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Growing Prosperity:

Developing Repeatable Models to Scale
the Adoption of Agricultural Innovations

Excerpt for One Acre Fund

BAIN & COMPANY

This excerpt is from a larger study co-authored by Bain & Company and Acumen in November 2014. It is a portion of Chapter 4, "Repeatable Models: The key to achieving 'good scale.'" The chapter discusses the elements of Repeatable Models, which are key to pioneer firms' ability to achieve sustainable growth and encourage mass adoption. One Acre Fund is profiled as a company that is building its own Repeatable Model to ensure the Four A's of adoption (Awareness, Advantage, Affordability, Access) are in place as they grow, putting them on the path to "good scale." To read more of the full report, go to **www.growing-prosperity.com**.

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"Complexity is a silent killer of profitable growth. Successful companies build a 'repeatable business model' that produces continuous improvement and allows them to rapidly adapt to change without succumbing to complexity."

—*Repeatability: Build Enduring Businesses for a World of Constant Change*
By Chris Zook and James Allen

Photo credit: One Acre Fund

The foundations for repeatability

Bain & Company has been working with high-performing companies across a range of industries and countries for decades. This experience has helped us identify what is required for companies to sustain their success over time. As outlined in the article "The Great Repeatable Business Model"[36]:

Really successful businesses build their strategies on a few vivid and hardy forms of differentiation that act as a system and reinforce one another. They grow in ways that exploit their core differentiators by replicating them in new contexts. And they turn the sources of their differentiation into routines, behaviors and activity systems that everyone in the organization can understand and follow. Powerful differentiations deliver enduring profits only when they are supported by simple, nonnegotiable principles and robust learning systems that drive constant improvement across the business.

As we interviewed management teams at the 11 case-study companies, we found that those who were successfully pursuing sustained scale were implementing aspects of Repeatable Models. In this section, we lay out the elements of Repeatable Models, having tailored the framework for agricultural pioneer firms operating in very challenging markets and starting from a smaller base of customers. Our goal is to provide the leaders of pioneer firms with a way to think through and discuss their path to good scale with their management teams, frontline personnel and investors.

Building and executing Repeatable Models: A four-step process

1. Focus: What is your "core," and how should you prioritize your growth options?

The core. As simple as it sounds, a Repeatable Model starts with articulating a business's core from two perspectives: which markets you will serve and how you plan to succeed. The first requires strategic choices about "where to play"—which customers, products, regions, channels and value-chain activities the company will focus on. The second refers to the few (usually four to seven) distinctive assets or capabilities that are at the heart of a company's differentiation. Examples of these could be scale and cost leadership, proprietary intellectual

Really successful businesses grow in ways that exploit their core differentiators

property and technology, superior customer experience and loyalty, speed of new product innovation, marketing or supply-chain management. Essentially, this step defines the parameters of the firm's addressable market: the target customers for which a pioneer firm is optimized to deliver on the Four A's.

Penetration. A pioneer firm should focus on penetrating and achieving full potential in its core market. Within the parameters of a core market, there is generally a large degree of sharing of customers, costs, channels and capabilities. This shared platform helps drive scale economies and customer advocacy, which, in turn, strengthens the firm's competitive advantage. In markets where pioneer firms operate, it may be challenging to accurately assess their penetration of the addressable market, because good market data can be hard to come by. However, even rough estimates on a village-to-village basis can contribute to this base knowledge of how successful the firm is in a given region. To be clear, by "full potential" we mean the optimal performance that can be expected for the delineated market, not the complete coverage of an entire customer base.

Adjacency growth. Pioneer firms should evaluate adjacency options based on their proximity to the core. Bain & Company research across 154 companies' adja-

cency moves shows that the further an adjacent growth opportunity is from your core, the less likely you are to succeed. If a new proposed area of your business will require you to sell to new customers in new geographies through new channels, and if doing so will require your staff to develop new capabilities, then the odds of success decline significantly (*see Figures 15 and 16*). This is all the more true when pioneer firms have had to overcome numerous financial, logistical and HR obstacles to establish operations in the first place.

2. Embed: Have you established the routines and culture to consistently translate your strategy into action?

Hardwiring. The strategy of the business should be translated into clear activities through to the front line and consistently executed. Frontline routines have to be codified, and employees need to be effectively trained to ensure that operations are efficient and the customer experience is consistent. This requires near-constant management focus on making sure employees know what the company stands for and are able to execute the routines that make up the company's operations. Ongoing training and reinforcement help make this goal achievable.

Market entry routines. Ensure that your teams understand how to calibrate the pace of expansion and how to enter and activate new markets. As mentioned, the agricultural pioneer firm's path to scale has to be conquered village by village, region by region, country by country. Geographic expansion is fraught with challenges. Differences in tribes, languages, social customs, regulations and ecological conditions are just a few of the variables that can make success in a new area difficult to achieve. So, pioneer firms must develop and execute routines that guide market entry at all levels: metrics that trigger consideration of expansion, methodology for evaluating the attractiveness of a new market and an approach for entering and activating a new market that maximizes a firm's chances of success.

