Designing for Transformative Scale: Global Lessons in What Works

The magnitude of the social problems we are facing requires innovative solutions suitable for massive deployment.

By Jeri Eckhart-Queenan, Abe Grindle, Jacquelyn Hadley and Roger Thompson

PATIENT ZERO FOR DR. JORDAN KASSALOW was a blind seven-year-old Mexican boy who, upon examination, wasn't actually blind: he just needed powerful prescription glasses. "I watched as the blank stare of a blind person transformed into an expression of unadulterated joy," says Kassalow. "I was witnessing someone seeing his world for the first time. This was a defining experience in my life. I decided then and there that if I could replicate that moment 1,000 times over, I would have led a meaningful life."

When the time came for Kassalow to act on that inspiration, he aimed much higher. In 2001, he founded **VisionSpring**, a non-profit dedicated to bringing eyeglasses to the estimated 700 million people — most in developing countries — who can't afford or don't have access to corrective eyewear. The organization quickly took root and thrived. To date, VisionSpring has sold more than 2.2 million pairs of glasses in 26 countries in Latin America, Africa and Asia. But Kassalow, VisionSpring's co-chair, isn't even remotely satisfied.

"Although our sales volume has increased dramatically, when measured against the 700 million people who need but don't own eyeglasses, our achievements haven't made a dent," Kassalow wrote in *Stanford Social Innovation Review*. "What will it take for us to achieve transformative scale — a 10-fold, 100-fold, or even 1,000-fold increase in sales — and inspire others to do the same?"

Kassalow isn't alone in his quest to dramatically scale the *impact* — not the size — of a successful social enterprise. A growing number of social sector leaders around the globe — including impact investors and non-profit board members — have their sights set on the same goal. For them, the old definition of success — often focused on replicating a program site-by-site — aimed too low when compared to total need. Now, Kassalow and others want to take impact to a new level. They want to achieve results that are commensurate with the tremendous needs that exist. The goal: impact at a truly transformative scale.
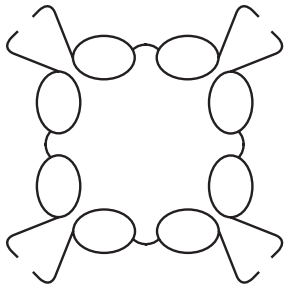
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Strategies for Transformative Scale

Attaining such an ambitious goal requires innovative thinking, and sector pioneers are already pushing ahead with promising experiments. From these exemplars, we have identified nine strategies — first outlined in a recent *Stanford Social Innovation Review* article — that hold real promise for addressing a number of major social problems at massive scale. Four show ways for organizations to reach more people without commensurate growth in size, while the remaining five aim at 'field building', which marshals the efforts of a diverse set of like-minded organizations and people working towards a shared goal.

The following strategies are not a comprehensive list, nor are they mutually exclusive. Indeed, a combination will often be required for breakthrough impact.

1. DISTRIBUTE THROUGH A PARTNER'S NETWORK

One way to expand impact rapidly is to team up with another organization that already has a distribution network in place. VisionSpring, for example, forged a partnership with **BRAC**, formerly the Bangladesh Rural Advancement Committee, to take advantage of that organization's nationwide network of 100,000 community health workers. A pilot project involving 50 health workers demonstrated that they could learn to sell reading glasses responsibly and efficiently. The pilot expanded to 500, then 5,000 health workers, and in 2013 VisionSpring signed a memorandum of understanding with BRAC to train an additional 25,000. Over the next five years, VisionSpring aims to sell 1.7 million eyeglasses through this partnership.

2. RECRUIT AND TRAIN OTHER ORGANIZATIONS

Teaching other organizations how to deliver a proven program means giving up what some might consider proprietary information. India's **Akshaya Patra**, for example, cooks and delivers culturally appropriate and nutritionally balanced hot meals to 1.4 million poor school children each day at a cost of 12 cents per meal. To accomplish this feat, it has built 21 state-of-the-art, centralized kitchens that achieve huge economies of scale and developed highly efficient production and distribution processes. The organization aims to reach five million children daily by 2020 — a benchmark central to its goal to persuade the Indian government to fully fund the program (it currently covers only half of the cost), and to inspire other non-governmental organizations (NGOs) to use similar models.

