

SCALING MODELS for SOCIAL ENTERPRISES

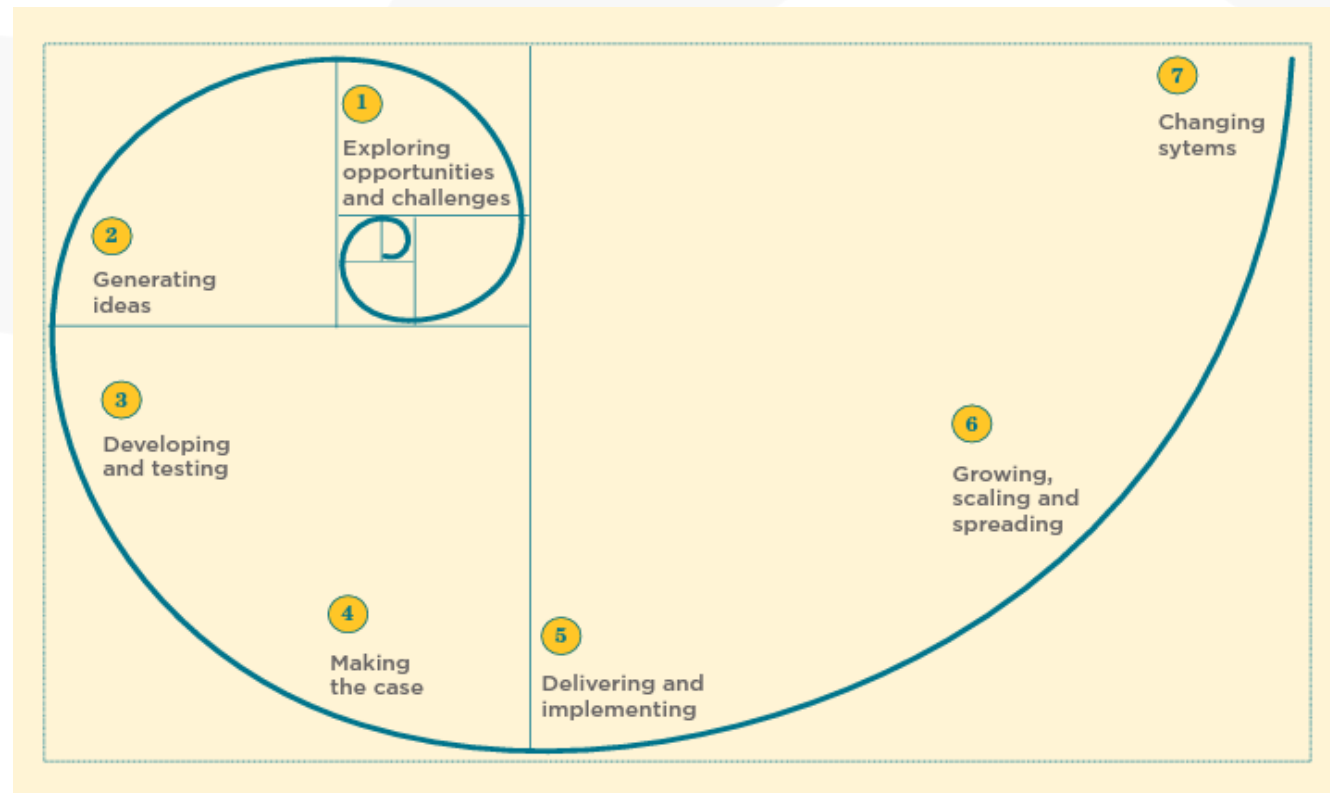


"Scaling means adding impact at an exponential rate while adding resources at an incremental rate."

Excerpt from the PATRI Framework for Scaling Social Impact written by Rizwan Tayabali and supported by Ashoka Globalizer

Choosing when to scale

Social innovations scale when their impact align with the level of needs. Scaling is a distinct stage that requires different skills and actions. The social innovation spiral emphasizes problem understanding and exploring opportunities. Prioritizing testing over immediate scaling is crucial. Ideas progress through stages for improvement and maturity. It's important to scale when solutions are well-tested and poised for meaningful impact.



1. [Murry, R., Caulier-Grice, J. and Mulgan, G. \(2010\) 'The Open Book of Social Innovation.'](#) London: NESTA and the Young Foundation

2. [Playbook for innovation Learning – Social Innovation Spiral \(pages 74-75\)](#)

Growth vs Scaling



When planning to scale, social entrepreneurs need to carefully consider the context of the local communities and markets they wish to enter and resist expanding so quickly that they compromise the quality of the goods and services that they provide.

Growth

Growing typically involves **adding resources at around the same rate as adding impact or revenue. The implications are primarily operational.** If you've already increased reach to more people, more cities or even more countries, but your operating costs have gone up in a generally correlated way, then what you've really done is grown rather than scaled.

Scaling

Scaling differs in that it involves **adding impact at an exponential rate while adding resources at only an incremental rate.** Although scaling is also commonly approached from an operational perspective, it typically **has significant implications for design, not only in terms of the solution being scaled, but also for the way it is delivered.**

4 Tips to Scale Smart

1. Optimize unit economics

It is crucial to get your unit economics right. This involves determining the **direct revenues and costs** associated with each specific unit of your business model.

For instance, if your social enterprise operates tutoring centers, your “unit economics” is a single student, and you need to calculate the costs and revenues associated with serving that student.

By establishing solid unit economics, you can achieve **efficiencies of scale by consolidating overhead expenses.**

2. Cultivate a talent pipeline

It is important to cultivate a sustainable talent pipeline. Finding **individuals with both the necessary technical skills and aligned values** is essential for achieving your mission and desired social impact.