Nonnegotiables. Make clear the values and behaviors that define the culture and founder's mentality of the pioneer firm. Organization effectiveness is, to a large extent, driven by decision effectiveness, and decisions are informed by the values and behaviors supported by the firm. According to authors Chris Zook and James Allen, this is "a fundamental building block of repeatability, a way of keeping everyone on the same page. Nonnegotiables translate the most important beliefs and assumptions underlying the company's differen-

tiation into a few prescriptive statements that all employees can understand, relate to and use as a reference point for making trade-offs and decisions."[37] Particularly given the vulnerability of pioneer firms' customers, it is critical that the company make very clear the ethos that should inform employees' actions.[38]

3. Adapt: Have you set up the feedback and learning systems to continually adapt and innovate?

Voice of the customer. Set up customer feedback systems to ensure that the Four A's are continually and optimally addressed. Like any business, pioneer firms need to keep the customer front and center. Feedback from customers lets the firm know if customers are continuing to use the product or service, if and how preferences are changing and how competitive value propositions compare. Ultimately, it provides the warning system to the pioneer firm if it is not optimally delivering on any of the Four A's and informs the necessary corrective actions or structural improvements.

Learning systems. Put in place a few clear performance indicators and a process for monitoring and acting on them to drive continuous improvement. Though this may seem simple, selecting metrics that reflect fundamental drivers of business performance and that enable effective decision making can, in practice, be quite challenging. In an effort to have ever greater visibility, companies can end up drowning in numbers, unable to separate the interesting from the imperative. The

Figure 15: A business's core shares key characteristics and determines the likelihood of success for adjacency growth

Relatedness to core business	Core	One-step adjacency	Two-step adjacency	Three-step adjacency	Diversification
Shared customers	Full	Full	Half	None	None
Shared costs	Full	Quarter	Half	Half	None
Shared channels	Full	Quarter	Half	Half	None
Shared capabilities	Full	Quarter	Quarter	Half	None
Shared competition	Full	Half	Half	None	None

● Full sharing ○ No sharing

Increasing economic distance from core →

- Less competitive advantage
- Less potential profitability
- Lower share and customer loyalty

Source: Bain analysis

Figure 16: Relatedness to the core drives success

Bain experience: Empirical odds of success in pursuing adjacencies, by steps from the core

Odds of success

Steps away from the core
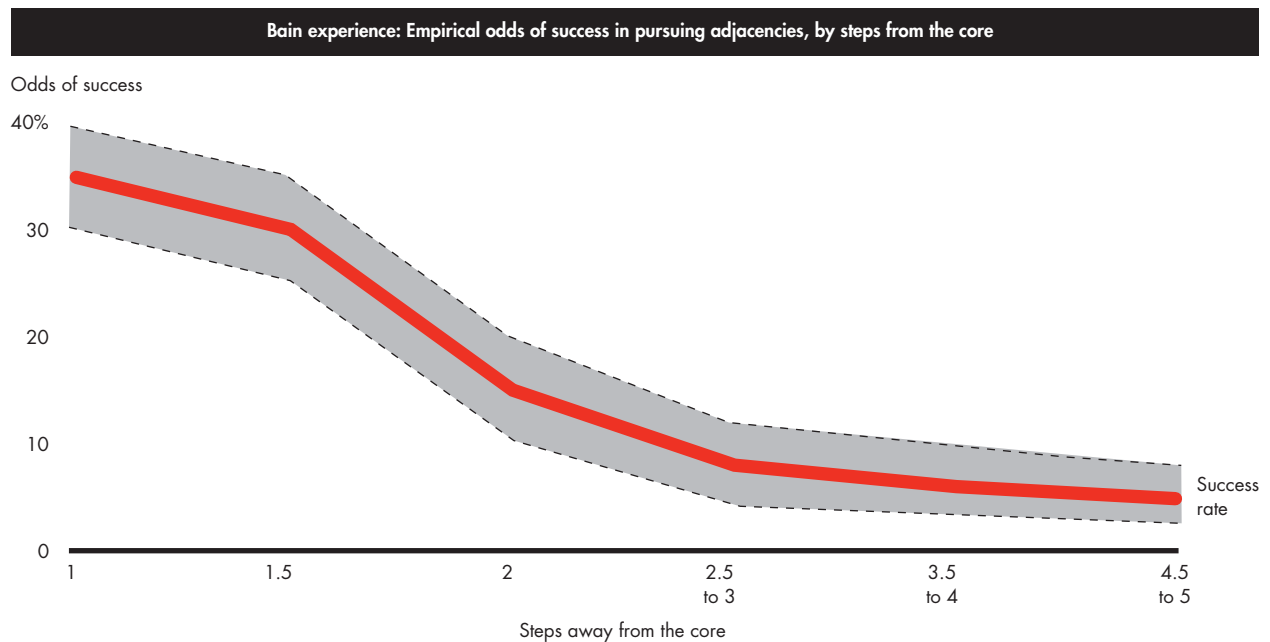
Source: Bain analysis of 181 adjacencies, 2002 (n=154 US and European companies in 84 industries)

Voice of the customer and impact measurement

Over the past decade, focus on both scale and measurable impact has increased. In the abstract, both of these imperatives make sense. Problems confronting hundreds of millions of people need solutions of the same magnitude. Investments need proof of impact. The more impact per dollar invested or given, the better.

