

# Scaling up impact and eco-system

**A challenging task for a social enterprise**

**Presentation by Michaël Tuil, B.A. HSG & M.Sc. ESADE**

**Water & Light: Managing Strategies to Scale Up Sustainable Social and Environmental Projects in Colombia**

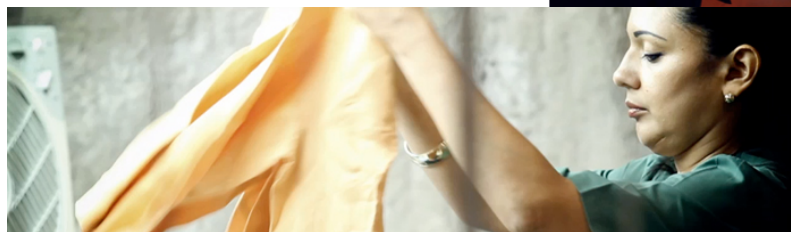
**September 4, 2012  
University of St.Gallen**

 **momentum project**  
Un ecosistema de apoyo al emprendimiento social

An initiative of:



In collaboration with:





## Main claim

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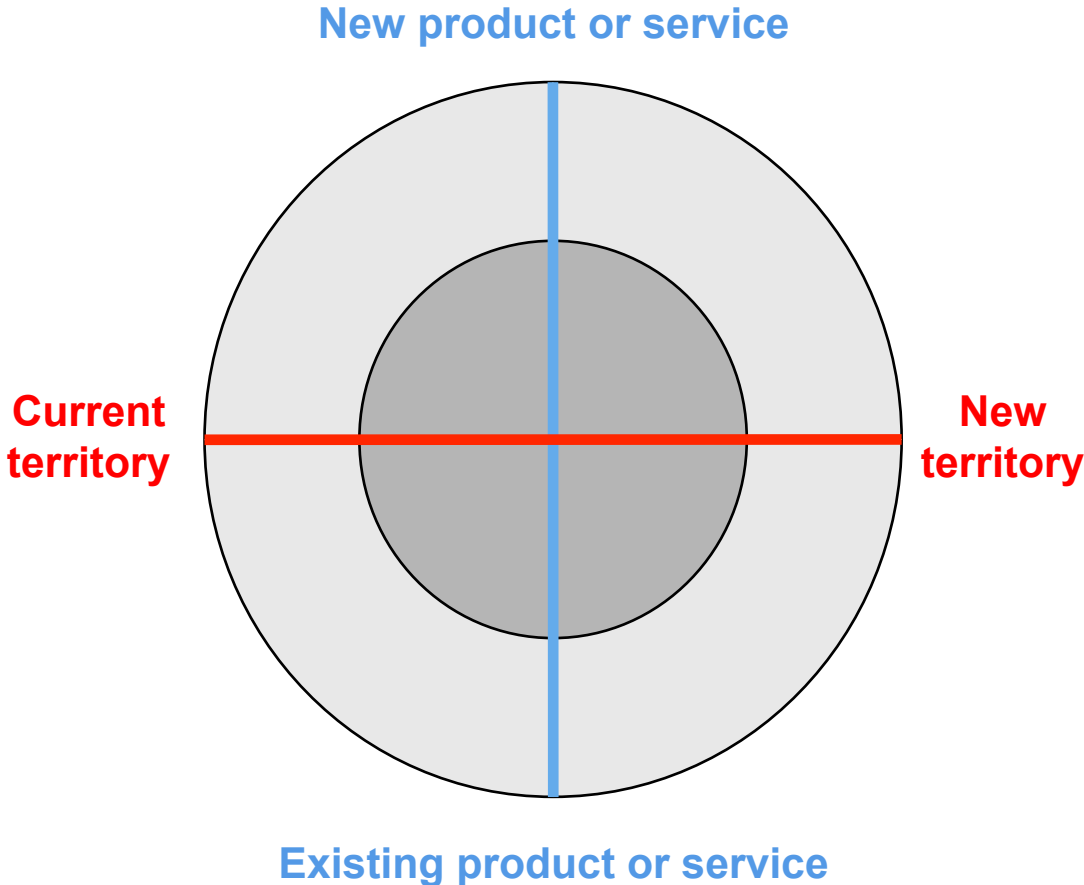
- Scaling-up the impact of a social enterprise (SE) is a challenging task because these organizations are usually **highly dependent on a given context** – or ecosystem –, which is hard to reproduce elsewhere.
- The conventional rationale of expanding commercial business is not appropriate because it **constraints the possibility horizon** of the SE and is likely to reproduce process instead of impact.
- To overcome the challenge and find the most appropriate scale-up strategy, the key is to concentrate on the SE's **theory of change**.
- A systematic view on the scale-up process reveals a **wide array of options**, which should be considered before settling on a particular strategy.

