we heading?

Before the journey begins, social enterprises need to understand the destination and definition of scale. If the goal is to solve pressing social challenges and create a new “normal,” they need to stay focused on the best way to scale the impact they seek. It can mean scaling “deep” and achieving a higher or better impact per person or it can mean scaling “broad” and serving more people. Either way, many social enterprises come to realize that scaling impact does not necessarily mean building a bigger organization. In their book, “Getting Beyond Better,” Roger Martin and Sally Osberg state, “...scale is not determined by an organization’s size or budget, but by the change it helps to usher in. To us, scale is a question of an organization’s effectiveness at transforming a suboptimal status quo.”⁸ Enterprises can often be most effective and create system-level change by partnering with others in their value chain, influencing how larger organizations address issues, sharing data or tools, or advocating for changes in policy, for example.

How do we get there? Preparing for the scaling journey

The scaling journey can be long and arduous. The social enterprises featured in the *Scaling Pathways Case Studies*, and many others that have been studied over the years, did significant work to prepare for their scaling journey, often over a period of years, if not decades.⁹ This means working on the ground to understand the real drivers of the problem and then spending years piloting and iterating on a solution. A social enterprise is ready to move on from pilot to scale when evidence demonstrates that the model can predictably enhance value and/or reduce costs.

The three case studies exemplified this preparation prior to the social enterprises getting scaling grants from the Innovation Investment Alliance. Imazon had shown it could produce high quality deforestation data quickly which could induce other stakeholders to use the information in new ways to incentivize behavior change. VisionSpring had shown it could reach a new set of customers with its hub and spoke model in El Salvador, with the potential of cost recovery. And Evidence Action's in-depth impact studies had led it to a five-step product and service intervention that proved to have significant impact on clean water uptake on the ground in Uganda. The potential to scale these remarkable results was attractive and convincing.

Scaling the solution

Once an enterprise has prepared for scale, the iteration and pivoting has just begun. As Dr. Atul Gawande, Director of Ariadne Labs, said at the 2017 Skoll World Forum, what works for 10 or 100 units might not work for 10,000.¹⁰ Armed with a model that has evidence of impact and financial sustainability, social enterprises will choose a theory of scale, raise resources, and then implement, iterating with careful feedback loops along the way. For each enterprise, the scaling journey will result in key decision points—to stay the course with the chosen strategy, with or without refinements, or to stop and find a new pathway.

As Martin and Osberg note, “Scale, even when defined explicitly as scale of impact rather than scale of organization, is hard to achieve. It is helpful to look at social entrepreneurs who have succeeded in scaling impact, to explore just how they did it.”¹¹ This paper summarizes lessons from how Evidence Action, Imazon, and VisionSpring have tackled the challenges of scale.

- What works for 10 or 100
- units might not work
- for 10,000.

Pivoting along the road to scale

It turns out the road to scale is not straight, predictable, or assured. In our decades of experience working with and studying social entrepreneurs, we rarely find an enterprise that gets scaling right the first time. Even if the road to scale has been smooth, the ground may shift as partners and ecosystems change, funding sources come and go, and the needs of stakeholders evolve. Zig-zagging or pivoting on the road to scale is critical and absolutely expected.