The desire for measurable impact is undoubtedly correct; however, the means by which any such initiatives or requests are implemented are vitally important. Too often, measurement requirements are enforced from the top down, with insufficient knowledge of pioneer firms' realities and constraints in collecting these metrics and, just as important, consideration of the value that such data will offer to the firm. This point was made often in our interviews with pioneer firm management. Any data initiative involves balancing the costs of collection and the perceived insights derived from metrics.

Fortunately, a growing number of initiatives and tools are available to make impact measurement both easier and more valuable to all stakeholders, creating a range of demonstrable examples showing what can be achieved. Acumen's Lean Data Initiative is one such example. It uses a range of mobile technologies and focuses on natural company or customer touch points while using a range of smart survey methods (including the Progress Out of Poverty Index used in the research for this study) to improve the efficiency and effectiveness of data collection.

Similarly, common business and customer metrics long used by some of the best-run corporations to evaluate and improve performance may also hold significant promise. A good example of such metrics is the Net Promoter Score[SM] (NPS[®]), which measures the strength of customer loyalty and advocacy for a product, service or organization.[39]

We believe that the potential relevance and applicability of NPS in the context of agriculture pioneer firms, which rely so significantly on word of mouth among farmers to encourage broader adoption of their innovation, could be extremely significant. This simple metric, and the broader loyalty system built around it, helps firms identify the drivers of advocacy and detraction and pinpoint the product or service elements and business processes that need to be adjusted to earn deeper customer loyalty. The connection between customer loyalty for a firm's product or service and its impact on customers' livelihood is one that demands further study. There is significant opportunity to explore how NPS can be effectively applied to low-income customers and provide pioneer firms with a more useful tool to drive insight, improve performance and create impact.

It is important to approach innovation with decisive links to other aspects of the Repeatable Model: delineating the firm's core market, listening to customers and ensuring that innovations are consistent with the firm's values.

cascade of key metrics from the firm to the individual level ensures organizational alignment and provides the basis for rapid learning and adaptation.

Innovation. Pioneer firms must build the capability to anticipate and react to evolving customer needs, competitive threats and new market opportunities. Innovations can take many different forms: new product or service features, new delivery platforms, changes in pricing level or model or process improvements. Pioneer firms need to determine the resource and talent requirements, the necessary levels of investment and investment criteria, the governance model and the critical processes that are required to institutionalize the capacity for innovation. It is important to approach innovation with decisive links to other aspects of the Repeatable Model: delineating the firm's core market, listening to customers and ensuring that innovations are consistent with the firm's values.

4. Invest: Are you investing in talent and systems that will set you up for long-term growth?

Capital. Pioneer firms need to secure the optimal type(s) of capital at the right time to fund growth priorities. As written in *From Blueprint to Scale: The Case for Philanthropy in Impact Investing*, philanthropic capital plays a key role in filling the pioneer gap. Grants can be especially valuable in the Prepare stage to help new companies activate a new market, and they can also be successfully deployed to develop parts of the value chain—building the skill base in farmer communities, creating better routes to market, conducting research and development that can be used by the sector—that don't exist, given

the underdeveloped state of a market. Similarly, a small but growing number of impact funds are increasingly willing to take on higher-risk investments that have a greater probability of delivering outsized social returns, even in cases where the financial upside may not be high enough for more mainstream providers of capital. Part of the complexity of moving from the Blueprint to Scale phases is managing multiple stakeholders' requirements and building the core capabilities and governance of the firm, along with the clear path to profitability that mainstream investors expect.

Systems. Build scalable technology platforms to enable efficient processes and information sharing. As is the case for any business, appropriate technology that is scalable and widely available can increase transparency and efficiency across an organization and drive faster, more informed decisions. Pioneer firms need to make sure that technology serves their purposes and is not overly complex or ill-suited to the conditions in which they work. Meeting these criteria can significantly enhance their efforts to reach more customers.

Talent. Invest ahead of growth in the leadership team and "talent machine." Scaling a pioneer firm can often require a different set of leaders than the initial founding team. Furthermore, such companies need ever more human capital, from senior executives to frontline employees, to run the operations day in and day out. Pioneer firms must invest ahead of revenue growth to attract the kind of talent that can help grow and sustain the company. Providing incentives like employee stock options can be one way to attract management personnel who may have years of experience at larger firms but, accordingly, larger salary expectations.