Already, the organization has trained and given away its kitchen blueprints to a number of other NGOs that reach additional children. As demand grows, it may even establish a 'university' to dramatically expand such training. Helping others to successfully implement your methods is a very challenging endeavour, but if it can be done (and strong demand exists), the opportunity for impact at scale is tremendous.

3. UNBUNDLE KEY COMPONENTS AND SCALE THEM

When a service or program is too complex or expensive to spread widely, sometimes it's possible to break out one or a few high-impact components that are much easier and cheaper to scale broadly. While this approach rarely achieves the same depth of results as a full-scale program, it can still be very worthwhile, given the much greater breadth of impact that is possible.

Infant health care provides an example. In the early 1980s, no government or aid agency could afford to provide a complete package of primary health care services to millions of infants in developing countries, many of whom succumbed to treatable diseases. Determined to help, **UNICEF** identified four simple, inexpensive medical interventions out of the full package that, by themselves, could save millions of children each year: growth monitoring, oral rehydration to combat diarrhea, breast feeding and immunizations — collectively known as 'GOBI'. UNICEF's Executive Director, **Jim Grant**, brought together a broad coalition of partners from governments, aid agencies and NGOs to adopt and spread these four simple interventions, which UNICEF says save an estimated 20,000 children every day.

4. DEPLOY TECHNOLOGY TO REACH A LARGE AUDIENCE

Cell phones, social media and websites offer a variety of ways for social entrepreneurs to reach large audiences quickly and efficiently. For example, **I Paid a Bribe** tackles petty corruption in India by providing a website for people to file anonymous reports of demands for bribes. Since its launch in 2010, ipaidabribe.com has received more than 28,000 bribe reports from 718 cities. In aggregate, the reports help to highlight 'hotspots' of corruption, making a persuasive case for improving governance systems and tightening law enforcement and regulation. In Bangalore, for example, I Paid a Bribe reports have already led to reforms in the motor vehicle arena. Across the globe, more than a dozen government agencies and NGOs have contacted **Janaagraha**, the Bangalore non-profit that operates I Paid a Bribe, to request assistance in setting up their own sites.

5. BUILD AND STRENGTHEN A CRITICAL MASS OF ORGANIZATIONS AND INDIVIDUALS COMPRISING A FIELD

Students enjoy 12-cent lunches courtesy of Akshaya Patra.

Microfinance is the classic example of philanthropy stepping up to invest in intermediaries to accelerate the development of an entirely new field. It started out as a project run by non-profits and government agencies, and as early experiments proved successful, key innovators — backed by philanthropy — developed public data sources and third-party verification systems. Two innovations in particular — the first microfinance rating agency in 1999 and soon afterward, the launch of an authoritative data clearinghouse — gave mainstream investors easy access to the information they needed to make informed investment decisions. Over time, these intermediary organizations paved the way to attract for-profit capital markets into the microfinance arena.

6. CHANGE PUBLIC SYSTEMS

Large public systems such as primary-school education operate at a massive scale, but they often fail to perform up to expectations. For some reformers, the solution lies in cultivating new leadership that can gradually bring about systemic change. That's the approach adopted by **Teach For All**, a global education network in 34 nations that seeks to cultivate and support future public education leaders who will enact systematic change in their home countries. Similar to **Teach For America**, these leaders are developed via teaching placements in disadvantaged schools, training in educational best practices, and then supported in their post-service endeavours to lead reform efforts.

7. INFLUENCE POLICY CHANGE

Advocacy on behalf of a policy change can remove barriers to public funding for social endeavours and bring about key regulatory reforms. For example, in 2005, poor countries could not afford life-saving anti-retroviral drugs for an estimated 570,000 children dying each year from AIDS-related causes. The London-based **Children's Investment Fund Foundation** and the **Clinton Foundation's HIV/AIDS Initiative** (now CHAI) worked together to address this problem in a number of ways. Generic manufacturers agreed to cut the price of anti-retroviral drugs from $500 per child to about $60, making treatment more affordable. France and Brazil took the lead in helping convince a number of Western governments to help pay for the drugs by imposing a small tax on airline tickets, creating a multimillion dollar fund called UNITAID.