## Some definitions

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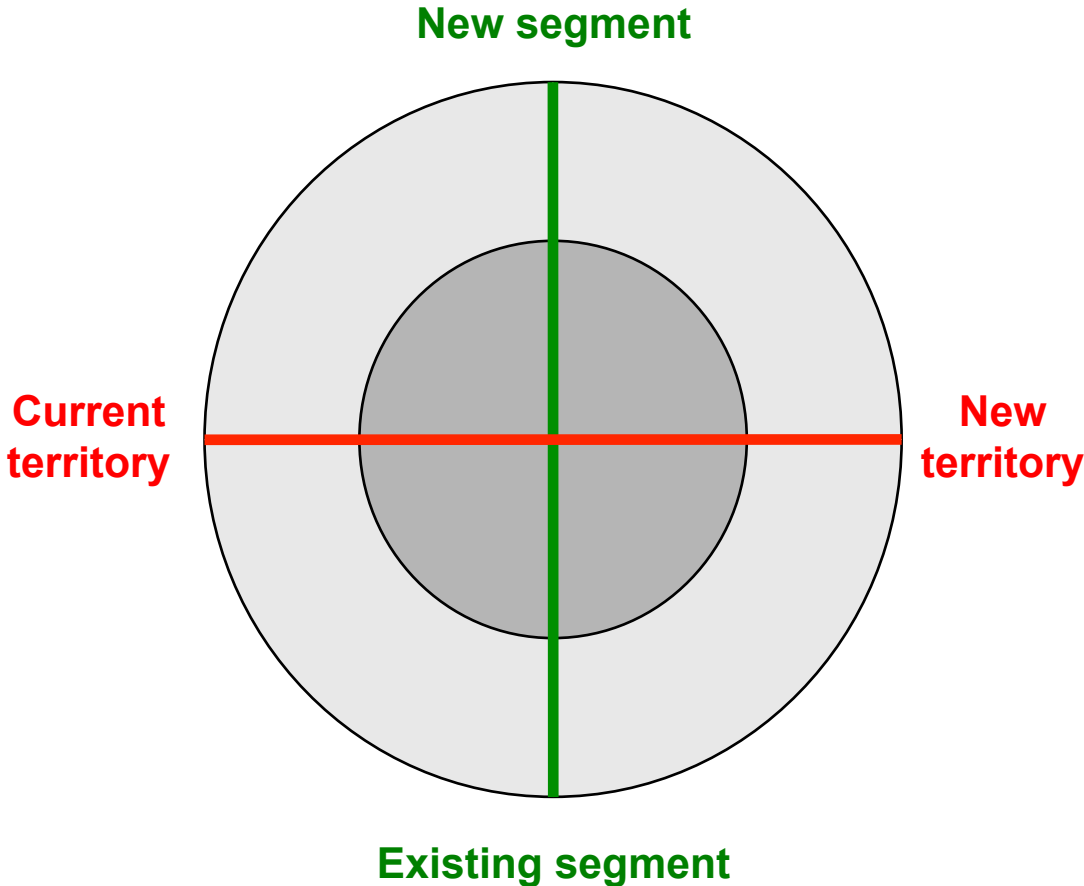
- A **social enterprise** (SE) is one whose purpose is to create value for the betterment of society. Applying a business approach, an SE strives for the most effective methods of serving its social mission.
- **Scaling up** refers to increasing the impact that an SE is having at a social level.
- An **ecosystem** consists in the individuals, organizations and institutions that are relevant for the success of an SE in achieving its impact. While a part of the ecosystem is given by local environment, a SE has to weave itself an effective network to gain support: this typically includes customers/beneficiaries, competitors, donors/investors, talent pools, social movements.

# Different ways to think about scaling-up



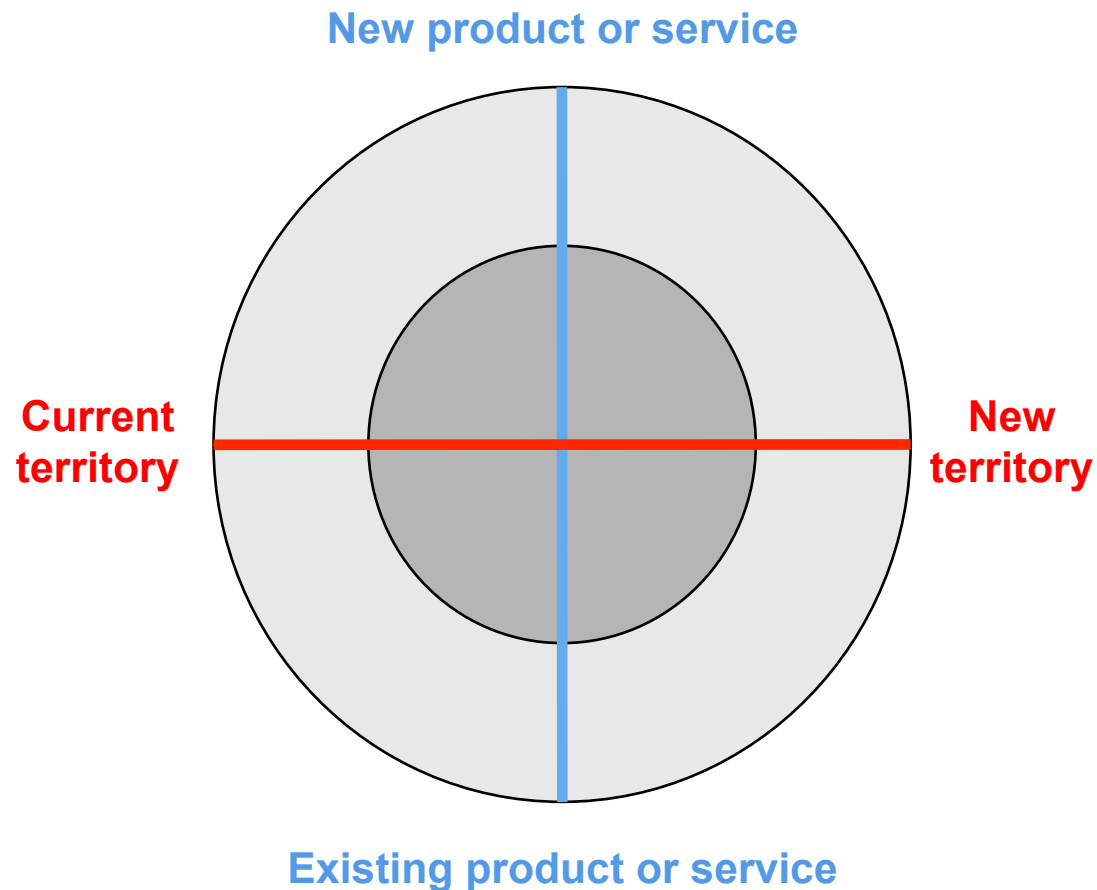
Source: Adapted from ESADE Navarro (2011) and StoneSoup (2010)