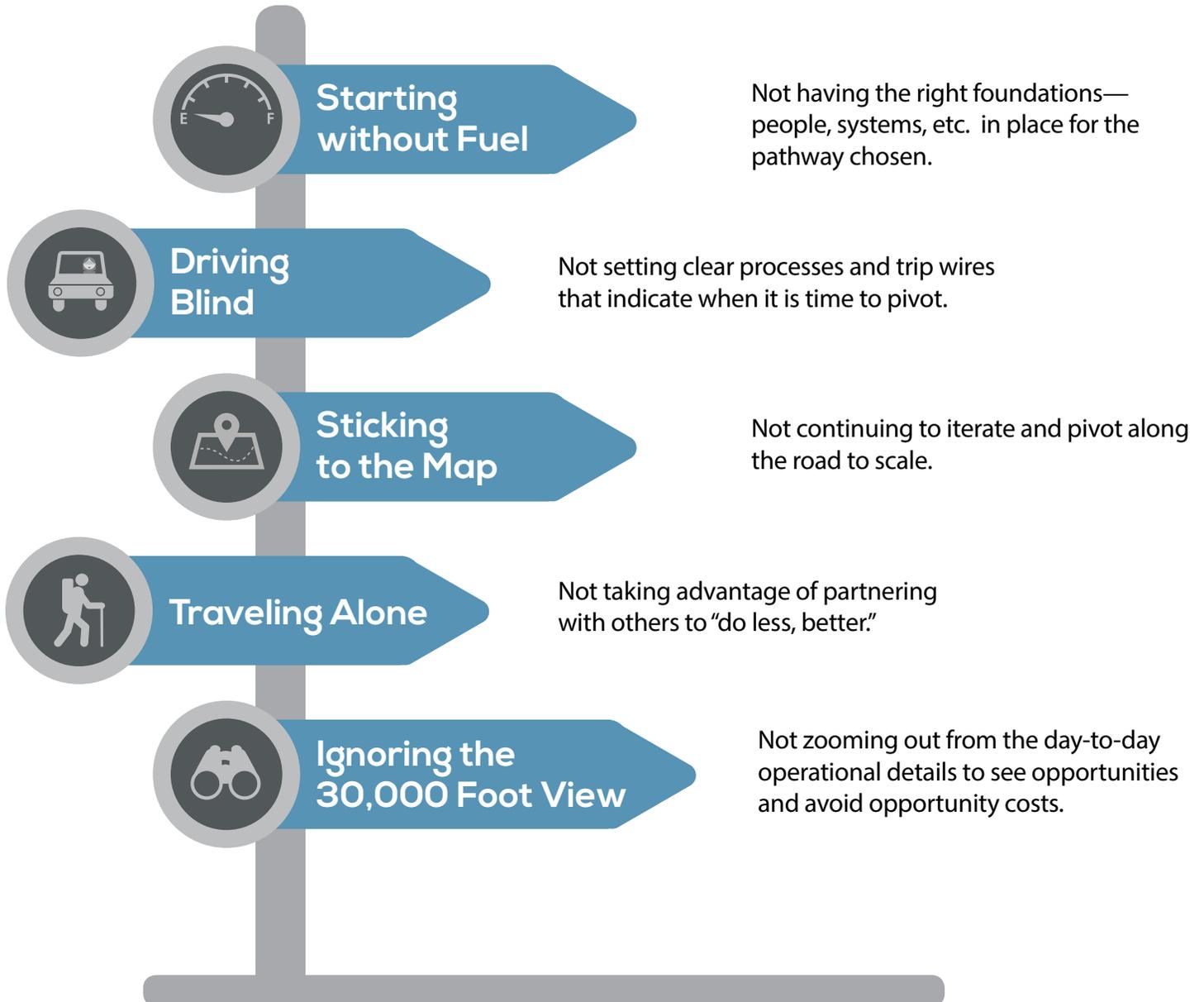
As you'll see in the case studies below, sometimes even a 25-year-old organization or a much lauded or internationally recognized enterprise may have to restart or pivot its work on the road to sustainable impact at scale.



AVOIDING COMMON SCALING ROADBLOCKS

Along the road to scale, social enterprises will encounter many roadblocks. These roadblocks can take different forms: They can completely stop you, simply delay you, or force you to take another route. But there are ways to navigate around or over them.

The following sections outline some of the critical roadblocks that VisionSpring, Imazon, and Evidence Action faced on their roads to scale, including their attempts to navigate these roadblocks, advice on how to avoid them, and a summary of what funders can learn from these experiences to fund scale better.





Without the car fueled, the tires filled, and the driver rested, a journey is doomed to fail. The same is true for any scaling journey. Social enterprises must lay the foundation—the people, systems, and infrastructure—necessary to fuel the scaling journey. These

foundations will need to be reassessed throughout the scaling process as circumstances change and the road to scale becomes more and more complex.

LESSONS FOR SOCIAL ENTERPRISES

Hire (or train) the right team for scale

As you move from pilot testing to scale, different skills and experiences are required. Strong leadership is needed to set the scaling vision and direct a team. A strong team needs to be hired (or trained) for skillsets that match the scaling pathway (e.g., for a partnership pathway, relationship management skills are essential; for direct service, technical skills associated with high quality implementation are critical). Finally, governance structures must be in place, including a board that is supportive of the vision, time, and resources that the scaling process will require.

