

Cathy Clark: I'm delighted to moderate this panel this afternoon on overcoming barriers to scale. I'm here because we at Case are involved in a partnership with USAID School Foundation and Mercy Core to study the lessons of scaling from the experience of successful social entrepreneurs.

[00:00:30]

It's actually part of something called the Innovation Investment Alliance, which has invested almost fifty-million dollars in eight proven transformative social entrepreneurs to scale their impact, and as part of that project, earlier this year, we published a paper called, "Pivoting to Impact." Along with three in depth case studies that were focused on: What can entrepreneurs do to manage the pivots that they encounter as they scale more effectively? What are the lessons from the people who are doing this well?

[00:01:00]

The only thing we know about anybody who is planning to scale, is that their plans at some point will turn out to be wrong. They will learn something in the real world that will give them pause, and face, force them to make decisions. We feel like the successful social entrepreneurs turn out to be really good at making and communicating those decisions.

So, we want to share that with others so I'm excited to day because we're going to get a peek into this process by these social entrepreneurs on the stage with me who have been working across different industries, across different geographies on radically different problems.

[00:01:30]

I also want to thank them even before we start because they are bringing courage to come to a stage like this and talk about the things that they were uncertain about and share what they learned along the way and what they did to course correct.

[00:02:00]

What my job is, they're going to talk about their individual stories. What my job is then after they do that, is to talk a little bit about ... To dig a little bit deeper into what they think they learned from this. Are there lessons universal to many other social entrepreneurs? And to get a sense for how some of the really common scaling barriers, how we can help others in the room who may be entrepreneurs, who may be funders, who may be investors, or donors, help entrepreneurs navigate these processes.

[00:02:30]

What we've learned from our work at Case, is that this process never ends. Some people are like, oh once you get through the early stage stuff, like you're done and you just scale. That's actually not true. It hasn't been true in any domain we've ever looked at over twenty years. So this is hard work. What I'm going to ask each panelist to do is introduce themselves briefly. Actually maybe I will say their names.

We have Paul Needham to my left, who is at Simpa Networks. To his left we have Claire Reed of Real Gardening, and to her left we have Rukmini Banerji of Pratham. I'm going to ask each of them to tell a little story, in just a few minutes.

[00:03:00]

[00:03:30] I'm going to ask them to say, give us a sense of the unit you were actually trying to scale, and many of them have many different stories. I've asked them to just tell one today. What are you trying to scale? What problem did you encounter as you were trying to do that? What were you trying to solve? What's the solution that you tried? What happened?

Then once we get these three stories out, kind of rapidly then we can go back and dig in more, so that's our plan.

Paul, would you like you lead?

Paul: [00:04:00] Yeah, sure. Thank you Cathy. So, Paul Needham, founder, co-founder of Simpa Networks, working in India. We're in the business of ending energy poverty. We provide solar home energy systems on finance to low income households and small businesses, so that's what we want to scale. We want more people adopting clean energy, switching to solar.

[00:04:30] Some real challenges in scaling a business like this, access to great talent building out that sales and distribution channel. Access to finance, and I want to focus on problems and challenges we've had scaling access to finance. A business such as ours requires at least two kinds of capital. You need equity for the offex to pay your wages, to do your RND, to do your marketing, but we also need capex. We need debt, I'm sorry, debt so we can invest in the solar equipment that we lease to our customers.

[00:05:00] As you can imagine, the faster we grow, the more debt capital we need to raise. Our cash flows are sort of inverted. We spend all this money on this equipment, the solar equipment, and then our customers pay that off over a year, or two years, or three years. So the faster you scale, the more headwind you're pushing up against, and the more capital you need to raise.

[00:05:30] It's kind of a chicken and an egg problem. You talk to the equity investors, and they say, "Yes, I'll invest once you have that debt organized." The debt investors say, "Yes we'll invest, once you have the equity." It's actually more complex than chicken and an egg because there are so many other pieces to the business. You're trying to build, it's more like a butterfly, and a chrysalis, and a caterpillar, and an egg. You don't know what comes first. You're always navigating that.

