Scaling Pearls of Wisdom from Fundación Capital

1 **PRIORITIZE CO-CREATION.**

Our "secret to success" is co-creation. We don't design in a vacuum or come with ready-made solutions. Instead, our role is to drive co-creation, which requires us to manage the "build-measure-learn" agile development process together with partners. Our solutions are most effective when they leverage partners' existing networks and scaffolding and lean into their priorities, helping them see how the solution fits well within their standing investments. Co-creation drives ownership and capacity, builds trust, and generates efficiencies by embedding solutions into existing systems.

2 **CREATE "WINS" FOR ALL STAKEHOLDERS.**

We have found that partnerships require us to be chameleons—meaning we have to immerse ourselves in the environment to understand what drives each of our stakeholders. For example, when we launched Proyecto Capital, a regional initiative to embed financial inclusion into social protection systems in Latin America, we first identified our stakeholders' pain points. We found that governments were struggling with the digitization of cash transfers, financial service providers were facing difficulties engaging with low-income clients, and the clients themselves lacked the financial capabilities to interact effectively with the financial system and take advantage of their cash transfer funds. By adding value to policymakers, banks, and low-income women, we were able to create "wins" for all stakeholders—at least nominally. The initiative still faced hurdles, (e.g., balancing bureaucratic restrictions with governments), but, by chipping away at the core of the problem and working simultaneously on all levers, we were ultimately successful in improving the enabling environment and increasing the financial prospects for millions of women.

3 **IF GOVERNMENT PARTNERSHIPS ARE CRITICAL TO YOUR SCALING PATHWAY, THEY SHOULD BE PART OF YOUR ORGANIZATIONAL DNA.[1]**

For us, government partnerships were part of our founding story. We know that for them to work there has to be mutual trust, a clear value-add, and, ultimately, the funding to commit to a partnership beyond a particular project. Social ventures exploring government partnerships should consider whether it is the right fit for their mission and staff, and also recognize that they could jeopardize the government's trust of all outside partners if the partnership goes awry.

If you are committed to partnering with government, set yourself up for success by

- Actively listening to the government's needs, concerns, and goals.
- Clearly articulating your value proposition with respect to the partnership.
- Letting your government partners be the ones to shine if you're successful.
- Ensuring that you can adapt to government funding cycles and know what they can and cannot fund, particularly if you are hoping to receive public sector funding.
- Checking that your funders value government partnerships and are willing to be flexible on timelines—because it may take longer than you anticipated to get things up and running.
- Identifying a "champion" from within the government to help guide you and collaborate. Note that champions can exist at many levels and may even be at auxiliary institutions.

1: To read more about Fundación Capital's lessons learned in partnering with government, see: Erin Worsham, Kimberly Langsam, and Ellen Martin. "Leveraging Government Partnerships for Scaled Impact," Innovation Investment Alliance and CASE at Duke, Scaling Pathways Series (2018): https://scalingpathways.com.

"You can't just zoom in and out of government partnerships – you need to commit to the long-term"
-Ana Pantelic, Chief Strategy Officer

4

IF PEOPLE ARE CORE TO YOUR BUSINESS, BE CRYSTAL CLEAR ON THE TYPE OF TALENT YOU NEED.
Our entire business hinges on relationships, so our staff is critical to success. Making a hiring mistake can set your work back by years and cost you your most critical assets: reputation and social capital. We have a small team but many roles to play—from setting up a program to scaling it—so we look for people who can wear many different hats. To identify those individuals, one tactic includes framing the interview as a two-way process in which we describe the nature of the work and expectations to ensure that there is an awareness of the organization's culture and the likely tasks. For example, we will highlight that a program coordinator needs to be as comfortable talking to the Minister of Finance as she is with a woman in the field. Finally, we value diversity and celebrate our staff's passions outside of work as well as their backgrounds, noting that there are more than 20 different nationalities represented by our 70-person staff.

5

DON'T GET STUCK IN THE SUNK COST FALLACY.
Many think that deciding when to enter a country is the hardest decision, but we see the hardest decision as determining when to stop investing when the work is not progressing. Key to making this decision is establishing checkpoints along the road to be sure all partners—and especially government partners—are still viewing the work and the social venture positively. We have found it helpful to establish KPIs related to depth and breadth of expected impact, as well as metrics around financial sustainability, which we review regularly. We also pay close attention to innovation as a metric, considering the extent to which we are continuing to learn or generate new opportunities within a particular country. If the work is not progressing, we should unload the sunk costs and move our resources elsewhere. We can always return when there are better opportunities, and we check back in regularly with contacts to ascertain that potential—whether it is a change in government leadership, a new partnership, or a funder preference.