Admittedly, in many contexts, options may not work given the limited precedent for this form of incentive in this field. Furthermore, many more-senior employees may be hesitant to spend significant time in rural areas if they do not have prior experience there. Thus, many companies have to overinvest in finding senior personnel who are at the right career point to make a significant change and have a passion for contributing to the broader development of the country. For frontline employees, there must be an increasingly standardized and efficient system that is able to effectively screen and evaluate prospective employees, bring them into the organization and train them to quickly carry out the responsibilities for which they are hired. However, as pioneer firms expand and professionalize the organization, they must pay special attention to maintaining its unique culture and nonnegotiables.

In summary, Repeatable Models enable companies to reduce complexity, collapse the distance between CEO or founder and the front line, turn speed and adaptability into competitive advantages and build a solid foundation for rapid, sustainable growth. The Repeatable Model framework is a continuous process of appraisal and learning (see Figure 17). Taken as a whole, the framework provides pioneer firms with a guide to the key elements of their business that must be in place to achieve good scale. Few pioneer firms serving smallholder farmers excel at all elements.

Figure 17: Achieving widespread adoption requires developing and executing Repeatable Models

Focus your Repeatable Model

- **The core:** Define your core market (which customers, geographies and products/services) and core capabilities (what you do distinctively well)

- **Penetration:** Focus on penetrating your core market to take full advantage of favorable dynamics (shared customers, costs, channels and capabilities)

- **Adjacency growth:** Evaluate adjacency growth options based on their proximity to the core, and only pursue them if good scale can be achieved

Invest in talent and systems ahead of growth

- **Capital:** Secure the optimal types of capital to fund growth priorities

- **Systems:** Build scalable technology platforms to enable efficient processes and information sharing

- **Talent:** Invest ahead in the leadership team and "talent machine"

Embed the model so it is internalized and executed by your team

- **Hardwiring:** Embed the operating model and frontline routines across your team

- **Market entry routines:** Ensure your teams understand how to calibrate the pace of expansion and activate new markets

- **Nonnegotiables:** Make clear the values and behaviors that support the execution of the Repeatable Model

Adapt the model as required

- **Voice of the customer:** Set up customer feedback mechanisms to ensure the Four A's are continually addressed

- **Learning systems:** Put in place a few clear metrics that are monitored openly and foster continuous improvement

- **Innovate:** Build capability to anticipate and react to customer and competitor evolution

Focus — Embed — Adapt — Invest

Source: Bain analysis

OAF invests in farmers to generate a permanent gain in farm income by distributing packages that can include seed and fertilizer, financing, agricultural training and market education.

Profile: One Acre Fund

One Acre Fund is a nonprofit based in East Africa that supplies smallholder farmers with a complete bundle of financing and training services to reduce hunger and poverty. The organization invests in farmers to generate a permanent gain in farm income by distributing packages that can include seed and fertilizer (depending on the country), financing for these farm inputs, agricultural training and market education to maximize harvest profits. OAF operates in villages throughout Kenya, Rwanda, Burundi and Tanzania and delivers services within walking distance (generally less than five kilometers) of the 180,000 smallholder farmers it serves.

The organization facilitates activities and transactions at each part of the farming value chain, from seed sourcing to education on selling output. On average, member farmers realize a 100% return on their investment and significantly increase farm income on every planted acre.
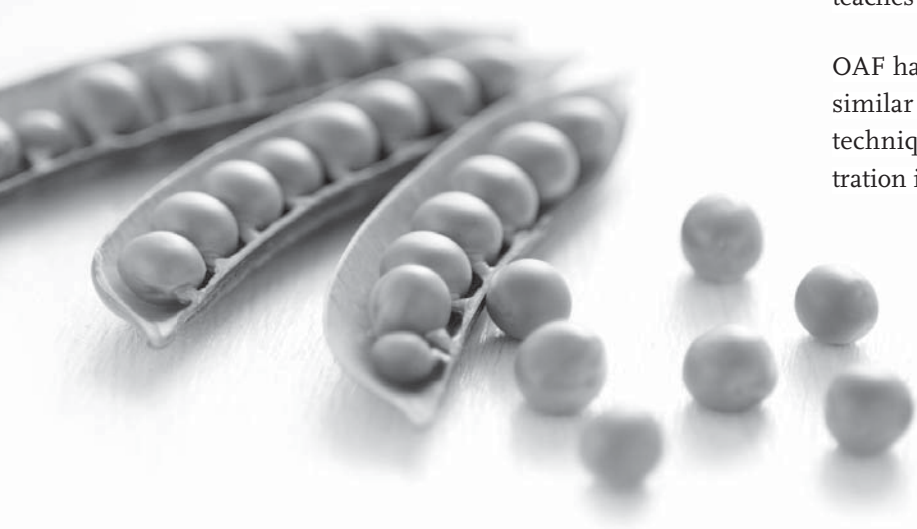
OAF has mastered many elements of the four-step process for building and deploying a Repeatable Model.[40]

Focus

OAF's core offering is to provide agricultural inputs on credit to within walking distance of low-income smallholder farmers (*see Figure 21*). The company holds weekly training sessions with its farmers to ensure they are using optimal growing techniques to get the most from the inputs. To reduce complexity, its loan packages are standardized across each country where it operates. Thus, the core concept of its offering remains the same, even if each market's package may have minor modifications, such as the types of seeds or fertilizers.