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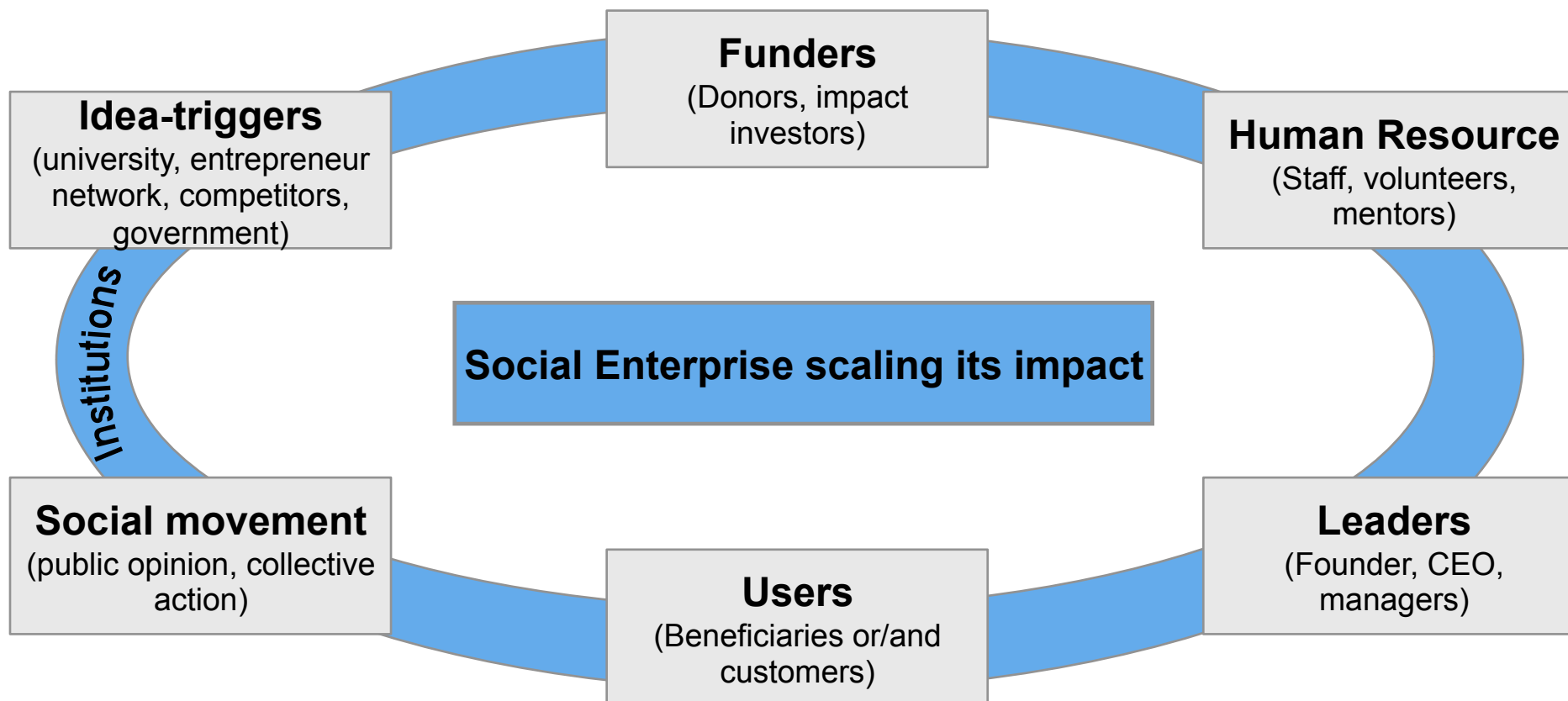
# Different ways to think about scaling-up



- Quantitative: Number of people affected by the activity / Qualitative: Nature of the impact
- Promoting change in multiple realities
- Taking risk
- Rethinking your impact
- Not necessarily through territorial expansion

# Scaling-up in interaction with the ecosystem

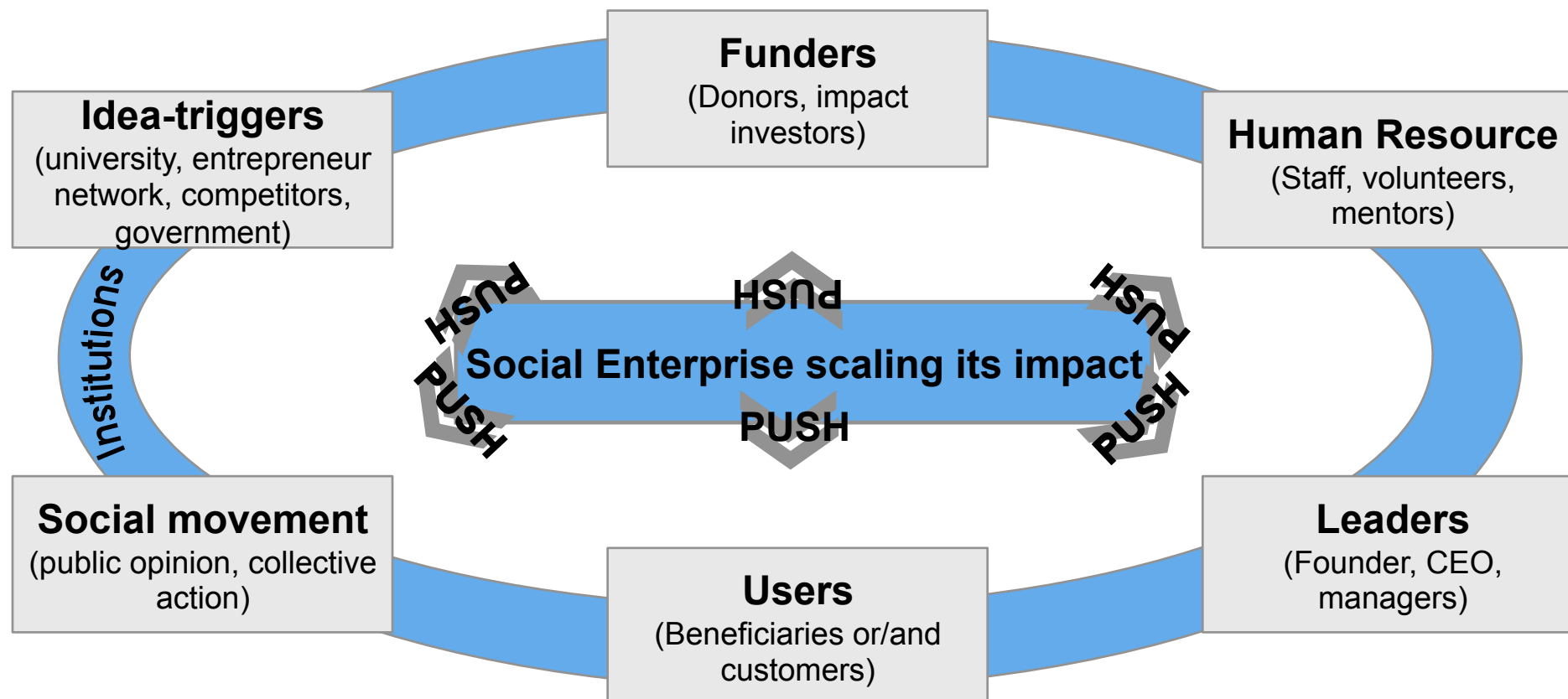
A space for communicating, networking, financing, training, researching, mentoring