Neglecting the development of a strong talent pool can lead to a breakdown of purpose and result in becoming a profit-focused organization. Therefore, **investing in the right people is vital for the growth and strength of your enterprise.**

4 Tips to Scale Smart

3. Leverage unique core strengths

A clearly defined core is essential for effective scaling.

Conduct market research and gather data to **validate your unique strengths** compared to competitors. This will help you identify your core and **strategically prioritize expansion** into adjacent areas.

It is advisable **to focus on one adjacency at a time**, such as entering a new geographic market before considering new customer segments or product lines.

4. Prioritize scaling your impact

At every stage of growth, you should **be assessing your progress towards achieving your intended Theory of Change**. Consider **working beyond your organization's boundaries to maximize your social impact**.

Aravind Eyecare System's LAICO training facility exemplifies this concept. By sharing their expertise and knowledge with blindness prevention workers worldwide, Aravind expands its mission to end curable blindness by inviting others to join and benefit from their work.

Scaling Models



1. Scale into new geographies

Expanding into new geographies entails introducing your innovative solutions to previously untapped communities, regions, or countries, thus extending the potential benefits to a wider population.

EXAMPLES



Acumen is a global impact investment fund that focuses on addressing poverty and social issues. Initially operating in India and East Africa, Acumen has expanded its presence to multiple countries across Asia, Africa and Latin America. By scaling into new geographies, Acumen has been able to support a wide range of social enterprises and initiatives in diverse regions.

Source: [Acumen- Blog](#)



BRAC, originally started as a small relief operation in Bangladesh. Over time, BRAC's models addressing poverty, education, healthcare, and empowerment has been replicated in countries like Afghanistan, Uganda, Tanzania, and the Philippines. By expanding geographically, BRAC has extended its impact to diverse communities globally.

Source: [BRAC- Where we work](#)

2. Scale into new products or services

Diversification of product or service offerings involves the expansion of your business to offer complementary goods or services that could enhance the well-being of your customers.

EXAMPLES



d.Light design Inc. provides affordable solar lighting solutions to off-grid communities. While its initial focus was on solar lanterns, d.light scaled its product offerings to include solar home systems, portable solar chargers, and other solar-powered devices. This expansion into new products has enabled d.light to meet additional energy needs and enhance the livelihoods of underserved communities.

Source: [d.light social impact](#)



Burn Manufacturing initially focused on producing domestic cookstoves that use less fuel and emit fewer pollutants. Recognising the opportunity to reach a wider customer base, they started to develop larger cookstoves for commercial use and portable stoves for outdoor cooking. This scaling enabled them to serve more customers and have a broader impact on improving cooking solutions in Sub-Saharan Africa.

Source: [Burn Stoves- The future of clean cooking](#)

3. Scale into new customer segments

Expanding into new customer segments involves introducing your innovative solutions to previously untapped markets or demographics. This broadens the societal impact of your innovation by ensuring that it reaches underserved populations.

EXAMPLES



Grameen Bank began by providing microloans to rural women in Bangladesh. Recognising the potential to serve additional underserved populations, Grameen Bank expanded its customer segments to include farmers, small businesses, and the urban poor. This scaling allowed Grameen Bank to reach and empower a wider range of individuals and communities.

Source: [Grameen Bank- Bridge Loan](#)



The Empowerment Plan initially focused on producing specialised coats that transformed into sleeping bags for the homeless. They introduced the “EMPWR Coat Program” for socially responsible organisations and diversified their reach by offering retail products to individuals not directly affected by homelessness. This strategic scaling broadened their customer base and subsequently amplified their social impact.

Source: [The Empowerment Plan- The coat](#)

4. Scale into different parts of the value chain

By integrating vertically into different parts of the value chain, the social enterprise gains more control, influence and overall efficiency in the production, distribution and customer engagement processes.

EXAMPLES



Divine Chocolate, originally a fairtrade brand sourcing cocoa from Ghana, pursued vertical integration in the cocoa value chain, by co-owning cocoa cooperatives and expanding into cocoa production and manufacturing. This strategy showcased their ability to scale while staying true to their mission of empowering cocoa farmers and delivering quality products worldwide.

Source: [Divine Chocolate- Regenerating the Chocolate Industry in Sao Tome](#)



Azahar Coffee, deeply committed to supporting coffee growers, strategically pursued vertical integration within the coffee value chain. Initially a coffee importer, they extended their engagement by partnering with coffee farms, thus integrating vertically into coffee cultivation. This expansion continued into coffee processing and distribution, while preserving quality and ethical standards.

Source: [Azahar Coffee- Latin America](#)

5. Scale your ideas and your impact

Scaling your ideas involves disseminating knowledge and promoting the widespread adoption of best practices through training academies, online courses, conferences, reports, or various online channels. By engaging in thought leadership, you can amplify your impact on a larger scale.

EXAMPLES



Ashoka is a global network of social entrepreneurs that identifies and supports individuals with innovative ideas, addressing social challenges. Ashoka has expanded its reach by establishing Ashoka Fellows in over 90 countries, promoting systemic change and inspiring social entrepreneurship worldwide.

Source: [Ashoka- Ashoka Fellows](#)



The Skoll Foundation works to build a sustainable world of peace and prosperity for all. It catalyzes transformational social change by investing in and connecting social entrepreneurs through its global network and convenings like the Skoll World Forum. Combining storytelling, thought leadership, and strategic alliances, they mobilize resources to create momentum for lasting social change.

Source: [The Skoll Foundation - About](#)

References for Scaling Models resource

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THANK YOU

CONTACT US

Trampoline Ltée

2nd Floor @ QG, Old Post Office Road

Industrial Zone, St Pierre, 81406

contact@trampoline.mu

trampoline.mu