The organization differentiates its product offering by always delivering high-quality inputs in time for the planting season and by providing in-person training that helps farmers use the inputs correctly to increase their productivity. To ensure the quality of inputs, the organization takes delivery directly from manufacturers and deploys a stringent quality-control process. It also ensures delivery of inputs to farmers no later than a few weeks before planting season begins. The groups of 10 to 20 farmers meet weekly with a field officer, who teaches effective farming practices.

OAF has expanded to adjacent geographies that have similar customers in terms of their income, growing techniques and plot sizes, while deepening its penetration into its original market of western Kenya.
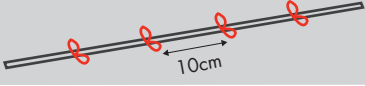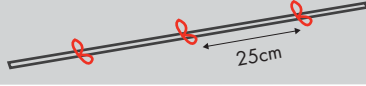
Figure 21: OAF focuses on providing a package of inputs with financing to smallholder farmers in East Africa

Product

Customers

Loans for non-agricultural products

Larger input loans

2

Large holding farmers

~$80 loan of inputs

Middle-income farmers

1 Deliver **high-quality inputs on loan when they are most needed,** together with weekly **training,** to help farmers effectively increase their productivity

1

Low-income smallholders

Kenya

Rwanda

2 **Focus** on **smallholder farmers**

Burundi

Tanzania

Malawi

Uganda

3 **Expand to adjacent geographies** that have similar customers while continuing to **increase penetration** within a country

All East Africa 3

All Africa

Geography

■ Core   ■ Geographic expansion

Sources: Interviews with One Acre Fund management; Bain analysis

Embed

To hardwire its Repeatable Model across the organization, OAF has built systems aimed at managing complexity. It rigorously monitors performance across a number of metrics (key performance indicators, or KPIs) that have been grouped into three categories central to OAF's mission: impact, scale and sustainability. All major business decisions are evaluated through the lens of a decision's effect on these three categories. Field officers receive weekly updates on the performance of their loan portfolio and the repayment amounts and rates pertinent to the farmers they represent.

OAF has further controlled complexity by standardizing people management and operations. To illustrate, in each country where OAF operates, field-officer recruiting is standardized, including criteria for selecting new hires and the use of templates for screening job candi-

dates. Newly recruited field officers go through a comprehensive, four-week training program supported by a detailed, 110-page crop-training manual that OAF updates frequently to reflect newly learned best practices from the field (see *Figure 22*). The program covers OAF's vision, mission and organization and includes job shadowing with more experienced field officers. Participants learn key elements of crop training, such as how to lead meetings and how to teach land preparation, planting monitoring, weeding, top dressing and pest and disease control. Field officers in training are given memorable takeaways, reference cards, for example, with illustrated planting instructions that they can use in consultations with customers.

A central procurement organization purchases inputs directly from suppliers, and all purchases go through a rigorous quality inspection. OAF's logistics team plans three-week delivery periods more than 10 months in advance.

Repeatable Models and microfinance

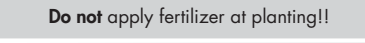It is no surprise that, of the companies we studied, the two that had the most elements of the Repeatable Model framework in place were also involved in aspects of microfinance. The most widely and successfully scaled service tailored to low-income customers has been microfinance. There are many reasons for this, including the broad applicability of the service and the attractiveness of cash that is provided at a fraction of the interest rates offered by alternative lenders.

However, another reason is the significant investment by many organizations around the world to codify best practices for the business model. The Grameen Model that came out of the Grameen Bank in Bangladesh provided a prototype that has been implemented across dozens of countries over the past two decades. The overall organizational structure—from the head office to the branch office, the number of clients per loan officer and the general model for forming and facilitating joint liability groups—was well documented and shared around the world to help other organizations increase financial inclusion.

The Consultative Group to Assist the Poor, a "global partnership of 34 leading organizations that seek to advance financial inclusion," funds and supports research and publications on a range of topics related to customer segmentation, policy, mobile platforms and financial-inclusion product development. Organizations such as Accion International, Women's World Banking and the Foundation for International Community Assistance provide direct support and coordination across a network of MFIs. The similarity of each organization's fundamental model allows for valuable operational interventions that increase efficiency and effectiveness.

Given the diversity of local environmental conditions, the applicability and expected advantages differ for an agriculture company from place to place. The kind of operational best-practice sharing possible with microfinance is more challenging when it comes to seeds, fertilizer, drip irrigation or the artificial insemination of cows. However, there is significant opportunity to increase the level of codification and best-practice sharing across agriculture-focused companies. Studying and codifying best practices in other industry verticals, whether within agriculture or more broadly, support greater understanding of effective business models to serve the poor.