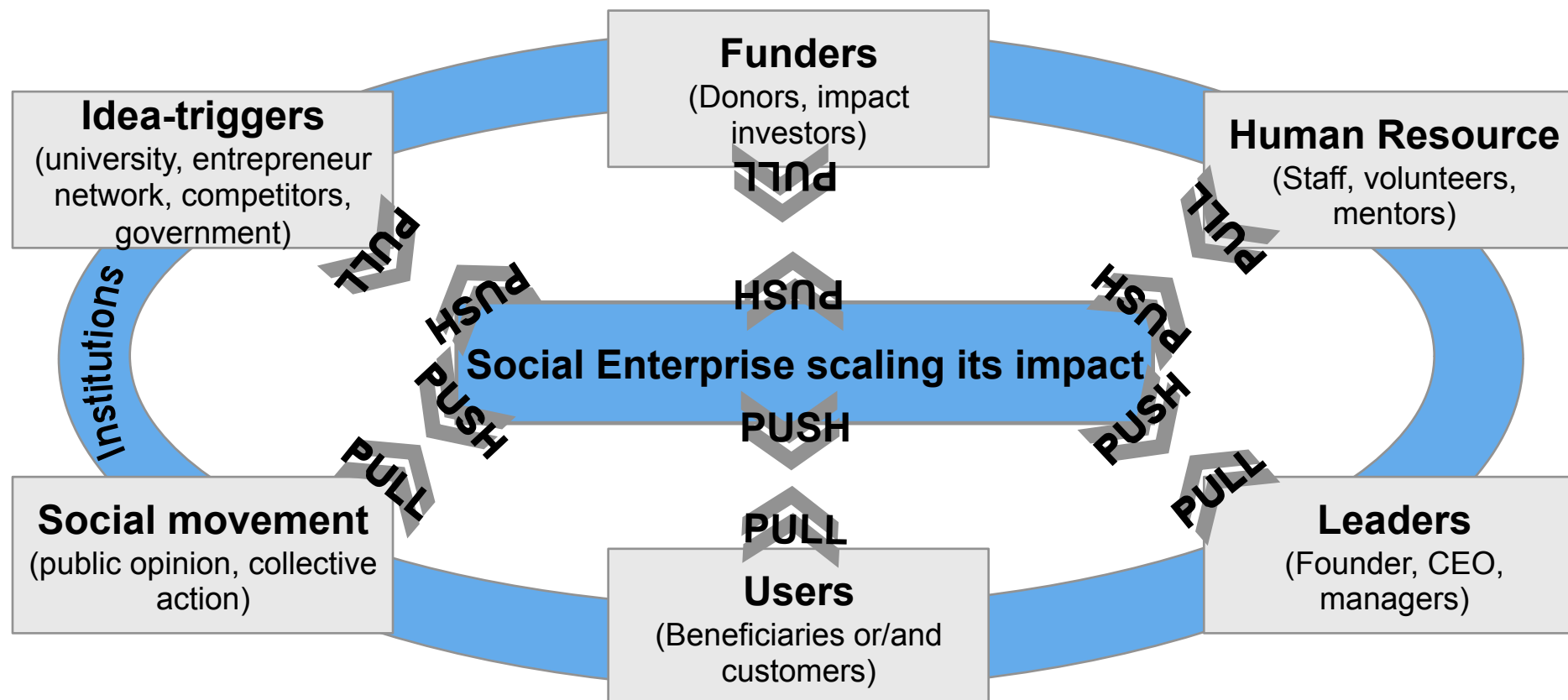
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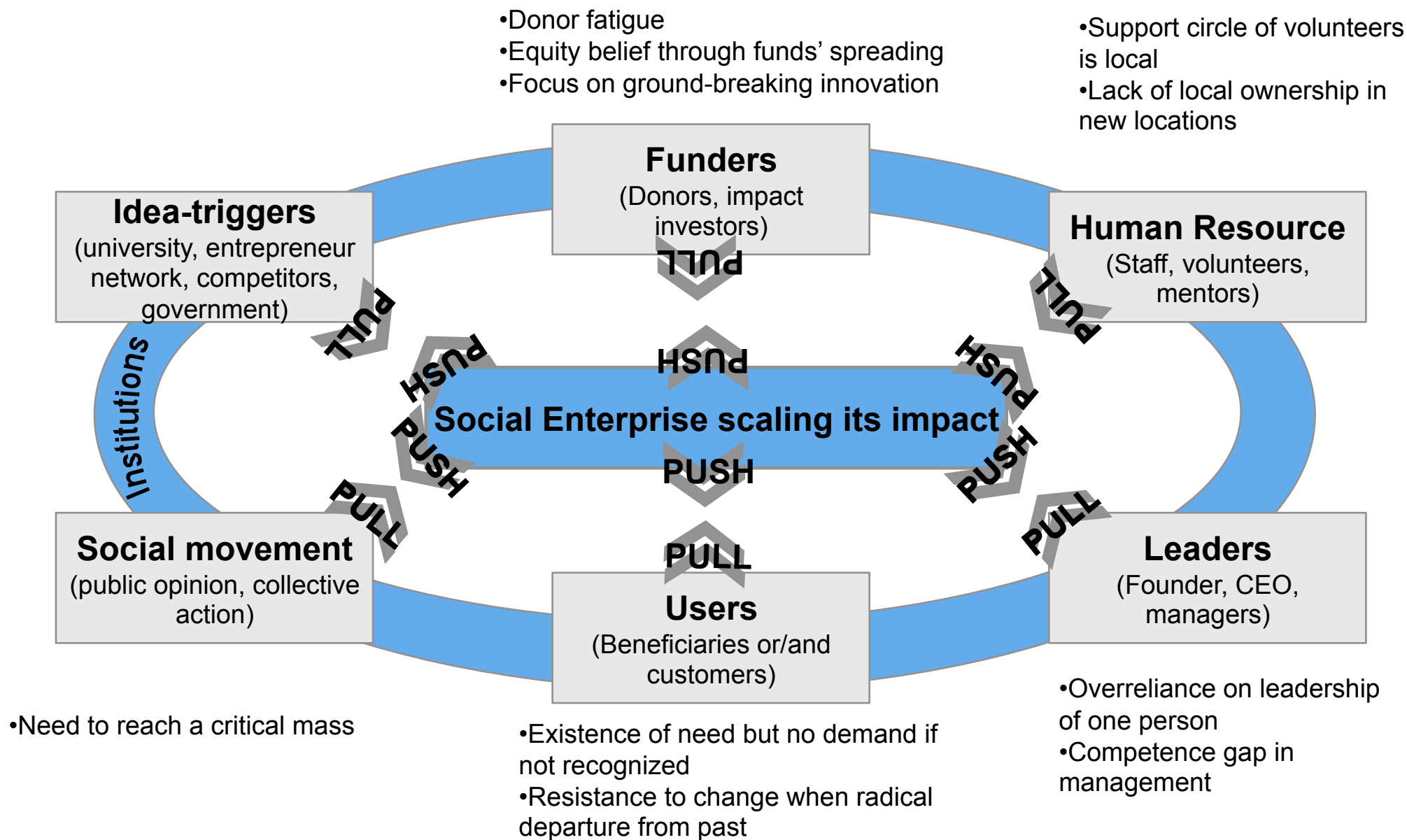
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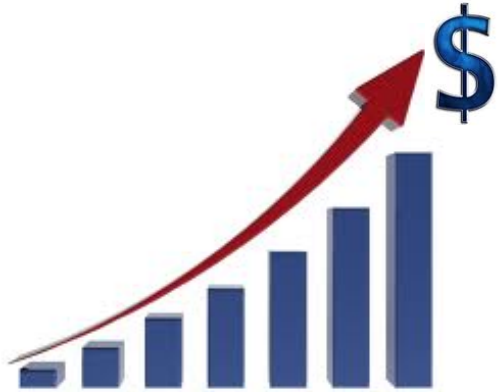


