

# Scaling CSI programmes

'Scaling social impact' is an increasingly popular concept, but what does it mean and is it achievable in CSI? How can CSI programmes balance tight budgets with achieving audacious outcomes? **Marcus Coetzee**, management consultant and strategist, discusses when it is appropriate for a CSI department to consider scaling its social impact and provides some suggestions on how to achieve this.

**C** SI departments spent approximately R8.2 billion on philanthropy in the 2013/14 financial year. Despite the huge investment over the years, CSI practitioners wonder why their collective impact has not been more visible. They wonder what it would take to turn their small wins into systemic change.

'Scaling' involves drastically increasing the social outcomes and impact of your CSI programme. The success of scaling is not measured by output indicators such as how much funding was given out, or how many workshops were run or how many people participated. Instead it is measured by the achievement of social outcomes such as a reduction in criminal behaviour by teens, increased pass marks at school, decreased rates of TB infection or improved quality of services at clinics. It is also measured by the impact of your CSI programme on society or a community as a whole.

### Why is scaling social impact catching on?

During the 1990s and 2000s, there was an obsession with making organisations bigger. Everyone assumed that bigger organisations would have more social impact than smaller organisations. However, this view has shifted as many small organisations have surprised people with disproportionate social impact. Consider Greenpop, a social enterprise that has planted more than 40 000 trees at 286 locations to benefit more than 120 000 people in just three years. Greenpop has a permanent workforce of ten full-time and five part-time staff.

Bigger is not always better – a lesson that many CSI practitioners have learnt the hard way. Nowadays, social investors should be more interested in measurable results than how big an organisation is. Coming up with smart solutions to social problems need not require massive budgets. CSI practitioners can spark innovative thinking by challenging themselves to imagine how their programmes could have ten times the social impact using current resources.

### Scaling is not for everyone

Not every CSI programme is ready to scale its social impact tenfold. Some programmes don't have a clear social purpose or they allocate limited funds across a range of fields (e.g. primary health, science and maths education, and early childhood

#### deep vs wide

Sometimes it is better to 'scale deep' rather than 'scale wide'. In other words, it is sometimes better to focus your social impact in one area rather than spreading your efforts too widely.

James House in Cape Town is a good example of an organisation that has chosen to 'scale deep' to achieve remarkable results. It runs an intensive six-month therapeutic programme for groups of 12 boys who have developed patterns of extreme destructive behaviour to themselves and others. James House has achieved an almost 100% success rate at rehabilitating these boys and reintegrating them into society.

The insights presented in this article are relevant to those CSI programmes that want to scale either deep or wide.

development). While this will produce results in isolated areas, programmes will struggle to scale their social impact.

Scaling social impact is much more difficult than people think. It may require significant changes to how the organisations involved think and operate. This applies both to implementation partners and to corporate funders.

### Six questions to ask when considering scaling

#### Are the organisations involved ready to scale?

Many NPOs and CSI departments aren't prepared for the changes scaling can bring. Often most frightening for innovators is the possibility that they don't have the skills to lead the project to maturity, and may need to surrender control and rely on others to help scale. Corporate funders must not pressurise NPOs to scale when they are not ready for it or don't want to do it. Most organisations will also need specialised support should they choose to scale their social impact, and the funder needs to be prepared to fund that.

#### Is the social innovation scalable?

Innovations are frequently developed for a particular country, community or social problem. While some have been adapted to serve other contexts, many don't fit the new space with as much success. It's important to do proper baseline research before scaling. Remember that not all innovations should be scaled. Some will work only in one context.

#### How will agendas and political dynamics be managed?

Sometimes recipients refuse to embrace an intervention, even though it is free and clearly has benefits. Beneficiaries may feel the cost of adoption or shifting outside a comfort zone is too high. They may also feel that they weren't part of the process. That's why it's crucial to involve the target audience in design, piloting and marketing.

#### Who will be responsible for scaling the intervention?

Often, more than one organisation or service is needed to scale the project. This is challenging because the effectiveness of all parties is tied to the eventual success.

Clearly, the capacity of an organisation or service that will be used for scaling needs to be addressed as a potential limiting factor. While a capable organisation with a competent leadership, focused strategy and enabling culture can uplift a project, an incompetent organisation can sink it.