Figure 22: Example of training materials that field officers use to remind themselves of optimal operations, which are then passed on to farmers in weekly training sessions

Activity	Beans	Maize
1 Stretch out the planting string	10cm	25cm
2 Dig holes to the correct depth	Holes=half a thumb deep	Holes=1 pen deep
3 Measure out and distribute fertilizer	Do not apply fertilizer at planting!!	1 heaped red scoop
4 Cover the fertilizer with a handful of soil, then place the seed		1 per hole
5 Cover the seed then space the next row	50cm / 50cm	75cm / 75cm

Sources: OAF blog; interviews with One Acre Fund management; OAF 2014 crop training manual

In Kenya, OAF has become similarly disciplined regarding market entry. Previously, OAF created "islands" away from its geographic center and expanded from those hubs. Today, it expands to areas contiguous to its current operations, splitting districts in half when necessary to meet its scale goals. This new, contiguous expansion approach has dramatically reduced OAF's distribution costs. Moreover, it has eliminated the need to relocate field officers to areas with which they are not familiar. Officers can use word-of-mouth publicity and customer advocacy from nearby communities where OAF has achieved penetration. And because the contiguous markets are well understood and tested, risks and learning costs have been minimized.

In terms of its international expansion, OAF has a codified methodology that starts with secondary research of a potential target country, with an eye toward identifying opportunities to make a positive impact on smallholder farmers' income. Impact checklist items include small farms, staple crops with established markets, low yields and low use of fertilizers and improved seeds. Operations checklist items include security risk, one million to two million serviceable households, low prevalence of corruption and sufficient infrastructure to support operations and growth.

Conversations with OAF's cofounder Andrew Youn reveal that the idea of focusing on penetration before expansion was a key part of the organization's early years. "We thought about growth in the way that retail companies do," Youn said. "We could grow our sales at existing 'stores' or we could build new 'stores.'" OAF focused much of its early refinement of the model in Kenya on developing the metrics that would indicate whether the firm had sufficiently grown its existing operations before expanding to new areas. The organization now has a clear hierarchy of growth: first "growing in" by increasing client density within existing areas, then "growing out" with new areas within a current country operation and, finally, new country expansion. Operational resources are allocated according to this prioritization.

OAF also conducts primary research on customers to understand the needs of specific farming communities in target regions. Questions include whether farmers see the value of OAF's offerings, whether they are willing and able to pay on time and whether OAF's methods could lead to higher yields for the farmers.
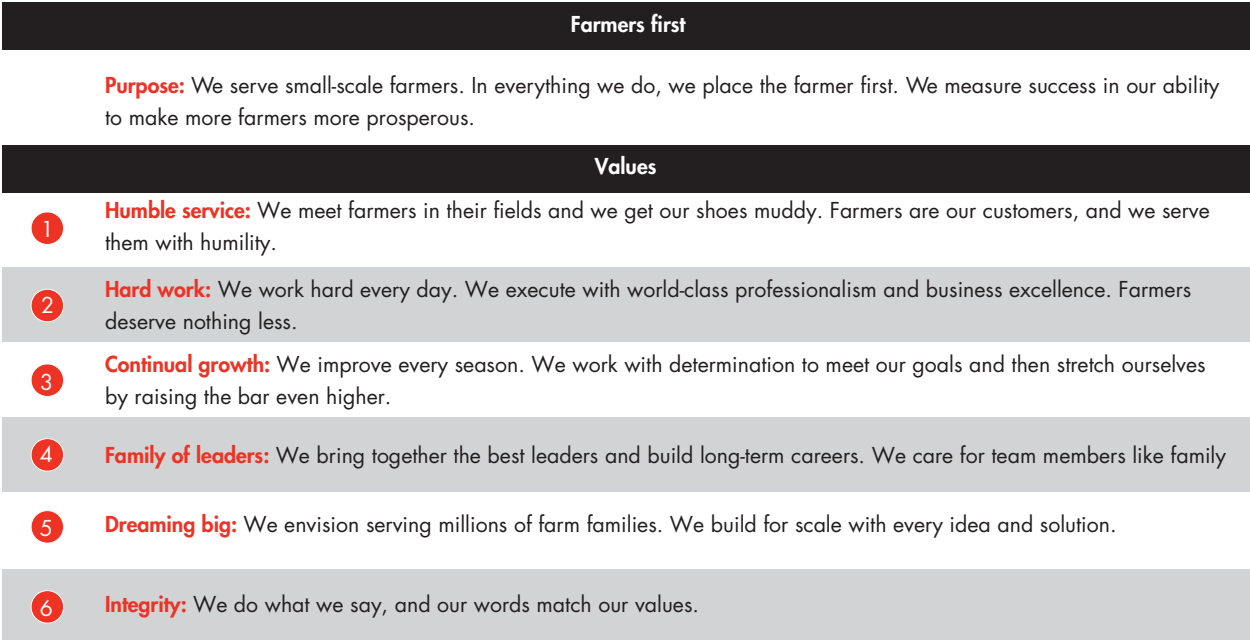
The organization typically has two to three countries in a trial phase, with the goal of expanding into a new country in Africa every 18 months. From its roots in Kenya in 2006, it entered Rwanda in 2007, Burundi (which borders Rwanda) in 2012 and Tanzania (which shares borders with Kenya) in 2013. It is currently piloting a project to explore the potential of expanding in Malawi and Uganda.