# Scaling-up in interaction with the ecosystem

A space for communicating, networking, financing, training, researching, mentoring



## Some significant differences with business growth



**Business strives for explosive growth of profit through:**

Organic growth / Franchising / M&A

These models are costly – inefficiencies and challenge to manage quality –, but profit-motive and easy access to capital mask these issues.

Internally focused, self-absorbed growth target



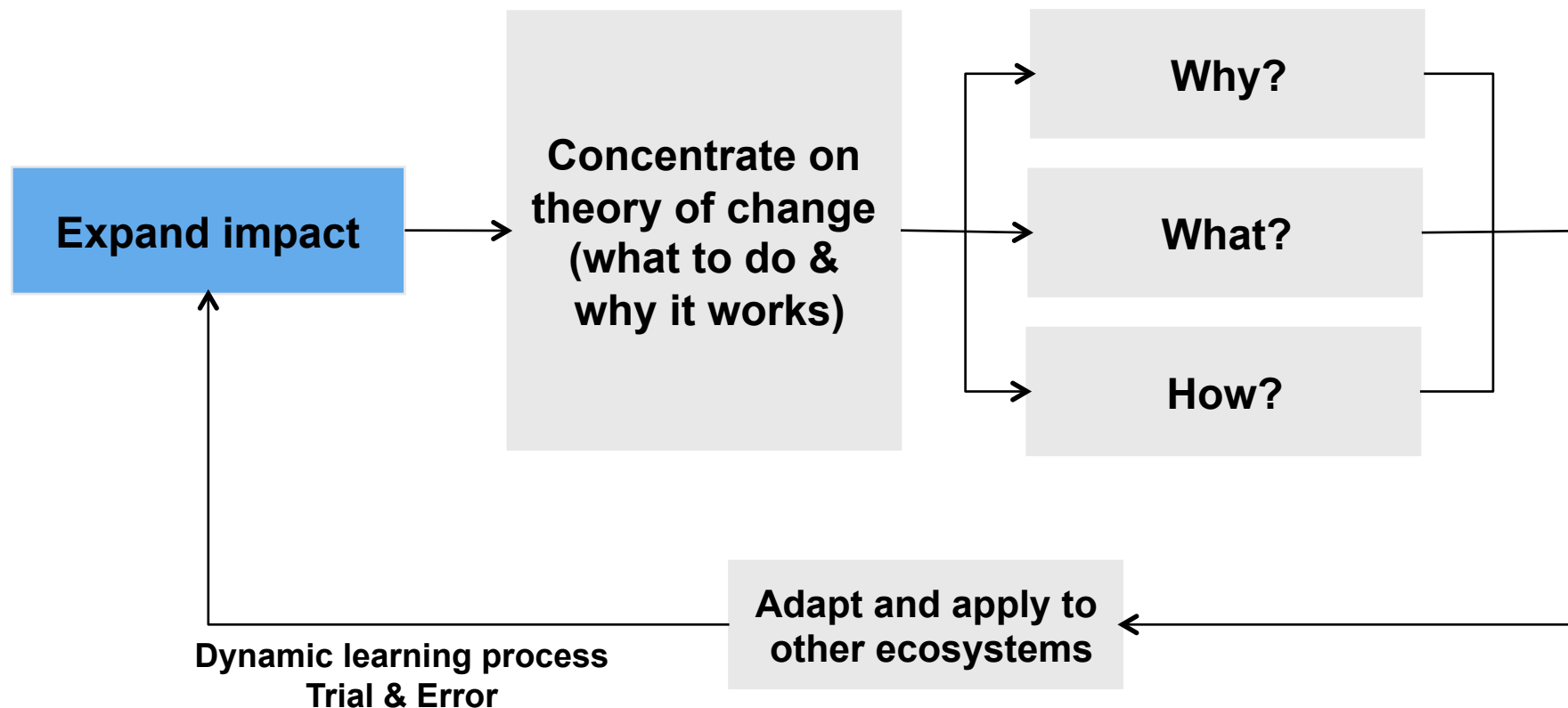
**For a SE, this rationale bears the risk to replicate process instead of results.**