[00:06:00] So, we had to break that, we had to find a financing model where we had an endless source of that debt capital and we spoke to a number of banks in India that, we hoped they would be willing to lend directly to our customers so we could bring them the customer, they could get a loan from the bank, and we would install and service the customer. That would flip the cash flow so we could get paid up front, but most banks we spoke to said no way, there's a reason we're not lending to those people out in those rural areas. We don't know them, they have no credit history, they're unbanked.

We found one bank that said, "We'll do it, but we can't really take the risk. We

[00:06:30] need someone to put up a first loss guarantee to de-risk it for us." We didn't have enough capital to do that, it created another challenge of raising this type of capital but we went to our partner at USAID, Development Innovation Ventures with this problem. We said look, here's an opportunity to unlock domestic lending for clean energy access, under a model that's very, very scalable because the bank wants to scale up its lending, they just have no experience with this customer segment.

[00:07:00] So, we got a grant from Development Innovation Ventures that we're using effectively as a first loss guarantee. This has enabled the bank to jump in and try something very new. They're lending directly to our customers. Now, ninety-five percent of our customers are financed through these types of banking relationships. We're on a thirty-five thousand rooftops, we've got one hundred and eighty thousand people electrified. We've installed about three mega-watts of power across these rooftops and it's beginning to scale up.

Now we're focused on other scaling challenging, but this one, I think we've buttoned up and we've got a solution for.

[00:07:30]
Cathy Clark:

Great. Thanks Paul. Claire?

Claire:

Hi, I'm Claire from Real Gardening. When I came up with Real Gardening, it was really a way that I wanted people who weren't able to provide food for their families, to be able to provide food. So, I created a really simple seed tape that you place in the ground and you add water. It actually reduces water consumption up to eighty percent, and my vision was that more people would be able to grow in their households, or in schools, and be able to feed themselves vegetables, which aren't as readily available in many of the areas we work in, in South Africa.

[00:08:00]

When we started to implement the technology, I was very focused on implementing it in schools, large school gardens. Four or five hundred square meter gardens, trying to link it into the school feeding scheme, looking at the school garden as almost an advertisement for the product. So, showing that the product works, trying to build trust within the community. I then set up a network of trainers who we called agent trainers.

[00:08:30]

We had twenty-seven of them around South Africa and our first pilot here. We trained them up to be able to do the ongoing training at the school, go back every month for four months and do the trouble shooting and get the school garden up and running. Then, they were equipped to sell on the product into households within that area once the trust was built up.

[00:09:00]

We really thought that this would be a good model for us to be able to get our technology into the hands of the people that we wanted to serve the most, but it didn't work. It didn't work for multiple reasons.

The two main reasons were, the people that we were trying to help, weren't the people that were going to be able to afford our product so in a hand to mouth

lifestyle, investing in something that would only produce food in four months time, was not a reality.

[00:09:30] We also weren't of the ... We tried very briefly to be able to sell the product and only want the money back when the harvest came, but that also was incredibly risky and we as a small social enterprise, didn't have the infrastructure to be able to deal with that.

The second problem was that the schools themselves who we saw as once we had proven that the school garden worked, they would then become a customer of ours as well wanting to replenish their school garden because it would link into the school feeding scheme.

[00:10:00] The big problem in many schools in South Africa is there's a lot of corruption, and many of these schools, the principals are taking money out of their own back pocket to buy paper and toilet paper for the schools. So, the concept of buying a two-hundred or four-hundred or eight-hundred square meter garden was just unheard of.

[00:10:30] So, we went back to the drawing board, and it quite a difficult time but actually to re-look at as much of the people we want to serve, or where our focus is at the moment we have to shift our focus to the people who can afford our product and so that would be the middle to upper income market. How do we leverage that sale, to be able to better serve the community we want to, that can't afford our product?

[00:11:00] The second thing was the school gardens were very big, and they were very labor intensive and it actually ended up becoming a burden for the school to look after a four-hundred square meter garden. When we sat down with the school they started to come back and say, "We want to rather the garden as a teaching tool. We want unable learners to take the knowledge we've been able to use, or teach them to plant their own gardens at home. How do we kick start that?"