To further embed its Repeatable Model throughout the organization, OAF has established nonnegotiables for its people that include putting the "farmer first" in everything it does (*see Figure 23*). The organization makes it clear that the farmer is the boss—the customer that every field officer must listen to.

Adapt

Adapting OAF's model starts with rigorous tracking of the KPIs that the organization has defined for its more than 2,000 field officers. These include metrics related to policy adherence—such as meeting attendance and number of members who have used OAF inputs; agriculture knowledge, such as planting- and topsoil-quiz scores; repayment rates, including collections to date and weekly collections; and logistics, such as distances that members have traveled to pick up inputs. OAF tracks these on a weekly basis, conducts annual customer satisfaction surveys and gathers data on satisfaction from customer call centers. The organization uses these data to make decisions about promotions, incentives and, when necessary, terminations of low performers. These metrics also shape how the company allocates its resources and responds to changing customer dynamics and growing conditions.

Figure 23: OAF's mission statement puts farmers first in all that it does, supported by specific values

Farmers first
Purpose: We serve small-scale farmers. In everything we do, we place the farmer first. We measure success in our ability to make more farmers more prosperous.

Values
1 **Humble service:** We meet farmers in their fields and we get our shoes muddy. Farmers are our customers, and we serve them with humility.
2 **Hard work:** We work hard every day. We execute with world-class professionalism and business excellence. Farmers deserve nothing less.
3 **Continual growth:** We improve every season. We work with determination to meet our goals and then stretch ourselves by raising the bar even higher.
4 **Family of leaders:** We bring together the best leaders and build long-term careers. We care for team members like family
5 **Dreaming big:** We envision serving millions of farm families. We build for scale with every idea and solution.
6 **Integrity:** We do what we say, and our words match our values.

Source: One Acre Fund website

Performance on KPIs is completely transparent to field officers. As Kiette Tucker, director of operations for Kenya, put it, "Tracking metrics is crucial to our business; field officers can recite their recent KPIs."

OAF invests heavily in learning and innovation. It uses a customer data-driven approach to continually refine its core product and inform decisions about innovation. Every year, it surveys several customers per field officer and conducts a text-based survey of its customers to understand usage patterns and how it could improve its services. The organization maintains a dedicated innovation team supported by an $11.6 million grant from the Bill & Melinda Gates Foundation. Across its operations, OAF is currently testing 40 high-potential technologies, with the goal of rolling out four of the most promising to as many as 200,000 farmers. Prospective innovations may take the form of seed sample packs and new varieties of particular crops, as well as new services like funeral and drought insurance. Every innovation goes through a rigorous, multiphase trial process. "We have eight bean varieties and eight maize varieties we are working with, and we hope in the following seasons we will be delivering [new] seeds to farmers ... We are strengthening our ongoing experiments in storage, using bags to avoid post-harvest losses ... and in composting by encouraging our farmers to not only use chemical fertilizers but to mix it with organic fertilizer, too," explains Emmanuel Habineza, director of innovations for Rwanda.[41]

The ability to adapt its model was crucial to the organization's survival in Kenya in 2013. Previously, OAF had predominantly provided maize seeds to farmers in Kenya. At the end of the 2012 season, however, farmers began seeing their maize wilt and die in the field. After an international research effort, the cause of the blight was identified as a new, rapidly spreading maize disease. Owing to the risk of planting maize in 2013, OAF decided to offer farmers a diversified package that included millet, sorghum, sweet potatoes, beans and cassava. But maize is an extremely popular crop in Kenya and some farmers decided not to work with OAF because they did not want to plant different crops. Changing the package reduced OAF's planned scale for 2013, but the firm was still able to reach 60,500 families in Kenya, and the loan package allowed those farmers to mitigate the risk of the maize disease. Across western Kenya, OAF farmers reported strong millet and sorghum harvests.[42]
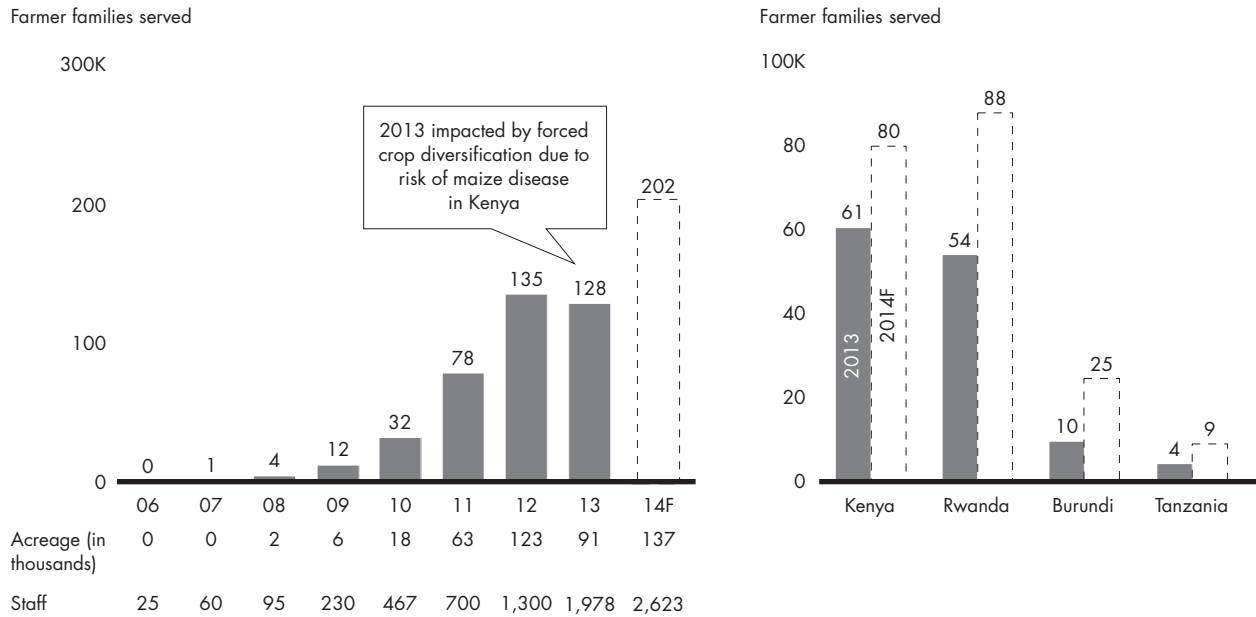
Results