EXAMPLES



In Central America, VisionSpring faced the challenge of finding the right regional leadership with the skills, local relationships, and trust to succeed. However, at the headquarters level, VisionSpring successfully shifted from “a lean team of doers” to a scaling team that included specific middle management roles, transitioned from a founder-led organization to new leadership, and built a strong board that understood requirements of scale.



As Evidence Action moved beyond pilot testing to scaling, it realized that it needed new leadership with the skills to set the vision for scale, to create and execute a plan to get to that vision, to access the funds needed, to adapt as conditions evolve, to keep the team motivated, and much more. To achieve this, it brought on a new Uganda country director and regional lead for Dispensers for Safe Water.

Build infrastructure for 10x (or more!)

Both physical and systems infrastructure must be in place to reach the next level of scale, building for the 10x scale of tomorrow rather than the 2x scale of today. This should include physical infrastructure as well as strong and scalable financial, program management, monitoring, and performance management systems.

EXAMPLES



As VisionSpring began to scale the hub and spoke model, it became clear that it did not have strong enough systems in place, especially with leadership based far from field operations. Reporting on financials and progress was inaccurate and delayed, making it difficult to make decisions about the pivots needed. VisionSpring has since invested heavily in infrastructure, hiring a director of technology and adding new IT and management systems.



On a more physical level, Evidence Action needed to add infrastructure for successful scaling, including storage facilities to keep larger chlorine stockpiles accessible, transportation for staff to access dispenser locations, and IT infrastructure to support mobile data collection and information sharing.

ADVICE FOR FUNDERS

- Provide scaling grants that have infrastructure line items, funds allocated for new staffing to fill critical gaps, and other investments in the core costs and infrastructure of a social enterprise. Note that this may cause an investee's metrics to underperform in the short-term. For example, a grantee might be assessed on cost per student served; by providing capital to increase staff, the cost per student served will increase initially, but over time, this staffing investment will allow more students to be served, leading to greater impact.
- In addition to financial capital, bring networks and knowledge to bear: invest in research on systems (for example, provide a features comparison matrix) that can benefit multiple enterprises; create relationships with corporate partners that can be leveraged to provide systems at a discount; and provide internal experts that can help an enterprise with questions on IT systems or other infrastructure needs.





Driving Blind

Without a good dashboard, driving can be difficult. Are we going the right speed? Are we following the directions on the GPS? Do we have enough gas to get us there? Social enterprises also need navigational tools to help them on the road to scale. These tools include standardized processes

and metrics that tell a social enterprise if it is on track. The metrics serve as important trip wires to signal to a social enterprise—before it is too late—that it has veered off course.

LESSONS FOR SOCIAL ENTERPRISES

Standardize and document processes

Once you have determined what works in your pilot tests, standardize and document those processes so that staff or partners will be able to implement your scaling unit effectively and with fidelity. Establish processes to collect data along the way to determine what is working and what is not and to make operational decisions.

EXAMPLES



As Imazon scaled its work in Brazil, more of the implementation happened through partners. Imazon invested training materials, online tools, and step-by-step procedures that could be shared. It also aligned on shared objectives and developed process control systems which allowed partners to evaluate and act on data more effectively to decrease deforestation. to monitor dispensers, and a Kaizen process of continuous learning and reflection to identify areas for improvement.



Evidence Action uses standardized operational processes to keep the team aligned and driving to impact. These processes range from weekly target setting, cloud-based software programs to monitor dispensers, and a Kaizen process of continuous learning and reflection to identify areas for improvement.

Create trip wires for cost and impact

As social enterprises iterate, missteps and failures are inevitable. Knowing when to move on from failed experiments is critical to achieving scale. Enterprises must set up trip wires that signal when something is amiss in their model and they may need to pivot. These trip wires should be set for both cost efficiency (does the unit get cheaper as it scales?) and impact effectiveness (does the unit sustain impact as it scales?).¹² And the answers to these questions can come only from iterating on the ground.

EXAMPLES



VisionSpring created a new metric: philanthropic investment per pair (PIPP) to track the philanthropic subsidy required per target customer. This metric systematizes an organizational focus on reaching as much of the target consumer segment as possible, while minimizing donor subsidy, keeping them focused on efficiency and effectiveness of their core mission.