At the same time, the Children's Investment Fund Foundation worked closely with the **World Health Organization** and UNICEF to accelerate the approval for more effective mother-to-child transmission regimens and new treatment protocols for children — which made it possible for drug manufacturers and governments to move forward. By joining forces and working with others to advocate for policy and practice changes, the two organizations achieved significant results. In just three years, 33 poor countries developed anti-retroviral treatment programs to support some 135,000 children, close to 25 per cent of the number in need — up from barely 1.5 per cent in 2005.

8. PURSUE FOR-PROFIT MODELS

In some cases, a for-profit business model offers an effective strategy to achieve transformative scale. This model is particularly well suited for delivering basic needs — such as clean water, health care, electricity, agricultural supplies and financial services — to those at the bottom of the economic pyramid, where the poor are both payer and beneficiary.

Although a non-profit itself, VisionSpring pursues a for-profit approach in order to develop viable business models that can secure debt financing and thus be scaled widely by it and others. In El Salvador, it piloted a 'hub and spoke' model, consisting of a central optical store staffed with an optometrist and 'vision entrepreneurs' who travel to surrounding communities to sell reading glasses for $4 a pair. For patients who need more advanced care, the entrepreneurs refer them to the central store. After the pilot proved financially successful, VisionSpring built four more stores, and each covered its operating costs. Early in 2014, Vision-Spring's board approved expansion into Honduras, Guatemala
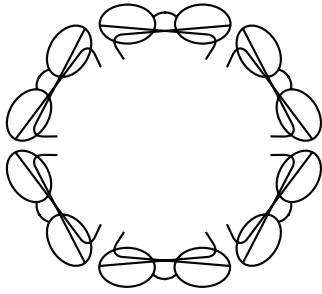
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and Nicaragua, where the organization will open an additional 25 stores over the next three years. Once these are profitable, Kassalow hopes to scale up to some 300 stores — and inspire copycats.

Unlike traditional for-profit businesses, social enterprises like VisionSpring have to balance the profit goal with the goal to serve those who can least afford to pay for beneficial products or services. To date, few have managed this balancing act well.

9. ALTER ATTITUDES, BEHAVIOURS AND NORMS

For a certain category of issues, impact at a transformative scale requires a widespread change in attitudes, beliefs and behaviours to create a new social norm. **Tostan**, an African community-empowerment NGO founded in 1991 by **Molly Melching**, has pursued this course. Its Community Empowerment Program centres on human rights and engages participants in discussion of what those rights mean to them. These discussions lead to questions about local practices or social norms that conflict with human rights. Out of such discussions, participants resolve to make behavioural changes and engage others in a movement to spread them. Over the years, more than 200,000 people have participated in this program, and these efforts are credited with ending female genital cutting in much of Senegal and greatly reducing child marriage and domestic violence. Today, Tostan partners with communities in six African countries: Guinea, Guinea-Bissau, Mali, Mauritania, Senegal and Gambia.

Lessons from the Bottom of the Pyramid

All nine of the strategies presented herein hold promise for moving organizations and ideas from selective and limited impact to transformative scale. Exploring them will require experiments — and inevitably, some failures. This is not easy work; but in the long run, the social returns can be huge. Regardless of the chosen pathway, several principles shape how an organization's leaders think and act in pursuit of their chosen mission. Three stand out as indispensable for laying the groundwork for massive scale:

- listening carefully to beneficiaries;
- obsessing over affordability; and
- building a scalable operating model.

Many organizations struggle to get these principles right. In our experience, some that come closest are those serving people at the bottom of the economic pyramid. Massive need and severe resource constraints force these organizations to design for scale from the beginning. Let's examine each principle

more closely.

LISTEN TO YOUR BENEFICIARIES. Designing for scale starts with listening carefully to your beneficiaries to understand their needs and aspirations. Perhaps no organization has perfected listening more than Tostan. "I have found that something called *responsive listening* is actually the most essential element of helping a grassroots movement grow," Melching recently wrote in *Stanford Social Innovation Review*. "For us, responsive listening has shaped not only what we do, but also how we fund it." This notion is grounded in the need to understand those you aim to help and work alongside rather than for them. "Listening attentively to the needs of our partner communities and directly incorporating their feedback has constantly refined the way we work. One change at a time, we have built an approach that organically brings movements to scale, because the communities with which we partner essentially design and lead them."