#### How will the scaling be financed?

Growth often calls for resources beyond what the corporate funder alone can offer. Here are five main options worth considering:

- **No finance required** – The innovation could simply be an idea, such as the Street Committee Meeting (a regular meeting that occurs in townships throughout South Africa, and which arose during the anti-apartheid struggle) that can be scaled without funding by word of mouth.
- **Loans** – If the innovation is able to generate profits, then social investors or government may be persuaded to invest in the enterprise to get both a social and financial return.
- **Donations** – The Vula Eye Health Mobile Phone App received a R1-million donation from the SAB Foundation after winning its 2013 Social Innovation Awards. This app will enable a cellphone or tablet to do some basic eye-health screening. While the development of this free app is being funded by donations, it will be scaled through a mix of donations and advertising revenue. This will ensure that the app remains free to download and use.
- **Sales** – This is income generation as per a traditional social enterprise model. Reel Gardening (making innovative seed strips) and Shonaquip (making customised wheelchairs) are examples of organisations that sell

#### case study

#### FROM BRAZIL TO SA

Packaging company Tetra Pak developed a plastics recycling franchise in Brazil, where small factories recycle their post-consumer waste into roofing and building materials. The innovation franchised easily in Brazil and looked like it would work in South Africa. It was also hoped that micro-factories would employ former prisoners and help reintegrate them into society.

In 2006, a pilot plant in Johannesburg tested the concept using clean industrial waste and everything seemed set to scale. But during the planning process, it was found that, because of South Africa's poor recycling habits, there was only enough post-consumer waste to support one factory. Fortunately this was discovered early so only one factory was established and it was housed in an existing plastics factory, rather than franchised.

their products to cover operating costs and subsidise other philanthropic work.

- **Investment** – If the innovation is housed in a privately owned enterprise, then social investors may choose to purchase equity and fund the upscaling of the innovation in return for a share of profits.

### How will quality be assured?

This is a common issue, particularly when the innovator needs another organisation to help scale. Quality control is crucial to protecting the innovation's integrity and brand. For example, Shine decided to franchise its literacy teaching model as Shine-in-a-Box. The NPO surrendered control of implementation to overcome resource constraints and increase impact, but it keeps firm control over quality and intellectual property. Shine also provides training, mentoring and a detailed manual and toolkit to maintain implementation as intended.

online

Download *Scaling Social Impact: A Literature Toolkit for Funders* by the Growth Philanthropy Network, an excellent summary of available literature on the topic.

Find it at [www.caseatduke.org](http://www.caseatduke.org)

### Ten suggestions for scaling social impact in CSI

For those organisations that have decided that scaling is appropriate, here are ten things you can do to scale the social impact of your CSI programme.

#### Clarify your social purpose

CSI practitioners will need to determine the social purpose of their CSI programmes: the change they would like to help achieve in South Africa. This purpose needs to be more specific than 'lift people out of poverty', for example. It should include a 'how', a 'why' and a 'by when'.

A clearly stated purpose will have a range of benefits. It will help to focus activity. It will make it easier to develop measurable outcomes. It will inspire staff and stakeholders.

#### Examine your portfolio of investments

CSI practitioners should examine their portfolio of social investments with a critical eye. Each investment (funded organisation) should be rated according to how it helps the CSI programme to fulfil its overall purpose. The 80:20 principle is most probably at work and a handful of organisations are responsible for most of this contribution.

Consider helping organisations to measure their social impact so you can judge which ones are effective and worth investing in. Also consider which organisations have the business models and capabilities that will enable them to scale projects and impact.

Successful social investors tend to be very picky, and actively hunt for organisations that serve their social purpose rather than screening applications. They also aim for a mixed portfolio containing mature organisations and some exciting experiments.

#### Focus on outcomes, not outputs or activities

CSI programmes have traditionally funded outputs (workshops, numbers of participants). However, such outputs

merely indicate how busy an organisation has been. They do not indicate the changes that they have made in the lives of beneficiaries.

Embrace the concept of social outcomes. Fund organisations to achieve agreed social outcomes, not outputs, and consider how these outcomes are contributing to the desired outcomes of your CSI programme. This will change the tone of conversations. It will promote social innovation as people become more creative about how they do their work. It will promote social impact rather than efficiency.

Evaluate the effectiveness of the organisations you've funded according to their contribution to the world. Don't stress too much about specific budget line items or percentages of admin overheads. Audit their results not their expenses. Social impact is more important than compliance.

#### Measure effectiveness, refine approach and communicate experiences

Be sure to measure the effectiveness of your CSI programme. This effectiveness is not just the sum of the outputs or even the outcomes that funded organisations have achieved. Rather, an effective CSI programme can provide evidence that it is busy achieving its own social outcomes and fulfilling its social purpose.