Evidence Action used adoption rates as their trip wire. As adoption rates decreased in Uganda, they changed their operational model and revised their path to scale.

ADVICE FOR FUNDERS

- Ask guiding questions and work with grantees/investees to identify the right metrics and trip wires for their unique situations. Help them to pressure test those trip wires over time and have honest conversations about whether or not these trip wires are accurately assessing both cost and impact.
- Incentivize investees to use the data that they are collecting, not just for reporting to the funder, but for operational decision-making. Give investees the flexibility to select metrics that make sense for their operations; ask questions about how they plan to use the data; and have them report on the pivots that they are making based on the data acquired.



Sticking to the Map

This may be the most important roadblock. Sometimes, social enterprises attempting to navigate the road to scale are headed in the right direction and are on the right road. At other times, they need to consider alternative roads to avoid traffic jams, take a bridge that

was newly constructed since the map was made, or make a u-turn to correct course. It is critical that enterprises (and funders!) adapt to the environment and opportunities in front of them. By adapting, enterprises may be able to get to their destination more effectively or efficiently, even if it takes them away from their original plan. These pivots on the scaling journey are inevitable and require a willingness to experiment and accept failure or missteps along the way.

LESSONS FOR SOCIAL ENTERPRISES

Continue to iterate (and accept failure)

After organizations have innovated on their product/service and delivery model at the pilot stage, they need to continue to have an iteration mindset throughout the scaling process. This iteration mindset may lead to failures or missteps along the way. Enterprises and funders should accept this as a part of doing business when seeking transformative, not incremental, change.

EXAMPLES



“Constantly adapt. Relentlessly improve” is one of VisionSpring’s guiding principles. VisionSpring continues to test out business models in different contexts to see what will scale the fastest. Since the retail hub and spoke model was shut down in Central America, they have launched new wholesale partnerships, a corporate consulting model in India, and more.



Evidence Action continues to optimize operations and experiment to reduce costs and facilitate scale. Examples range from experimenting with transportation models for staff to get to the field, to optimizing field office locations, to perfecting their carbon credit earned income model.

Adapt to each unique ecosystem

Take the time as your model is used by new audiences or enters a new community to understand what makes the ecosystem unique. Are there differing incentives/motivations, barriers, competitors or partners?¹³ If so, ensure that your solution remains true to its core but is also adapted to the needs of each unique ecosystem.

EXAMPLE



After a successful pilot, Imazon and its partners replicated the major components of their success: convening local stakeholders and setting shared goals and commitments. However, results were less successful until Imazon and partners better understood the critical drivers of deforestation, the key influencers, and the unique needs of each municipality. At that point, Imazon and partners could provide better financial support, automated systems, and infrastructure and—most importantly—engage the right local leadership to help drive community adoption.

Be opportunistic

As the ecosystem evolves around you, are there opportunities—new partners, regulations, or funding sources—that you can leverage to build on your core?