[00:11:30] So, rethinking that the garden at a school, feeds the entire school, let's rather create a learning environment and then that knowledge is taken home into the households. So, we did both. We reduced our size of our school gardens. I created a product called a Gro-Pod that comes in tube. You basically can fill it with any soil. We created an additive that you can add to any soil and it creates the optimal growing environment. It comes with the seed tape, it's packed according to the province and the month of planting. It has weed guard in it so it actually prevents more water evaporation.

[00:12:00] That's proven to be incredibly successful. On the other side, we implemented what we call our buy one and give one model. So, we sell our product in shops in South Africa, we sell it online. We just started selling through the Girl Scouts of America in the US and then for every garden in box we sell, we're able to donate a garden to a person in need in South Africa.

[00:12:30] We couple that then with the schools and the NGO's that we've partnered with on the ground. We actually work with the Scouts of South Africa to be able to do the implementation so that's not actually costing us anything. What's happened is, we went from in our year one trying to implement these large gardens and fit this model into an environment in which it actually wasn't able to grow and purchase our product since we've shifted. So in year one of our securing water for food grant challenge grant, we've really have utilized this amazing opportunity to test and redevelop.

[00:13:00] In year one, we implemented four hundred school gardens. By year three, which we're in at the moment, we're up to three thousand and that really has been due to our shift and our shift in the size, and who our market is and the implementation of our grow pod and now we've started ... This is the first time that schools are actually contacting us and saying, "Can we have more Grow Pods?" What they've started to do, and we didn't initiate it, but parents are coming to school and putting little bits of money here and there to give it to Creative Kidsy that's then creating more and more Grow Pods. I really want to get to a place where every school has a Grow Pod, and we've worked with education leaders to create worksheets to link the Grow Pod and the growing directly to the curriculum, so it's now seen as a teaching tool and a catalyst for systemic change, which has been a huge shift in our business.

[00:13:30] Cathy Clark: That's great. So, what I heard in that was, you had a product in mind, you had a market in mind, you had a customer segment in mind. You couldn't really get those three things to work for you sustainably so you iterated on customer end product, and now have found something where you're getting feedback that it's working much better. Right? Which is probably typical for people to generalize that. That the product that you start with and the customers that you start with, may not always be in it.

[00:14:00] I bet you have a few stories about that one that we could come back to. Rukmini?

Rukmini: I want to thank Claire. I have two carrot strips that I'm taking back to India, and I don't know if we have Girl Scouts in India, but it seems like such a cool idea. I was trying to get some of the strips off for my neighbors yesterday because I have noticed everyone was hanging on to the present.

Claire: I'll get you sorted out.

[00:14:30] Rukmini: So, my story. I thought I would take a story, which is from the beginning of Pratham. I work for Pratham which is an ingenuity networking on education. When the discussion about this panel happened, the word scale has always been of interest to me, because when I joined Pratham which was right in the first year of Pratham, we ran ... We were in the city of Mumbai, and we ran about one hundred and fifty little community based preschool centers.

[00:15:00] I remember in the office, which was half a room with a, I don't know what you call

them here, but we call them dividers so, we shared an office with the other people where it was a woman's organization. When they came in the morning they would move the divider to give them more space and we were kind of lazy sort of people, we always arrived late, so it worked very well.

[00:15:30] I would hear a lot of discussion about scale, about how to manage this one-fifty community centers, and blah blah blah, and two years down the road and not to lose the story in between, we ran three thousand five-hundred preschool centers, and the conversation was quite similar.

We were still wondering how to manage this scale. Twenty years later, where we are today, we are working all over the country and the key conversations haven't changed. It's just that the numbers have gone higher, so I wondered if the others have had a similar ...

[00:16:00] So how did we go from one-fifty to three thousand five hundred? The founders of Pratham were very ambitious, they're still very ambitious. Their idea was: Can you create a mission, which captures a whole city?

[00:16:30] The city that they had, is a complicated city, Mumbai and the idea was, can you have every child in school and learning by the year 2000, and we were in like 1993 or something like that, and having done a survey of what was available in Mumbai and what the issues were, we figured that the city ran a pretty okay school system, I mean you could always improve it. The big gap was at the stage before coming to school.

If you have a city, which has a very large number of migrants, where probably people have been uprooted, and the migrants are all at the lower end of the income distribution, a large number of them were living in quite unsettled shanty towns and so on. The chances that the families worrying about the pre schooling of the child, or entry into school at the right time is probably quite low.