For organizations with a for-profit business model, careful listening guides product development. "If you haven't talked with at least 100 customers in some depth before you start, don't bother," wrote **Paul Polak**, an advocate for market-based solutions to global poverty and serial social entrepreneur, in *The Business Solution to Poverty*. "Only by understanding the needs and aspirations of your customers — and their ideas for how to fulfill them — can you begin designing a product or service that's likely to be attractive enough that they will part with some of their extremely limited money."

If this sounds obvious, think again. "I've met many bright founders bringing fantastic products to the market that could transform the lives of millions of people living at the base of the pyramid," **Mark Cheng**, the UK director of **Ashoka**, wrote in a recent blog. "But how many actually met their customers before they built a product and went off to sell them? Depressingly few."

FOCUS ON AFFORDABILITY. When you are serving the world's poor, you can't afford to design without obsessing over cost. That's what drives Akshaya Patra to serve its hot lunches for 12 cents and VisionSpring to manufacture eyeglasses for 52 cents each.

Founded in 1972, the aforementioned BRAC cultivated from the start an institutional culture that methodically squeezes out excess costs in everything it does. Over the years it has successfully launched a range of low-cost health, education, and village-based livelihood programs that serve some 135 million poor people in 12 countries. For example, BRAC started its primary education program in 1985 with 22 one-room schools, a response to requests from landless parents whose children were

VisionSpring has developed a commercially-sustainable business model.

not being served by government schools. In a resource-limited environment with tremendous need, BRAC improvised to hold costs down. It recruited women from the ranks of the poor and put them through a two-week crash teacher-training program; it also developed its own teaching materials. The cost to BRAC, supported by philanthropy and outside donors, is only $36 per student per year.

The model worked. Women who hadn't finished high school showed that they could learn and implement the basics of effective teaching. Dropout rates at BRAC schools were almost non-existent; students performed at higher levels than their better-off peers at government schools; and parents — most of whom earn less than $2 a day — valued the program enough to send their children to school, even if it meant sacrificing the extra income that might be gained from having them work at home. Today, BRAC is serving some 1.1 million children with this model and has graduated more than nine million since the program's launch.

BUILD A MODEL THAT CAN SCALE. Listening to beneficiaries and designing products or services they can afford will only get you so far down the road to massive scale. Just as important is building a model that can be scaled, which typically means codifying your operations, relying on available talent, and achieving financial sustainability. Akshaya Patra couldn't serve 1.4 million hot meals a day if it hadn't first perfected its highly efficient kitchen design and distribution process. It now shares its operational know-how with others, which significantly increases its impact.

For BRAC's primary education program, the operating model relied on recruiting and training teachers from the available pool of minimally educated village women — not hiring scarce university-trained teachers. That approach would have been too costly, assuming enough certified teachers could even be found for rural classrooms.

VisionSpring set out to create a commercially sustainable business model, Kassalow told *Good* magazine, because he be-

lieved "that to solve this problem in any significant way, you had to make the markets work." To that end, VisionSpring scales up a model only when it is profitable and easily replicable. "We start small, creating a blueprint for the particular model, and then test, refine, and prove its profitability. Only when a model clears these hurdles do we initiate a more aggressive replication effort; we don't scale losses."

Getting the business model right is the key to success, says **Mike Kubzansky**, vice president for Intellectual Capital at **Omidyar Network**. But, as he noted in a recent **Brookings Institute** report, finding the right model requires trial and error, and patience on the part of impact investors.

In closing

Wherever they work, NGOs that aspire to broad-based social impact would do well to design for scale. That means putting beneficiary engagement, affordability and a scalable model front and centre. Get these right, and your chances of achieving transformative scale will greatly increase; ignore them, and you will have no chance at all. The magnitude of the social problems affecting developing and developed countries alike requires innovative solutions suitable for massive deployment. Designing for scale is a good place to start. **RM**

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