With this information in hand, CSI practitioners can revise their approach, if necessary. They can also share these findings to teach and inspire others.

#### Develop a model that can be franchised or expanded

Consider supporting the development of a model that can be shared or franchised. A model is an approach to fixing a social problem that works exceptionally well, and which has been packaged so that it can be implemented by other organisations or in other communities. Social franchising involves licensing other organisations to implement the model in return for keeping its branding and adhering to

“Audit results not expenses. Social impact is more important than compliance.”

Marcus Coetzee, national co-ordinator, African Social Entrepreneurs Network

strict quality controls. Sometimes a fee is charged.

Examples of models that have become social franchises are the Isibindi Model, which helps support child-headed households, and Shine-in-a-Box, which helps children improve their reading skills. These models were designed by the National Association of Child Care Workers and Shine, respectively. In contrast, The Clothing Bank has formalised its successful model but decided to open up new branches itself.

▲ See more information on The Clothing Bank in Kristina Gubic's feature on page 150

### Support social enterprise behaviour

Many non-profit organisations are learning to generate their own income through the sale of goods and services. There are a number of benefits to supporting this type of social enterprise behaviour: it helps NPOs to generate reserves and supplementary income, and grow their impact as long as a market exists. It shows that they are being innovative about how they solve a social problem and that they have begun to apply business thinking to their organisations.

▲ See the data on social enterprise behaviour among NPOs on page 47

Social enterprises are organisations designed to fix a social problem and that generate more than 50% of their income through business activities. Investigate how to incorporate these organisations into your programme. Where there is a fit with the business value chain, you can link mature social enterprises with enterprise development or procurement departments to become suppliers to the business.

### Influence the broader ecosystem

Social problems do not exist in isolation. CSI practitioners should seek to understand the broader ecosystem that surrounds the problem they're tackling. Consider introducing some advocacy or research activities into your investment portfolio. For example, the SAB Foundation has commissioned research to better understand the risk factors facing entrepreneurs and small businesses. These insights are being used to influence policy and support enterprise development in South Africa.

### Fund experimentation, take some risks and learn

Every portfolio of social investments should contain some especially innovative projects that test out new approaches to fixing social problems. To scale social impact, you will need to think like a social entrepreneur and become comfortable with taking calculated risks.

For example, the DG Murray Trust and its partners are trying to overhaul the early childhood development system in South Africa. They are enthusiastically doing experiments with self-funding ECD centres, ECD social franchises and the like. These experiments will show them which social innovations they need to finance. The DG Murray Trust is also very open about its experiences and readily shares its learnings.

### Develop long-term relationships with the organisations in your portfolio

It may take many years of hard work for a CSI programme to fulfil its purpose. During this time you will need to establish long-term partnerships with the organisations in your investment portfolio. You will need to build relationships with their management teams and invest in their long-term capabilities. But first make sure the organisation belongs in your portfolio and is achieving results.

It is much easier to maintain relationships with a smaller number of organisations that serve your interests

than a large number of organisations you never really get to know. Remember that it is your social impact that matters, not how many organisations your CSI programme has funded.

### Collaborate with other CSI departments

Too few CSI practitioners collaborate on projects with colleagues from other companies. Scaling social impact can rarely be done alone.

Even though there is pressure to stand out and be the only company doing a certain thing, the value of partnerships and the creation of shared value cannot be overlooked. Other companies can bring different skills sets, networks and resources to a project. For example, Transnet's Phelophepa Health Train contains six on-board clinics and programmes run by various organisations. Each year this train serves more than 45 000 patients in remote and rural areas in South Africa.

### Is scaling for you?

Scaling the impact of a CSI programme is not a journey for the fainthearted. It requires bold changes. It requires a shift from simply funding a miscellaneous portfolio of organisations to being clear and decisive about exactly what your CSI programme wants to achieve in the world. It also requires that you think and take risks like a competitive social investor. Very few CSI programmes have succeeded. Why don't you become one of the pioneers? ▼

*Parts of this feature were first published in Inside|Out, a quarterly newspaper on social innovation published by the Bertha Centre for Social Innovation and Entrepreneurship at the University of Cape Town Graduate School of Business ([www.insideoutpaper.org](http://www.insideoutpaper.org), [www.gsb.uct.ac.za/berthacentre/insideout](http://www.gsb.uct.ac.za/berthacentre/insideout)).*