[00:17:00] The government in that time hadn't gotten enough provision for pre-schooling. So, the idea was that the ambition was big, every child in school and learning in Mumbai, but the place to begin was sort of beginning right at the preschool stage. Our thought was that if every child in Mumbai went to first grade, the chance that they would go further on was high. So how can you make that happen?

[00:17:30] In hindsight, we didn't have much money. In hindsight, not having the money is a good thing. In the present time it's a really bad thing. Right? How do you manage these big ambitions with not much money? Well, you have to convince people to buy into it, which I'm sure all of you have had to do as well, to buy into your vision and dream and what not.

[00:18:00] We started this idea saying that little kids ... Mumbai is a complicated city, big roads, train lines, so they can't go very far. You have to be able to walk to a little center close to you, which means that you have to find space very close to where the kids are, which means it'll have to be somebody's space and space is very

expensive in Mumbai, and I think that this persuading people that it has to be something close to the home, the preschool teacher has to be somebody who is very much like an adult that the kids are used to so the community nature of it was I think integral to it right from the beginning.

[00:18:30] We discovered space. I mean for those of you who have been to Mumbai, it's a very crowded city, space is very expensive, but unbelievably spaces emerged. When you want space morning til evening, it's difficult but if you want two hours in the day, you can find the space.

[00:19:00] Many child development specialists said that these are such inappropriate places to run preschools. We would run it in the veranda of a big school. The schools welcomed it because they saw this as a good readiness for them to get in, community centers, temples, churches, mosques. All of them welcomed it, which was nice. Political party offices welcomed it because I don't know about politicians in your countries, our politicians are not get up early in the mornings and start doing politics.

[00:19:30] The action picks up later in the day, but the party office in the slum, is available and the only thing we did is we made sure that when we, in any community when we organize the preschool, we would organize across all party lines. So, you wouldn't do it in just one party office and not in the others and it was usually a nice space, it had a fan, it had a roof, and so unbelievably we found all these spaces.

So there were these hundred and fifty, we were happy with them. What we didn't anticipate is the demand that it created and so from neighborhood after neighborhood we would get this thing saying we want them as well, and when we said, "We don't have the money, we don't have the resources." Often, little groups, community groups, would say, "That's fine, we'll organize it. What needs to be done? Can you tell us what needs to be done?"

[00:20:00] For the first one fifty, we had a proper training program, we contacted the teacher training institute of the city. They provided the training, but when it grew very rapidly from the one-fifty to the first thousand, no teacher training center could manage because they had their organized curriculum and so many days, and blah blah blah.

[00:20:30] We couldn't do all that, but the first lot of people who ran these centers felt, now that we've ran them for some time we know what is important. So, I think the internal ... A lot of internal capability grew as a result from responding to the needs of others. I think it was a classic case of ... We had a very big ambition, we really didn't know how we were going to go there, but right from the beginning the methods or processes we used were quite simple, so it was quite easy to take it further and the inputs that were needed were basically, human beings, time, a little space. If you didn't have the resources, but people thought this was important, which seemed to appear.

[00:21:00] I was always very impressed at the time about how word of mouth carries, so it

wasn't like all these people who wanted to run preschool centers were great lovers of children or development or anything like that. I think it was like, if my friend is doing it, and she seems to really be doing a good job and enjoying it, that means if she can do it, then I can do it too.

[00:21:30] If she is getting the kind of importance in her community, so she doesn't have a big child, early childhood degree, but if she can do it ... I don't know what you call it, this infection or osmosis of the idea, was very powerful.

Cathy Clark: It sounds like it propelled you.

Rukmini: Yeah and I think we were pulled by the demand rather than us trying to create demand.

Cathy Clark: Yeah that's great. I love what you said, "We didn't anticipate the demand it created." I wonder if that's a little bit of a theme that maybe all three of you could speak to, to a bit. I feel like you have this image of social entrepreneurs trying to scale things where they're just pushing, pushing, pushing. We respect that, the effort that it takes. Sometimes it can be actually more stressful on the organization, when as you said, something infectious happens, or your customer really kicks in, and all of the sudden you're forced to scale at a pace that perhaps you didn't plan for, and perhaps your systems are not ready for. Do the two of you have any experience ... It sounds like you did as well in kind of realizing there's a school market that actually is pushing you to participate as opposed to you to pushing the customer to participate.