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Scaling Pearls of Wisdom from Living Goods:

1 **PROTECT YOUR IMPACT DRIVERS BUT BE FLEXIBLE ON THE REST.** As you scale with other partners and in different contexts, you will need to be flexible on many aspects of your approach. Therefore, it is critical that you, as an organization, understand the key elements that drive your impact—and that you protect those elements as you scale. Once you've established these non-negotiables, be open to adapt and learn from the experience of other partners on all other pieces. For Living Goods, our non-negotiables are ensuring that CHWs are digitally-enabled, are paid (ideally, linked to their performance), and have access to medicines. But, when it comes to decisions around selling products to supplement their incomes, we are more flexible.

2 **STAY TRUE TO YOUR IMPACT FOCUS AS YOU BRING ON PARTNERS, AS THEY MAY BRING CONFLICTING PRIORITIES.** Partnerships—especially our partnerships with governments—have been critical to our ability to scale. You should bring your partners on your journey: understand their needs and priorities, find champions among them, ask their advice, and learn from their expertise. But, keep in mind that each partner is juggling multiple demands and priorities—some of which could dilute your key drivers of impact—so be prudent about which pieces of advice you take. As an example, Living Goods has been asked by partners to add on more health services, such as managing non-communicable diseases. Yet we believed that adding on too many services, especially early in our evolution, could dilute what we believed was our greatest need: our focus on child mortality reduction and family planning. We also understood that we needed to effectively refine and scale our basic model first, before adding too many additional elements.

3 **DON'T BECOME OVER RELIANT ON JUST ONE OR TWO PEOPLE WITHIN YOUR ORGANIZATION.** It can be easy to rely heavily on just a handful of people in your organization who can drive the depth and breadth of your work. However, especially as you scale, you need to build a more robust talent structure and processes, including succession planning and talent development programs. Build on the expertise you already have and ensure that any new recruits buy into your values and will help you get ahead of where you are going.

4 **BE WILLING–AND PREPARED–TO PIVOT AND/OR PAUSE.** Many organizations pivot at earlier stages, but pivoting during scale is just as critical. If something is not working, be willing to pivot and be prepared to try something new. Living Goods has robust data collection tools to monitor and evaluate all aspects of our program, so we quickly know when something may not be working and can get ahead of the curve with preparations if a negative trend continues. When we initially rolled out family planning services, we soon realized that the CHWs were not achieving great results in this area—and that the time they were taking to counsel women was reducing the impact on child health. Even though we were running a large program, we stopped the rollout and spent time refining our family planning approach (to what we now believe is best-in-class). Our pause for refinement resulted in a longer rollout, but the increased impact was worth it. Note, however, that when you pause or pivot, you may have close partners that do not have the flexibility (or will) to pivot quickly. Keep this reality in mind as you move forward in your planning and partnership agreements.

5 **MAKE TIME FOR THE BORING STUFF.** As you move from a startup culture to a scaling organization, systems and processes that were not initially priorities soon become ones. We recognized the importance of putting time into the administrative aspects of our organization—even though the programmatic work felt most urgent. As you build these systems and processes, such as HR, financial, and supply chain, ensure that they are forward-looking to fit future needs, as you envision them, for the organization.

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Pearls of Scaling Wisdom from One Acre Fund:

1

LET A BOLD VISION GUIDE YOU.

Early in our founding, we established an audacious goal: to serve one million farmers by 2020, helping them to dramatically increase their income. While we had a solution that we were testing, we framed our scaling goals around the problem—not around the particular solution or our organization. This bold vision drove the refinement of our core model—our eventual partnership and advocacy work—and helped us remain focused on the scale and urgency of the problem that we wanted to address.

2

AN EARNED INCOME MODEL CAN BE POWERFUL.

We were founded with the idea that earned income would be an important component of our model. Many donors were drawn to our approach since we could sustain pieces of our program through earned income and their donor dollars could go farther—so they were essentially co-investing with the farmers, in a productive asset for farmers. We can invest donor funds in innovation and advocacy rather than solely programmatic costs. The model has also had a major impact on the robustness of our product and relationship with farmers; as our founder Andrew Youn has said, "a revenue model charging people for what you do really dignifies them…and it really helps us listen to them and learn from them."