EXAMPLES



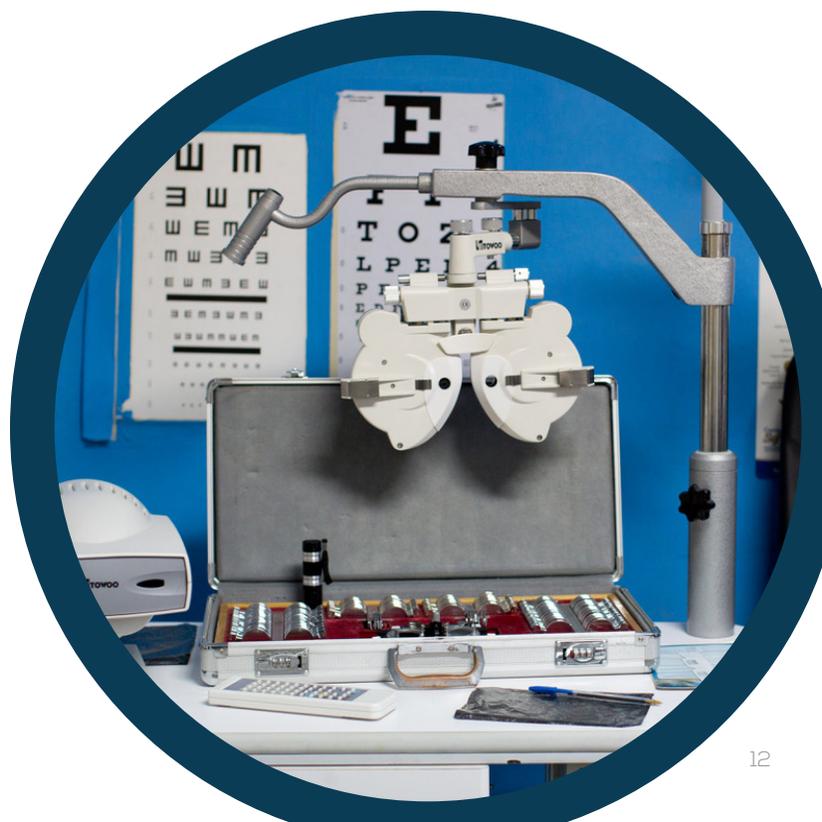
Evidence Action's Dispensers for Safe Water program is structured quite differently in Malawi than it is in Kenya or Uganda. In Malawi, a long history of chlorine promotion and willingness to partner by the government allowed Evidence Action to partner with the Ministry of Health's existing health officer infrastructure to provide the services that Evidence Action would otherwise have had to provide.



VisionSpring has seized the opportunity—presented by a new federal CSR policy in India—to launch a new business model that leverages VisionSpring's experience and knowledge, providing fee-for-service consulting to corporations to help them meet their requirements.

ADVICE FOR FUNDERS

- To create systems change and disrupt the status quo, expect and celebrate iteration, pivoting, and failure. Provide capital, reporting processes, and technical support that accept, reward, and encourage transparency about failure and the learnings that result.
- Recognize that scaling is an arduous journey that often takes longer than anticipated due to the pivots along the way. Provide patient capital, encourage flexibility and learning, and then ask for reflective analysis about strategic next steps.
- Tactically, have an R&D line item in your funding, fund a stakeholder or ecosystem analysis, and recognize that, the more adaptation is required, the more time and cost will be involved.





Traveling Alone

The road on which you travel may change from solitary mountain passes to crowded highways, or from paved roads to bumpy gravel—conditions that may call for changing drivers or vehicles. Along the way, social enterprises should assess their role and

determine what could make their journey smoother or faster. Should a more specialized driver take the wheel for a bit? Could a different car better manage the changing road conditions? Achieving social impact at scale is a tough journey and is hard to do alone.

LESSONS FOR SOCIAL ENTERPRISES

Let go to go farther

Social enterprises often begin their scaling journey engaging in activities and steps in the value chain. They need to serve as the “learning lab,” proving the market or the model before others will enter.¹⁴ However, over time, it may be possible to narrow focus and ‘do less, better.’ This means that a social enterprise must be very clear about its special sauce—the unique value that it contributes. By understanding its special sauce, an enterprise can make the decision about what it needs to keep in-house (“build” themselves) and what it can outsource, partner on, or spin-off (“buy”). By letting go of some control (the “buy” option), you can go faster and farther than traveling alone.

EXAMPLES



VisionSpring began with B2C models where it controlled most pieces of the value chain, testing its product, understanding willingness to pay, and more. Once it proved its model, VisionSpring realized that its special sauce, which included reliable supply of high-quality, low-cost eyeglasses, did not need to include the last mile of distribution. By shifting to B2B, VisionSpring’s partners can more effectively distribute the glasses through their networks, allowing for faster and more effective scale.



Over the course of its 25-year history, Imazon has become crystal clear on its special sauce: It is a trusted, neutral source of high-quality data and analysis. A focus on these core skills led Imazon to downsize staff and spin off a training center to a partner organization. Imazon’s core skills had been instrumental in doing the analysis and providing the data to develop the curriculum, but operating the training center—despite potential revenues—distracted from Imazon’s mission.

Allocate the time required

Do not underestimate the time and resources needed to partner effectively. It takes time to build relationships, structure roles and decision-making rights, and get executive leadership buy-in. In the words of Jonathan Reckford, the CEO of Habitat for Humanity International, “The only thing harder than partnering is NOT partnering,” so be careful to invest the time needed to get partnering right.¹⁵

EXAMPLE



Evidence Action is about to embark on its first significant NGO partnership in Uganda with BRAC, the world’s largest development organization. If successful, this partnership could rapidly accelerate scale, but it has taken years to align on goals and roles, to clarify the non-negotiables of the scaling unit, and to cross-train BRAC Community Health Workers.