[00:22:00]

[00:22:30] Claire: Yeah, I think I was very fortunate, or Real Garden was very fortunate to be a part of Securing Water for Food Grant Challenge, because it brought with us the technical assistance facility, which I think was critical for us to be able to understand: How do you we deal with that? How do we shift resources within our office? Where are there gaps? Where should be spending money? How do we need to focus on the customer that needs to purchase our product? What is our communication to the schools? When should we be donating? When should we be encouraging schools to purchase?

[00:23:00]

It's something I don't feel that I would have been able to navigate that without that additional support. I suppose we would have somehow come up with a solution of some sort.

Cathy Clark: It's what you were hoping to happen, that you would have this pressure, but then you do have this pressure and you have to deal with it. Right? Then it becomes a-

Claire: The Technical Assistance Facility was quite critical at that point with us being able to navigate that, successfully to the point where we have been able to sustainably service the demand being created.

[00:23:30]

Cathy Clark: Yeah, that's great. Paul anything on your end on this?

Paul: Yeah, this is a question that our board of directors and investors wrestle with all the time. What really do we mean by scale? Are we trying to maximize the number of customers? Are we trying to maximize the profitability? Are we trying to get to the fastest path to profitability?

[00:24:00] We decided that, we just keep coming back to we're in the business of expanding access to energy. It's got to be a business. To really scale, we have to be able to attract private sector capital to invest in that equipment that we're putting out and leasing.

[00:24:30] We have stopped ourselves from just chasing customer numbers. We've been very focused on building profitability first at the unit level, making sure that you're making money off of every customer. Per unit, you've got to be making a margin there, of course if it's going to scale.

That sounds obvious, but it's not easy when you're selling to people in rural areas with low incomes and in trying to provide them meaningful amounts of power, life changing amounts of power.

[00:25:00] Unit level profitability is the first one. For us the next level up is branch level profitability. We have branches that we set up in the rural areas. The branches serve dozens of villages. Each branch has a certain cost to operate. We've got to get those branches profitable before you then decide, okay now we need X number of branches to get the whole company profitable.

[00:25:30] So, we've achieved unit level profitability. We've now achieved branch level profitability, and we know how many branches we need to get to corporate profitability and we know we can do that by probably middle, end of next year. Now we're raising more money now, some of its come in, but we're using this money to replicate a business model that took us some time to figure out, but we've figured out and now we're replicating that out.

Cathy Clark: So, I'm going to ask you a leading question because I think I know how you're going to answer it. Do you think that the path to unit and branch profitability resembled what you thought it would be, when you started?

Paul: No way.

Cathy Clark: Okay.

[00:26:00] Paul: No, I mean no. Everything we got wrong. We had an idea of pay as you go solar, on a perpetual leasing model where you would sell solar as service, customers didn't like that. We, it took us a long time to figure that out but it turns out they didn't really like that idea. We were charging based on the amount of energy consumed, just like you and I pay for your electricity as it's consumed. Turns out, our customers didn't like that. They wanted to pay a certain amount every month or a

certain amount every day, be respectful of how much energy they use.

[00:26:30] We've had a range of products, I think of the ten different offerings we've come out with, half of them have been a flop. They just haven't worked either because it wasn't a good product-market fit, or because our sales organization didn't know how to sell it, or didn't know how to differentiate it from other products. Countless mistakes and pivots, but great team, great investors-

Cathy Clark: Clear north star.

[00:27:00] Paul: Clear north star about what we're trying to achieve and smart, helpful, constructive, and patient investors that have helped us through those pivots along the way.

Cathy Clark: So one of the themes that came up in the scaling pathways study that I mentioned at the beginning was the idea of: What can entrepreneurs put into place to pay attention to the critical factors of something that they're trying? We started to call them trip wires. That these entrepreneurs who are part of the alliance, and you guys are all part of other grant programs for the USAD but part of the alliance were saying, what we realized is that if we had not been measuring the right thing, we might have missed from information that was actually a signal to us, that either something's working or not working. Right?