3

TAKE PAUSES WHEN NEEDED.

At certain points in our history, we have made difficult—but ultimately good—decisions to slow down scale in certain markets when our SROI was lagging. We are achieving scale but are not constantly entering new places and adding new services; we have taken a number of pauses to get our impact and cost equation right before we grow further. We have made it a priority to communicate any pauses—and the rationale for them—candidly with funders, who have greatly appreciated our transparency.

4

OVERINVEST IN MEASUREMENT.

We have always invested heavily in measurement and believe it has played a significant role in our ability to scale. That investment was a difficult sell in our early days, when we faced pressure to steer all resources toward our program. But it was the right decision as it has allowed us to quickly course-correct when a site is underperforming, to understand which trainings yield the most impact, and to attract more funding over the long run. We do have a balanced approach to measurement, though; for example, we believe that randomized-control trials (RCTs) are important, but not sufficient. RCTs can be done only periodically and in a limited area, but our internal measurement systems allow us to conduct high-quality evaluations every year and collect a wide-range of data points across diverse areas. We can then undertake narrower, gold-standard external evaluations—like RCTs—every few years to validate our internal findings and methodology.

5

IT'S OK TO SAY "NO."

Saying "no" to partnerships in our early days and maintaining our focus was critical to our ability to scale. It allowed us to have a singular focus on agriculture—as opposed to creeping into related areas such as health, water, and sanitation—and gave us the opportunity to iterate and create a robust core model that we could scale. Now that we have developed strong relationships, proven our core model, and strengthened client retention in our communities, we are more open to partnerships and pursuing different and complementary approaches that will help us achieve our vision of healthy families.

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Pearls of Scaling Wisdom from WSUP

1 **THINK CAREFULLY BEFORE LAUNCHING A HYBRID.**
Creating a hybrid structure is a big investment of time and resources so should not be a decision made lightly or made with only revenue goals in mind. In our case, a hybrid structure allowed us to leverage our existing work, develop new business lines, and achieve more impact and reach. In order to reach those goals, we took on additional risks and spent time and resources carefully implementing the model. For example, we needed to ensure cultural alignment between our nonprofit and for-profit staff, which we accomplished in part by sharing office space and creating and managing a shared culture and values. We also created governance structures to manage the unique needs of each business while sharing learnings (e.g., the entities have separate boards to ensure advising unique to each business, and WSUP's CEO sits on WSUP Advisory's Board).

2 **AS YOU SCALE THROUGH OTHERS, DEMONSTRATE CHANGE AND GET BUY-IN.**
We knew we couldn't do all the work directly, so a critical aspect of WSUP's work has been learning by doing on the ground and then supporting other institutions to replicate. We understand that demonstrating results is more effective than simply giving advice, so we practice a "show not tell" philosophy. We invest in our relationships to build trust over the long-term but also expect the partners to invest of their own time and money to show us that they are truly taking ownership.

3 **CODIFY KNOWLEDGE AS YOU SCALE.**
As more and more entities have entered the WASH field, we have spent significant time codifying our knowledge and practices so that new players can enter more quickly, productively, and using a systems change model. Although new players create more competition for resources, we believe that our mission requires more players in the space and know that we can stay ahead by continuing to innovate.

4 **COMMUNICATE AMONG VARIOUS PATHWAYS TO ENSURE COMPLEMENTARITY.**
Pursuing multiple scaling pathways simultaneously requires bringing together teams with very different skillsets, ways of working, and professional cultural norms (think engineers and researchers). In order to keep alignment between teams pursing different pathways, we must have strong communication channels across units. For example, our team leads present to one another regularly to discuss their work, we use a common language around core activities and aligned metrics, and we run workshops so that each team member is comfortable with approaches used by others.

5 **BUILD A TALENT INFRASTRUCTURE FOR YOUR SCALING PLANS.**
Initially, we focused on the staffing needed to implement our programs on the ground, which included engineers and "negotiators" who could build capacity within local institutions. That served us well as we tested and refined our models, but as we started to scale, we realized we had many key talent gaps to fill, such as expertise in M&E, managing complex financial systems, fundraising and communications, HR, research/advocacy, logistics, business and data analysis, commercial contracts, urban development, and city institutions, etc. Over time and with significant effort, we have shifted from a scrappy organization to one with a sustainable structure.

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