Seek complementary, not competitive, partners

Understand the complementary competencies and motivations needed to solve the problem. Find partners who have motivations that align with yours and who provide complementary, not duplicative, skills. Their motivations do not need to be the same, but final outcomes should align.

EXAMPLE



Early on, Imazon partnered with a respected international NGO but soon realized that they were doing duplicative work creating maps. However, a complementary partnership with Greenpeace was effective because Imazon was able to bring its unique data and analysis skills, while Greenpeace was better prepared to grab the attention of media and bring the issues to the forefront of public dialogue. Imazon also partnered effectively with government by aligning differing incentives (Imazon seeking decreases in deforestation, the government seeking economic development) that targeted the same outcome.

ADVICE FOR FUNDERS

- Hold organizations accountable for demonstrating what they are learning about the ecosystem's ability to take over parts of their value proposition (how they can "do less, better"). For nonprofits, what is the smallest and best use of ongoing subsidy in their model? For for-profits, what is the piece of the value chain that is valued highest by others and that only they can do?
- Be transparent about the often unpredictable amount of time it takes to get partnerships right. If funders are supporting social enterprises to develop partnerships, they should provide it under flexible timelines.
- Set up funding systems to identify and reward social enterprises that are good partners and, in the words of Martin and Osberg, are "taking a systemic approach, leveraging other actors in an ecosystem rather than attempting to work as a solo actor."¹⁶





Ignoring the 30,000 Foot View

While on the road to scale, enjoy the view! As VisionSpring, Imazon, and Evidence Action got moving on their scaling journeys, they needed to step back at times—zooming out from the day-to-day operational details of making a scaling unit work, to the system view

at the organizational level. This system view allowed them to see opportunities and opportunity costs, as well as to redefine their destination to ensure that they were on the road to achieve their mission.

LESSONS FOR SOCIAL ENTERPRISES

Use focus to find opportunities

Having a laser focus on its special sauce and its scaling plan does not mean that an enterprise should be closed off to new opportunities. On the contrary, once an enterprise is clear on its core skills, it can better leverage that core to undertake new initiatives or evolve its programs to achieve greater impact.

EXAMPLE



Imazon identified its special sauce (being a trusted, neutral source of high-quality data and analysis), tested its activities on a local scale, and proved its model. As a result, Imazon can now leverage its processes and skills to tackle larger social challenges, in broader contexts, with new partners. For example, Imazon is now tackling climate change, in addition to deforestation; it is working in other biomes and on global greenhouse gases initiatives; and it is partnering with global multinational corporations.



Zoom out to see opportunity costs

On the flip side of opportunities are opportunity costs. Enterprises need to zoom out from the day-to-day programmatic work to identify places across the organization where opportunity costs are limiting scale.

EXAMPLE



A critical moment in VisionSpring's decision to shut down operations in Central America was when they were able to zoom out and compare costs to implement programs globally. The work in Central America required "almost as much funding as the Bangladesh and India programs combined." VisionSpring knew that its funds could be used to serve more people for the same cost in other parts of the world. As leadership stated, "We could not forfeit increasing our impact in other regions of the world for lesser and more costly impact in Central America."¹⁷

Balance impact with maximizing cost efficiency

As you look towards the horizon, consider whether you can afford the trip to get there. As social enterprises scale, it is critical to think about maximizing cost efficiency. Look for ways to make a scaling unit that gets less expensive as it scales. Not all enterprises can do this, but if they can, they give themselves a means to drive faster down the road to scale, as others will be more interested in buying the gas if there's a bigger margin at the end of the road.