These models should not be assumed the only options for SE. Other options are available because the target is different.

Externally focused, outcome-orientated growth target

# Scaling up as a dynamic process

It is key to define exactly what is to be reproduced



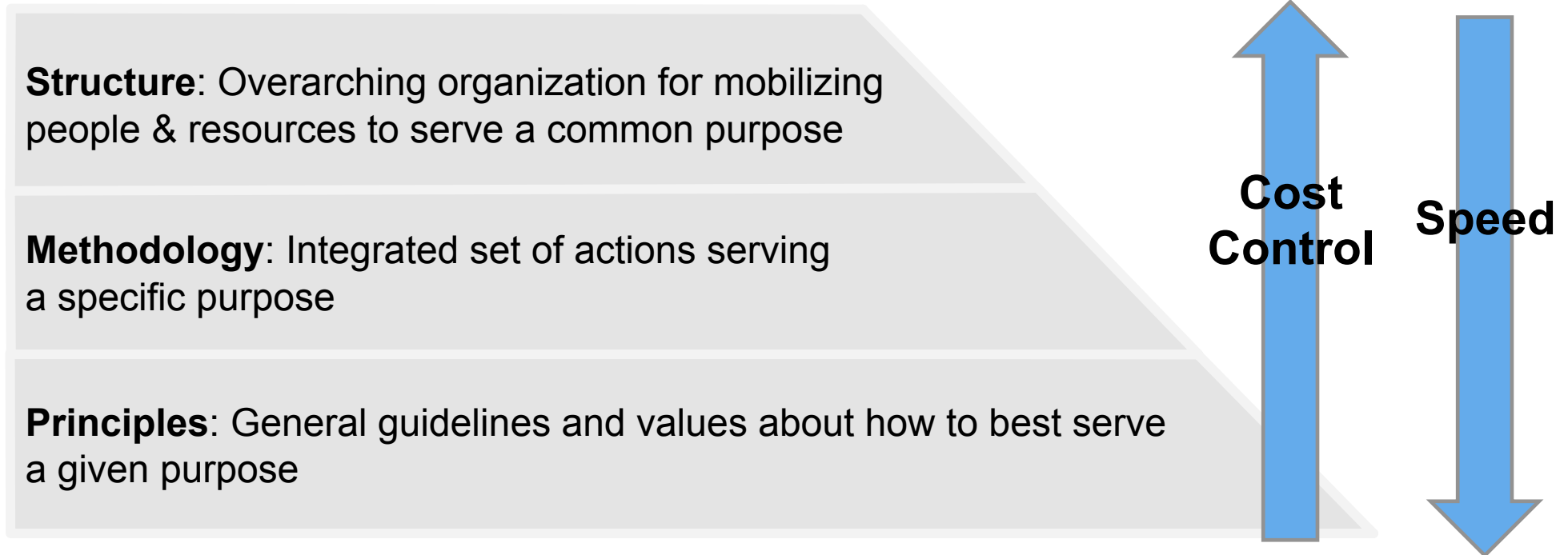


## Why does the action of this SE work

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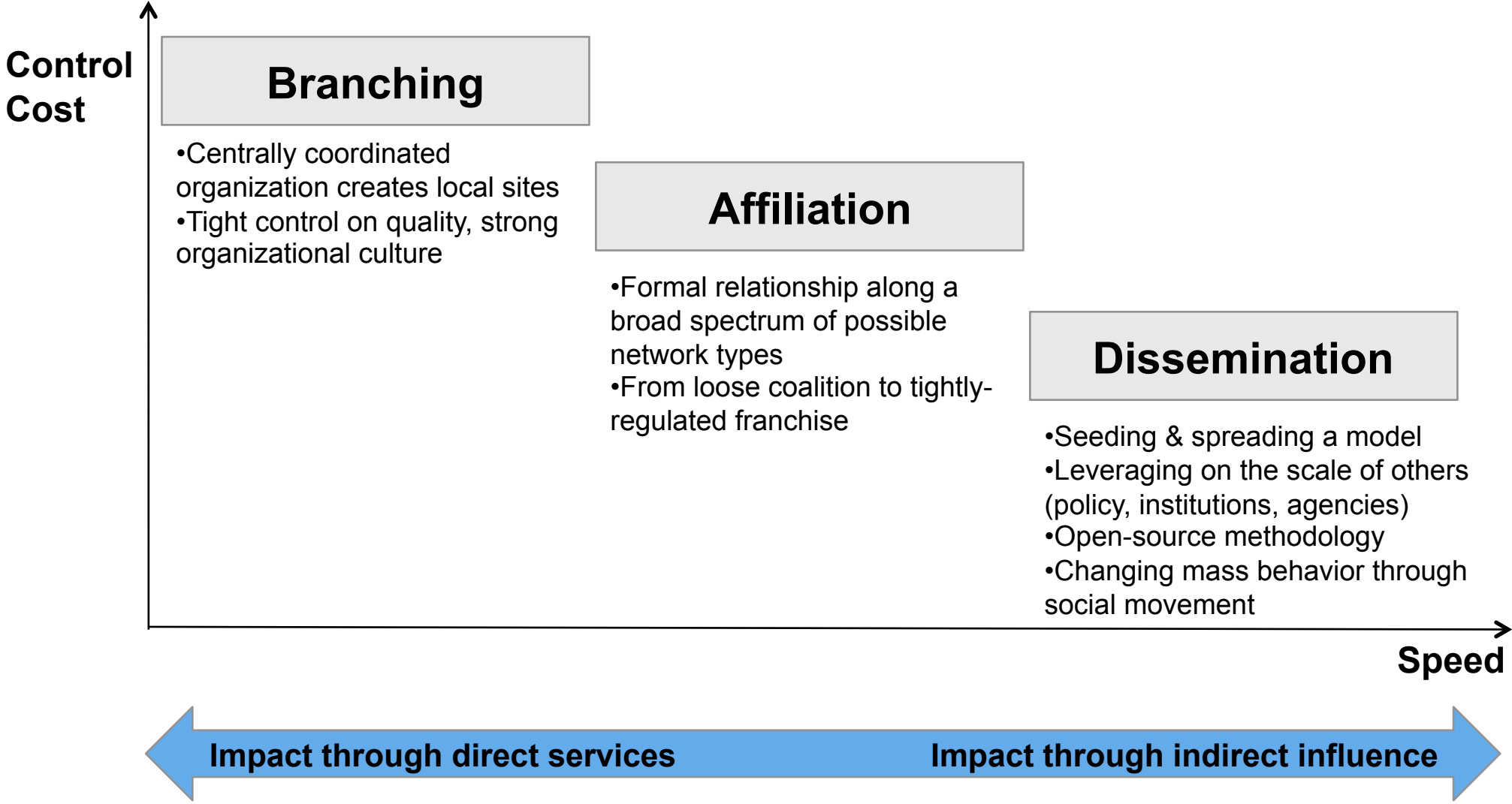
- **System-thinking:** Predict and explain how a change in one part is likely to affect other elements.
- **Justified:** Is it reasonable/responsible to start scaling-up, is there enough substantive evidence?