[00:27:30]

[00:28:00] So, I wondered if you guys could maybe interpret that in your own world. Are there any places where you have specifically either missed signals, or what lessons do you have if you were trying to emit to some other people trying to do this? What did we get right in terms of setting of systems for ourselves to learn?

Pivoting is a learning process, and if you don't have the right information, you might miss it.

Claire: I think for us, when we started out we were very focused on how many people we were serving. Our beneficiary numbers, and that was really our guiding number, and that was really where we were putting all of our focus and our attention into.

[00:28:30] What we were missing out on, was that a sustainable number? What it resulting in a resale for us? Were we actually making a margin off that sale? Were we going to become sustainable if we increase that number? What was that success, because was that success that we were dependent on, another grant, another grant, and another grant, to continue doing that?

[00:29:00] I think that was a big wake up moment for us. As much as we were focusing on something that was impactful and good and exactly what we wanted it to be, it wasn't the numbers that we should have been focusing on for us to be able to build a sustainable social enterprise that will continue to be able to better serve.

When we changed around those metrics, we created big, almost thermometers on

[00:29:30] the wall of our office and we had about six or seven of them and we had a little ticker that went up and when we started to focus on our unit sales and our margin and our repurchases, it was amazing how those started to just increase, and increase, and increase. When we weren't focused on them, they were quite stagnant.

[00:30:00] It didn't mean we had missed, or taken our eye off the impactful nature of our work and the beneficiary numbers, but when we shifted our focus to the sustainability of that impact and how it was going to result in a repurchase or a resale or something that would then positively benefit us as a social enterprise, in a financial way. That really was where a big shift happened within our organization.

Cathy Clark: That's a great example. Thermometers on the wall, I'll have to write that down.

Claire: Yeah, it worked.

Rukmini: Every child in school learning well. 20 years ago in India you still had a lot of work to go on, working with communities or governments on getting every child into school. The last ten years we've had ninety-six, ninety-seven percent kids enrolled in school. So, the learning well part became really important for us.

[00:30:30] Learning can be life long learning. What learning? Who learning? It has to be defined and also, it was important for us to look at, as an organization what is our capability to work on this learning issue.

[00:31:00] If you asked me today, to learn algebra, I don't think I can. So, what it is that's absolutely fundamental and key? That took a couple of years for us to really hone down on: What it is that we mean when we say every child in India is learning well? Now, our own definition after various failures, frictions, frustrations, was that one of the fundamental building blocks is reading. If you read, you can do anything. If you can't read, you can't even do a lot of math.

[00:31:30] What will it take to get children to be reading? How quickly can you do it? How durably can you do it? How do you measure it? So we were working on many of these things ourselves, and I think there was one critical moment maybe around 2002 or so, where essentially across the organization, all the key leaders stopped what they were doing and said let's take a month and ourselves figure out, in one month, how much progress can you help children make?

[00:32:00] I think we were about five or six hundred people at the time who took twenty or twenty-five kids who were all kind of seven, or eight, or above and said, one month. Why one month? It's a useful number, you have calendars which are one month. It could have been fifteen days, or twenty, whatever.

In that one month, I think we learned a lot. There was bit of a competition across our languages, across our regions. There was a lot of tension, but it was kind of a very productive tension. At the end of this period we figured out that in a month, for a kid who is seven or eight, and has been in school for a few years, may not

[00:32:30] know how to read but is otherwise developed, you can make a lot of progress.

I think it was important for us, out of that came many things. A simple tool emerged. It's a tool that we have later used both in our own programs as well as for a very large national survey we do every year called the Annual Status of Education Report. The name is almost bigger than the tool.

[00:33:00] It was a way to set up, this is what we mean when we say a kid is reading, and here's how you can figure it out, and we should do it for the whole country so that we have a goal for the country. We may be working on a small part, but within our own programs, we use the same tool to measure our own progress, and we've spent quite a chunk of the last ten years actually trying to improve our performance on, how many children did you get, a DIV grant that we got a couple of years ago, helped us not only to refine the current state of this model, but also provide the funds for RCT that was done to measure its impact.

[00:33:30]

Cathy Clark: I love that story, so tangible. Right? To take the time that a child has in the program, and you reduced it. Right? From a year, we often think the age of the child all the way to a month and then organized your system of evaluation around that, which means you get to refine it as you go.