EXAMPLE



Evidence Action's results-based financing model aligns mission impact with financial sustainability. Evidence Action is awarded carbon credits based on the amount of carbon offset by its dispensers. Once those carbon credits are awarded, they can be sold on the carbon market with proceeds used to maintain and scale the program. As Deputy Director Andy Narracott says, "The more people use chlorine in their water, as measured by actual testing of water in their communities with dispensers, the more carbon credits we are able to earn, the more resources we have to reinvest into Dispensers for Safe Water—and the more cases of diarrhea and other water-borne diseases averted."¹⁸

ADVICE FOR FUNDERS

- Realize that conflicts can emerge between doing what is more sustainable and doing what is more impactful. Respect the organization's obligation to discover and navigate those trade-offs.
- Encourage investees to seek information about opportunity costs. What else could they be doing to better align resources and impact?





Looking AHEAD

Armed with lessons from their scaling journeys, including stronger systems and trip wires, thoughtful iteration, partnering with others to get to scale faster, and looking out for opportunities, Imazon, Evidence Action, and VisionSpring have each been able to make better choices about how to sustainably scale impact. After studying the years of experimentation they have already completed, we came away believing the potential for these three fantastic social enterprises to scale their impact is really just at the beginning. We expect more pivots on the road, but they each have clarified landmarks and destinations on their maps and continue to fuel up, with other actors, to ride out the next leg of their journey and become larger catalysts for system change.

As we study how social entrepreneurs across many fields navigate this road, we also acknowledge that these three cases are just the tip of the iceberg. More research is needed to help develop and share lessons learned about scaling impact across many more organizations, ecosystems, and solution sets. We look forward to adding more tools and insights to the *Scaling Pathways* series in the future, in order to help provide these hard-won lessons as fuel for other social enterprises embarking on the important journey of scaling their successful social innovations to system-wide, lasting change.

REFERENCES



1. We use the term “social enterprise” in this paper interchangeably with the terms “social venture” and “impact enterprise” to mean a nonprofit or for-profit organization that aims to achieve social and/or environmental impact. And we use “social entrepreneur” to indicate the leaders of these organizations. In the *Scaling Pathways Case Studies*, all three social enterprises are legally incorporated as nonprofits, though one has a for-profit sister organization and two have earned income streams.
2. Gregory Dees, Beth Battle Anderson, and Jane Wei-Skillern, “Scaling Social Impact: Strategies for Spreading Social Innovations,” *Stanford Social Innovation Review* 1: no. 4 (2004): 24, https://centers.fuqua.duke.edu/case/wp-content/uploads/sites/7/2015/02/Article_Dees_ScalingSocialImpact_20041.pdf.
3. In-depth case studies on each enterprise can be found at www.scalingpathways.com.
4. More information on scaling pathways can be found in Gregory Dees, Beth Battle Anderson, and Jane Wei-Skillern, “Scaling Social Impact: Strategies for Spreading Social Innovations,” *Stanford Social Innovation Review* 1: no. 4 (2004): 24, https://centers.fuqua.duke.edu/case/wp-content/uploads/sites/7/2015/02/Article_Dees_ScalingSocialImpact_20041.pdf.
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9. For more information about preparing for the scaling journey, see: Saida Benhayoune, Nicolas Chevrollier, and Valerie Mazon, “MIT Practical Impact Alliance: Ready, Steady, Scale!” MIT Practical Impact Alliance, PIA, and BoP Innovation Center, <https://drive.google.com/file/d/0B36nNXj12OvSSzJkczE2aWNnSXc/view>.
10. Paraphrased from Dr. Gawande’s comments on the “Inside Global Health: Getting from Innovation to Implementation” panel at the 2017 Skoll World Forum. https://www.youtube.com/watch?v=r_w_s6hDU9Q&index=13&list=PLHao2fgebzdxJOAzy9hFI0Ek604KapZqkD (minute 14)
11. Roger L. Martin, Sally Osberg, and Arianna Huffington, *Getting Beyond Better: How Social Entrepreneurship Works* (Boston: Harvard Business Review Press, 2015), 166.
12. In a recent SSIR article, Julia Gillard and Jenny Perlman Robinson “found that too often initiatives are designed and tested for effectiveness, but not for the efficiencies required for scale.” Julia Gillard and Jenny Perlman Robinson, “The ‘Secret Sauce’ to Scaling Up Quality Education in Developing Countries” *Stanford Social Innovation Review* 15: no. 1 (2017), https://ssir.org/articles/entry/the_secret_sauce_to_scaling_up_quality_education_in_developing_countries.
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15. Interview with Jonathan Reckford at the CASE Advisory Council meeting, Durham, NC, February 8, 2017.
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17. VisionSpring Internal Memo, VisionSpring’s Exit from Central America: Why Did We Exit and What Did We Learn, 2015, p.2
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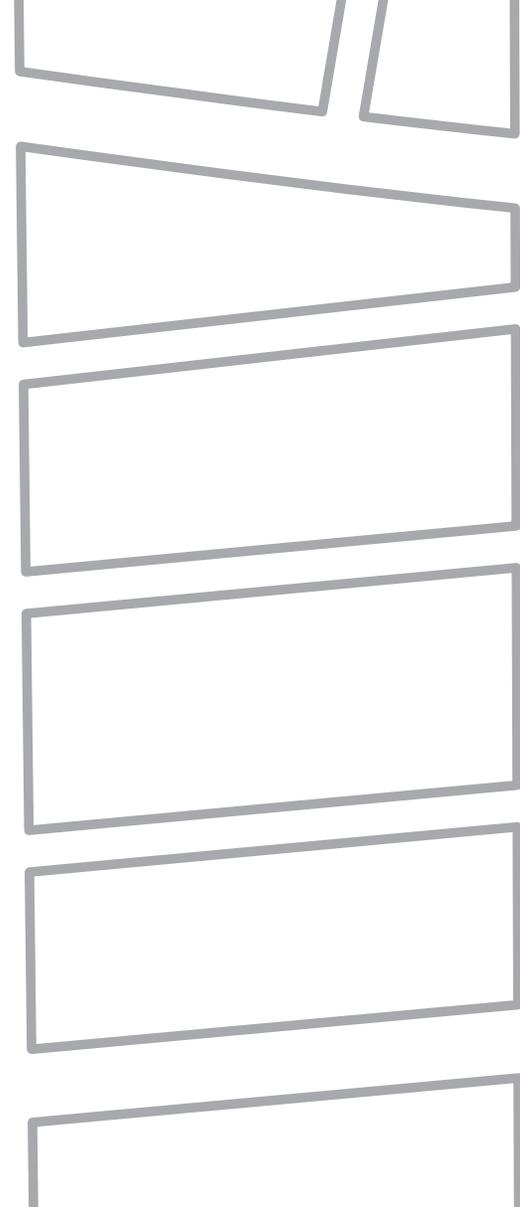


