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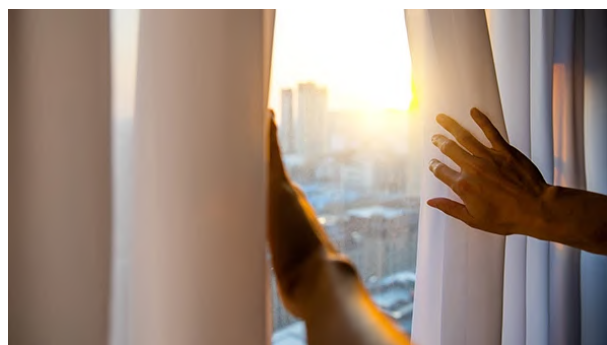
Scaling

Why We Didn't Fund Your Scaling Plan

A checklist to avoid common problems that funders have identified in evaluating applications.

By Erin Worsham & Kimberly Bardy Langsam | Dec. 28, 2022

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We read your application and are excited about your mission and potential to change lives. Great work! *But—* the dreaded "but"—your project is not right for us at this time.

Not the right fit. Too early. Too unfocused. You've probably heard it all, or, all too often, you've heard nothing back at all. But what do your funders really mean, and what aren't they telling you? What makes them hesitate to fund your scaling plan?

We at CASE have spent years researching the challenges faced by scaling social ventures, and are also funders of scale ourselves through the F. M. Kirby Prize for Scaling Social Impact. Building on that experience, as well as on many collaborations and deep conversations with major funders of scale, we have noticed patterns in the concerns that funders identify when evaluating scaling plans. We want to pull back the curtains to help you better understand and address them. Don't submit your next funding application until you've addressed this scaling checklist!

Does your application...

1. Define your piece of the problem?

2. Think beyond growth?

3. Keep it simple?

4. Demonstrate learning?

5. Avoid the talent trap?

6. Show the money?

7. Stay close to the problem?

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1. Define your piece of the problem

We have received far too many funding requests broadly addressing hunger, poverty, or climate change. These are critical problems, no doubt, but when you've read hundreds of applications describing the urgency of climate change, the ones that stand out are those that make it clear which specific piece of the problem the organization is tackling (and why). In conversations with social entrepreneur and enterprise advisor Ayla Schlosser, she described pushing enterprises to home in on their "piece" of the problem:

> "If climate change is the overall problem, what piece of it is the enterprise uniquely suited to solve? Being clear on what you are solving will drive your decisions about solutions, identifying bottlenecks and partners, and so much more."

For example, when ServeMinnesota—a US-based nonprofit—applied to the Kirby Prize to scale its Math Corps program, it began by describing the big problem of educational inequities. But it didn't stop there: ServeMinnesota shared evidence to underscore how success in math, in particular, is linked to outcomes in education, income, and career attainment. Then they described the piece of the problem that they were tackling: that students from marginalized backgrounds are least likely to be able to access supplemental math support, and that the education system is not set up to bring math tutoring to every student who needs it. The Math Corps solution focuses on addressing that specific gap by providing evidence-based supplemental math support in a highly accessible way: making it free (by leveraging federal AmeriCorps funding) with tutoring integrated into the school day. ServeMinnesota's clear articulation of its piece of the problem engendered our confidence that it has a model with a unique advantage and knows when to say no to opportunities that don't fit its piece of the problem.

You'll know you've got this right when, like Math Corps, your piece of the problem is evidence-based, helps you make strategic tradeoffs, and can lead to quantification of your addressable market.

2. Think about scaling beyond just growth

As Sally Osberg and Roger Martin wrote in *Getting Beyond Better*, "scale is not determined by an organization's size or budget, but by the change it helps to usher in." Too often applications try to show they can quickly grow their organization to serve more and more beneficiaries, against the backdrop of a problem that is orders of magnitude larger than anything they could ever serve alone. But the applicants that stand out are the ones that talk about pathways to scale *beyond* organizational growth.

Have you thought about partnering with others to reach more people? This could mean driving towards government adoption, replication by other NGOs, or partnering with corporations. It could mean influencing others to change behaviors, create new markets, or advocate for policies that could result in widespread impact. Funders want to see that you have thought through scenarios focused on scaling impact instead of just organizational growth (and that you have tested the readiness of the "doer and payer" for those scenarios).

For example, Healthy Learners, a Zambia-based nonprofit addressing the gap in healthcare for children over the age of five, knew it needed to bring healthcare access points to where those children were most often: schools. In its application for scaling funding, it shared evidence that its model of training teachers as community health workers and linking schools with the healthcare system led reliably to healthier outcomes, such as reduction in stunting and morbidity. But it also recognized that it would take significant time and resources to scale this school-based model themselves, so Healthy Learners mapped and tested a scaling strategy in partnership with the Zambian government. Critically, instead of just saying that government partnership was a path to scale, the organization demonstrated it was feasible by including examples of traction (such as formal engagements with, and policy adoption by, the Zambian Ministry of Education).

3. Keep it simple

An entrepreneur once mused to us, "A pilot never fails, but also never scales." That is because pilots are set up for success: the goal is attention from senior leaders, resources to test and iterate, and staffing that deeply understands the work. But little of that will hold true as you scale.

