

## Scaling - questions and challenges

Written by Mitra Ardron

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I'm in a session on scaling at SoCap10 and taught a class at Deshpande Center for Social Innovation in India a few months ago partly on the topic, and it prompted me to write my own thoughts on scaling in social enterprises.

I'm passionate about scale and have taken two very different organisations rapidly to very large scale.

One question I like to ask the innovators I'm supporting is "**if you can solve the problem for a few people, why can't you solve it for all who need the solution**", what would that look like and how would you get to that scale.

For example while creating the solar company we designed our business processes around a company doing over \$10m per year. As a result we knocked 30% off the install cost - and with the fixed subsidies available at the time, knocked 90% off the cost to the consumer.

With that thinking goes some assumptions and questions.

**Should you scale it, or should you get others to scale it?** In 1985 I created a NGO in the UK (GreenNet) that provided IT support, web access etc. In 1989, along with our US partner (IGC) we took it global as the "Association for Progressive Communications" ([www.apc.org](http://www.apc.org)) and its now in about 40 countries. We did this by supporting other organisations to adopt our model and to build capacity to become equal partners.

### In what form do you scale?

- Think about **micro-franchising** - meaning getting local people to run a replicable, preferably profitable, business. It means you don't have to scale staff and overheads.

- Think about **cooperative-franchising** - meaning supporting other organisations to join

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you as equals in a common business model - This was effectively how APC worked - the core group is owned & controlled by the member organisations.

**How will you finance its scale?** You can't solve a problem in a developing country at scale if you are dependent on western donations for every item you ship; every case you handle - if you can get the business model right then it may be able to scale without finance except perhaps to go into new areas, or you might need different forms of finance, e.g. inventory finance rather than equity. We had a lot of problems convincing a financier that our solar company - less than a year old - to give us inventory finance for a \$20m order book.

**What will you need to change?** For each of the different subsectors; cultural contexts; climates; legal environments? The more it needs customising, the more expensive it will be, the less it is customisable the harder to work in different contexts.

**Question assumptions!** The people working in the area now will have learned something, and have much to teach you BUT they haven't solved the problem (otherwise you wouldn't be needed) so which of their assumptions are wrong, or at least partially wrong, and how can you do it differently.

**What's the process of planning it?** One thing I suggest is to go back to your business plan and think through what would it look like if it was a factor of ten bigger (in terms of impact) and then a factor of hundred. It might not be as different as you think, for example with one organisation we went through this process it required just adding one more layer, i.e. instead of the three layers they planned they would have a state-based organisation dealing with regional reps who worked for them; one entrepreneur per village who then had staff to collect the micro-payments. This level scaled to millions.

**Be flexible!** Of course, your actual route to scale will be different from the planned route, but you need to be thinking scale all along, and adapt as you learn. The challenge for most businesses is to figure out how to learn quickly from your mistakes, because you can't learn from them unless you admit them.