- **Ready:** Is this the right point of time? Is your idea mature enough/ Is your organization capable & sustainable/ Does your context present a window of opportunity?

# What exactly is to be reproduced



One imperative: Minimum critical specification aimed at one well-defined purpose

# How can it be expanded



Source: Adapted from StoneSoup (2010), Bradach (2003), Dees et al. (2004), Kalafatas (2005)



# A matrix of possibilities

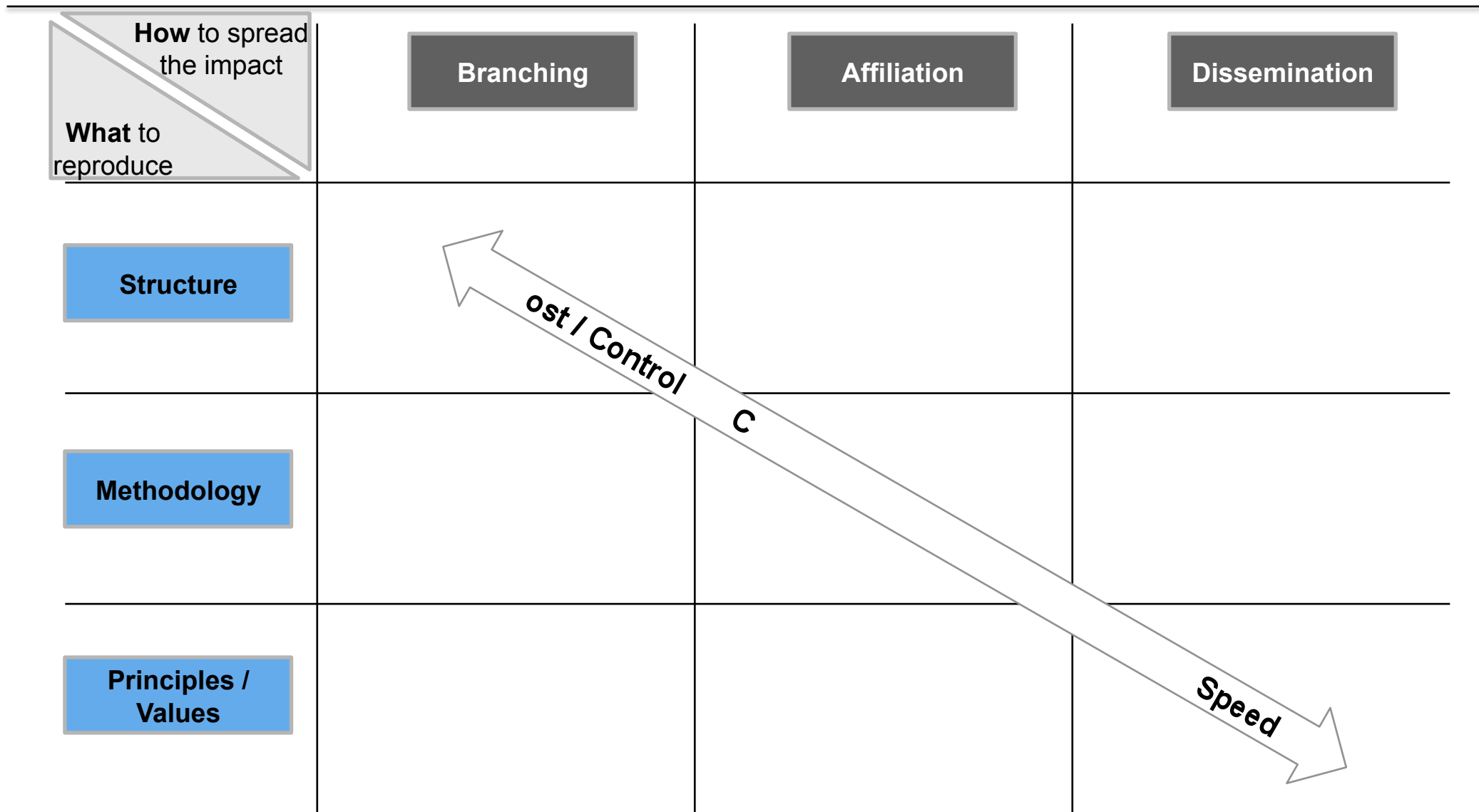
Combining both dimensions offer numerous options for scaling-up impact