If your model is too complex, how will it achieve economies of scale and can anyone else ever replicate it? Nonprofit Living Goods initially tightly controlled its community health worker (CHW) model in

order to test and quickly iterate on various elements. But as it looked to scale, first through partners and then government, Living Goods had to learn to let go a bit (or as they said, to "protect our impact drivers but be flexible about the rest.") To ensure that the model was simple enough and cheap enough for others to implement, Living Goods had to get clear on the non-negotiables: ensuring that CHWs are digitally-enabled, paid (ideally, linked to performance), and have access to medicines. But, when it comes to decisions around things like CHWs selling products to supplement their incomes, Living Goods is more flexible so that the model can be adapted to local contexts and different partners.

Show us how you have tested and refined your solution to identify the non-negotiables so that you can unleash scale in the less closely-controlled contexts that are sure to be on the horizon.

4. Demonstrate learning

Scaling organizations have seen time and again how the path to scale is not linear, but twists and turns with new challenges that will force adaptation along the way. So, we look to see that you move beyond "accountability mode" into "learning mode": from measuring progress toward established targets (but missing key insights and avoiding experimentation) toward using data to question, improve, iterate, and adapt.

Many applicants are afraid to show where they have stumbled, but sometimes showing how you failed —and adapted as a result—can give us more confidence in your scaling ability. For example, Harambee Youth Employment Accelerator, a South African venture focused on solving unemployment among marginalized youth, impressed us by sharing that even though it met all of its targets in its first year operating in Rwanda, it still took the time to interrogate why: asking frontline workers and beneficiaries for help interpreting the results and disaggregating the data collected. What Harambee found was that although things looked great on the surface, it had met the targets by serving a population with fewer gaps to fill in finding employment, rather than the population with more barriers who it had intended to serve. This led to programmatic changes and changes to the metrics that the organization was tracking, and validated that it does have systems and a learning culture that allows it to identify and adapt to inevitable challenges as it scales.

So, don't forget to routinely interrogate your data (monthly review meetings, pre- and post-mortems, etc.), celebrate failures that help you learn forward, and shift the purpose of your data from accountability to learning.

5. Avoid the talent trap

Chris Walker, former Advisor to Mercy Corps Ventures, spoke about how important it is to have the right people (or the right hiring plans) in place for the organization's investment decisions:

> "If we saw a B2B scale model but they are not hiring for a business development lead, or only the CEO is focused on business development, we know that will be an issue to achieving scale. Each enterprise needs a strong bench of senior talent that has the skillsets that match their approach to scaling."

Seasoned impact leaders will always talk about how central the people are to their scaling success. Ella Gudwin, CEO of nonprofit VisionSpring, said "We're nothing but our people. If we were created to succeed on a mission, the people who come into the organization are everything, truly." In Gudwin's words, VisionSpring started as a "lean team of doers" but as it scaled the talent gaps became clear. As its work began to go deeper into sales to multiple customer bases (e.g., direct to consumer, business to business), engaging more experienced sales and marketing professionals was critical. As it scaled across more geographies, it recognized the need for real-time performance monitoring and operational insights and added a director of technology. Recognizing and investing in these talent gaps set VisionSpring up for scaling success, including a recent $15M gift from MacKenzie Scott.

As you evolve your scaling strategy, ensure that you are assessing gaps between current and future talent needs and have clear plans to align the skills and experience of your people with your strategy. Tell us about it so we know it's on your radar and is a priority.

6. Show me the money

We've seen many funding proposals from nonprofits and for-profits that talk clearly about impact, but not about cost structures. Being clear about your unit economics is critical to understanding sustainability as you scale. What are your key revenue and cost drivers today, and what will those look like as you scale? How will you decrease costs as you scale? How will the locations where you work impact your unit economics?

For example, we appreciated how Healthy Learners articulated the ways it is thinking carefully about the costs of its school intervention model as it scales from serving densely populated urban school districts in Lusaka to more remote, dispersed rural areas, acknowledging that both the expenses and numbers reached would look different but that they still fit within the model overall. Understanding unit costs and projecting how they will change as you scale, alongside improving cost efficiency over time (while

still carefully balancing impact), are all part of the scaling journey. Telling the impact story without "showing the money" is a recipe for a no from funders.

7. Stay close to the problem

We often stop short at the end of a strong application when we see that the senior leadership team has lived experience vastly different than the key beneficiary population, or when we don't see that the voices of beneficiary groups are reflected throughout the intervention and performance monitoring. Figuring out how to stay close to the problem is critical as you scale so that you can ensure your solutions continue to meet the needs of your beneficiaries.

Funders often look for organizations that invest in hiring and developing local talent, prioritize those with lived experience for both staff and Board roles, have equitable and inclusive data processes, and solutions that center beneficiaries.

For example, Lwala Community Alliance, a Kenyan venture with a mission to build the capacity of rural communities to advance their own comprehensive well-being, believes that no one is better placed to create change in their communities than the people who live there. Lwala is scaling a process that centers local community committees to identify their own healthcare assets and needs, incorporates traditional community birth attendants into professionalized cadres of community health workers, and uses data to connect and amplify communities' needs to all levels of government. By ensuring that solutions stem from those closest to the problems and empowering staff with proximate experience, Lwala is creating a scalable process with locally adapted solutions at its core.

So, really, we'd love to fund your scaling plan. But please, please: make the best use of your time and potential impact by getting ahead of these questions first.

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Read more stories by Erin Worsham & Kimberly Bardy Langsam.

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