Scaling Pathways

Insights from the field on unlocking impact at scale

Part of the **Scaling Pathways series**

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The Innovation Investment Alliance (IIA):

The Innovation Investment Alliance (IIA) is a funding and learning partnership between the Skoll Foundation and USAID's Global Development Lab, with support from Mercy Corps, that has invested over \$50 million in eight proven, transformative social enterprises to scale their impact. In 2017, with all its funding committed, the IIA is focusing on drawing out lessons on scaling that are applicable to the social enterprise community with the aim to inform the ongoing conversation on how to create systems-level change and sustainable impact at scale.

The IIA's partners include:

- **The Skoll Foundation** drives large scale change by investing in, connecting, and celebrating social entrepreneurs and the innovators who help them solve the world's most pressing problems. Skoll brings an expertise in identifying and cultivating social entrepreneurs. Learn more at www.skoll.org.
- **The U.S. Global Development Lab (The Lab)** increases the application of science, technology, innovation, and partnerships to achieve, sustain, and extend USAID's development impact to help hundreds of millions of people lift themselves out of extreme poverty. The Innovation Investment Alliance is supported by The Lab's Center for Transformational Partnership. Learn more at www.USAID.gov/GlobalDevLab
- **Mercy Corps** empowers people to survive through crisis, build better lives and transform their communities for good. Mercy Corps brings its experience in developing field-based programming in over 40 countries and investing in disruptive start-ups to the selection, evaluation and management of organizations selected for funding. Learn more at www.mercycorps.org.

The Center for the Advancement of Social Entrepreneurship (CASE) at Duke University:

CASE is an award-winning research and education center based at Duke University's Fuqua School of Business. Since 2002, CASE has prepared leaders and organizations with the business skills needed to achieve lasting social change. Through our research, teaching, and practitioner engagement, CASE is working toward the day when social entrepreneurs will have the skills, networks, and funding needed to scale their impact and solve the world's most pressing social challenges. Learn more at www.caseatduke.org.