<div style="text-align: right;"><b>How to spread the impact</b></div> <div style="text-align: left;"><b>What to reproduce</b></div>	<b>Branching</b>	<b>Affiliation</b>	<b>Dissemination</b>
<b>Structure</b>			
<b>Methodology</b>			
<b>Principles / Values</b>			

Source: Dees et al. (2004), Socialeffect, ESADE Navarro (2011), own research.

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<p><b>Structure</b></p>	<p>Digital Inclusion</p>  <p>www.cdiglobal.org</p>		<p><b>patagonia</b></p> <p><b>Cipla</b></p>
<p><b>Methodology</b></p>	<p><b>Movimento</b> <b>NOSSA</b> <b>SAOPAULO</b></p>		<p><b>ciñientos</b> construyamos desde la educación</p>
<p><b>Principles / Values</b></p>	<p><b>la Usina</b> 10 años sumando diversidad</p>		

Source: Dees et al. (2004), Sociaeffect, ESADE Navarro (2011), own research.

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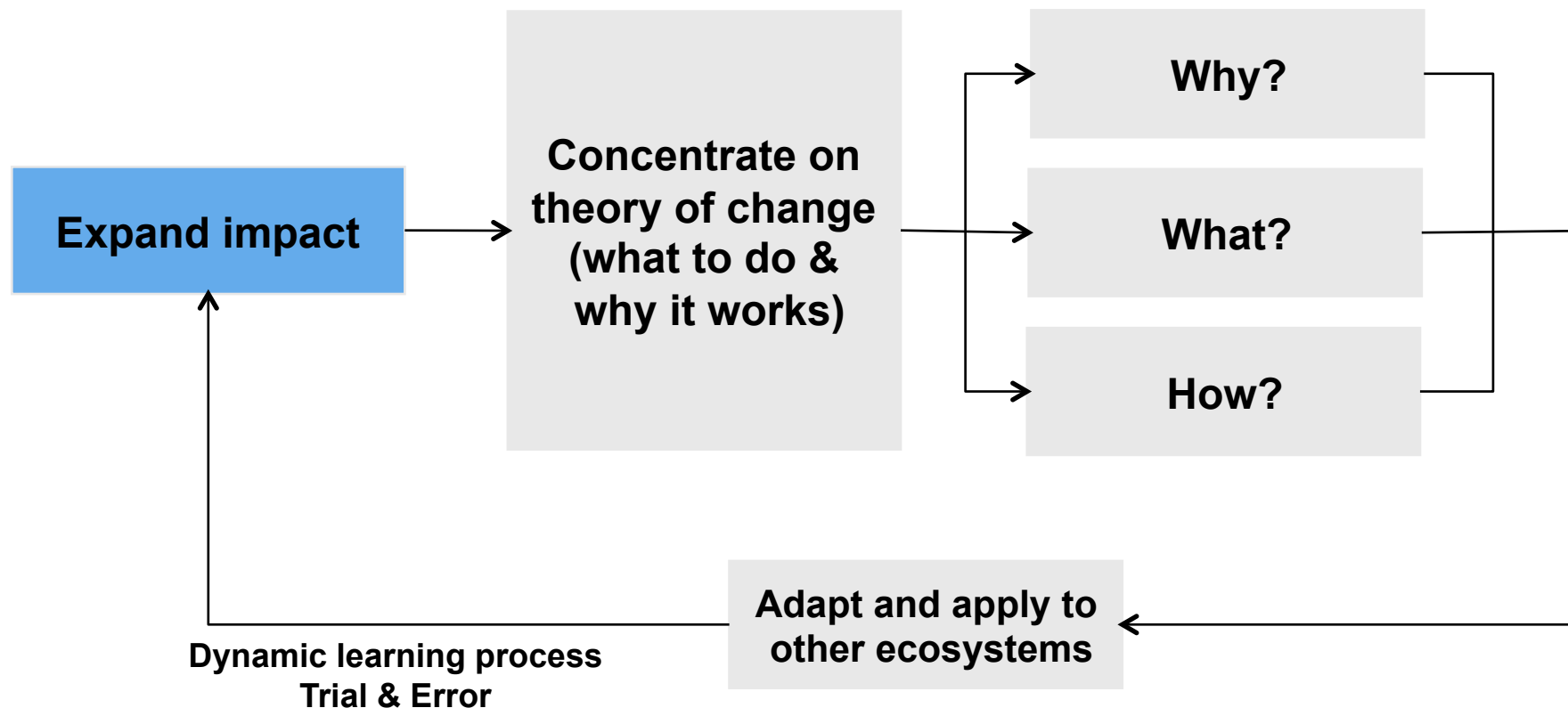
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<p><b>Principles / Values</b></p>	<p><b>A social enterprise needs to consider all these options before setting their scale-up strategy</b></p>		

Source: Dees et al. (2004), Sociaeffect, ESADE Navarro (2011), own research.

# Scaling up as a dynamic process

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# Sources

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