Rukmini:
[00:34:00] We're still at a point where we say that in about one hundred hours, we can get a kid ... Seventy-five percent of the kids to that level. We're asked often by different people, "So why seventy-five?" I mean one hundred percent needed, so what are the last twenty-five? What are you going to do about them?

So its like, continuously how do you balance your own capability, the cost, the time, the impact, and what scale. I think these all go together because there's no point us reaching one hundred million kids, but only doing twenty percent in a significant way. Right?

Cathy Clark:
[00:34:30] Yup. So, we only have a few minutes left. Paul I was wondering if you could ... If I could prompt you to dive into a little bit of the story you told on the phone the other day, if you remember that one, which is a little bit about ... It may seem when sales are increasing, that everything's great.

Paul: Oh yeah.

Cathy Clark: But not always.

Paul: The false positives.

Cathy Clark: Can you tell us a little bit about that?

Paul:
[00:35:00] Yeah so we were trying to drive customer referrals, and we had noticed that most of our ... The most passionate customers we had, the ones that were most passionate about the product, were the women household members, but we had a males sales organization. We had a bit of a disconnect. We're selling man to man in

the village, but it's actually the woman in the household who's using the products.

One of the lights is in the kitchen, one of the lights is outside near the cattle, and she's up first to tend to the cattle, one of the lights is in a common area, and yet our male sales organization couldn't sell effectively directly to the women and we were really struggling to build a female sales organization.

[00:35:30] We still haven't figured that out. So we introduced a customer referral program, trying to unlock women to women communication channels in the village. At point of installation, the delivery guy, the technician, would hand over a coupon book to the woman, head of household, that would give ... She could write her customer number on it, and she could hand half of it to a friend, and the friend would get two-hundred rupees off, and she would get two-hundred rupees credit, for referring a friend.

[00:36:00]

This worked so well. Within the first month, like fifty percent of our new applications were coming in with this little coupon attached, and the next month it was one hundred percent, and we just thought, this is too good to be true. Something's going wrong here.

Cathy Clark: You could have had a nice little thermometer on your wall.

Paul: Sales were increasing, and we looked into it, and we were starting to hear rumors from the field that people were abusing it and stuff and sure enough, what was happening was our male sales agents were going at the time of installation, showing up and mansplaining to the woman, "You don't need this coupon book, let me take that." So, he was taking it and either selling it, or using it as a sales incentive like as a promotion, but the referral credit was not going to the woman or her family, it was going to this guy's cousin or something else.

[00:36:30]

[00:37:00] What looked really good and really exciting, and we were all congratulating ourselves with this brilliant idea and how well it's been executed. Turns out it was just not working at all. We hadn't really understood the dynamics, and in the community. We've gone back to the drawing board. Frankly, we haven't figured that out yet. There are some fixes, we have some new ideas and we'll try them next. They probably won't work either, but you've just got to keep going.

Cathy Clark: I love that story, thank you so much for sharing that.

[00:37:30]

Paul: Bit embarrassing.

Cathy Clark: That's why you maybe didn't want to tell it, but thank you for letting us hear it and learn from it. There are social dynamics behind whatever metric you choose. Right? You guys at least got some intimations perhaps there was something to dig into there and that has happened in many other social enterprises as well. That's why it's a great story because it's actually quite universal.

[00:38:00] I want to just end with, I think this has been wonderful in terms of seeing across the different stages that you guys are at, the different problems that you're working with, that there are some universal struggles here in scale that entrepreneurs and investors and donors can get better at understanding and supporting and all three of you have told stories, worked into your stories some of the ways that USAID has supported and been a patient collaborator in your effort to do that, which is fantastic.

[00:38:30] I wanted to put a last plug in for the scaling pathways study, that we did last year. If you just google scaling pathways, that'll come up, the case studies are on the USAID site. Also, mentioned because Paul started a story with capital raising that we are actually releasing in two weeks, a new platform to help social entrepreneurs make better decisions about the kinds of capital that they should be raising, and how to actually raise that, which is called Case Smart Impact Capital, also googlable and

[00:39:00] we'd be delighted to have more people use that.

With that, please join me in thanking our panel.