OAF's rigorous attention to building and executing a Repeatable Model has led to promising results (see *Figure 24*). In just four years—2009 to 2013—the number of farmer families the organization served grew tenfold, from 12,000 to nearly 130,000. The number of acres cultivated with its products increased from 6,000 to 91,000 during the same period. OAF is on track to reach a total of 200,000 farmers by the end of 2014 and to have 137,000 acres under cultivation. The organization has achieved particularly notable scale in Kenya (61,000 customers) and Rwanda (54,000 customers) and has gained significant traction in Burundi and Tanzania. Due to its continuous learning process, OAF has been able to achieve scale more quickly in each new market it enters (see *Figure 25*).

Learning loops in practice

It may seem that the path to building a Repeatable Model has been a straightforward one for Juhudi Kilimo, OAF and Sidai (see sidebar on page 98), but nothing could be further from the truth. Each of these businesses has figured out how to build Repeatable Models only by failing often—but failing smart. The key is in the iterative learning loops: to fail, to diagnose why the failure occurred, to modify the model as required and to start again. GEWP is in the process of doing this now.

OAF has a strong Repeatable Model and will reach more than 200,000 farmers by the end of 2014

Farmer families served

300K

200

100

0

2013 impacted by forced crop diversification due to risk of maize disease in Kenya

202

135

128

78

32

0   1   4   12

06   07   08   09   10   11   12   13   14F

	06	07	08	09	10	11	12	13	14F
Acreage (in thousands)	0	0	2	6	18	63	123	91	137
Staff	25	60	95	230	467	700	1,300	1,978	2,623

Farmer families served

100K

80

60

40

20

0

61   80   88   54   25   10   4   9

2013   2014F

Kenya   Rwanda   Burundi   Tanzania

Source: One Acre Fund data

In 2008, Juhudi Kilimo closed two offices. These offices were serving a region that was surrounded by two national parks; there, the farmers were not as familiar with the microfinance model, and dairy farming was less common than elsewhere. One of the branches had numerous issues with fraud, as well as a management team that was unable to hire and retain the required frontline staff. Both of these experiences taught Juhudi Kilimo key lessons that shaped its Repeatable Model. The first branch closing showed the firm the importance of conducting due diligence on a region to assess the size of the addressable market; Juhudi Kilimo's standardized market entry assessment tool was expanded, in part, as a result of this particular branch failure. The second branch failure emphasized the importance of strong middle management. Soon after, Juhudi Kilimo started investing in its HR efforts to more effectively identify, recruit, train and mentor branch managers who perform well and align to the firm's values.

As Stephanie Hanson of OAF said, "Everything we have gotten right is a result of getting it wrong first." In 2010, OAF had a pilot in southern Ghana. The firm soon found that the farmers there were not interested in growing maize, OAF's focus crop. OAF then moved to the north of the country, home to more maize farmers, but realized that the market was simply too small. The OAF management then decided to stop its Ghanaian operations entirely so that they could devote more attention to markets promising the critical mass of farmers required to justify investment in the distribution network. The Ghana experience taught OAF how to better assess a market and quantify its potential. Importantly, the firm took the time to reflect on what did and did not work and shared these lessons and how they informed their operating model and expansion strategy with all of the senior team.

Figure 25 : With each new country it enters, OAF is achieving scale more quickly
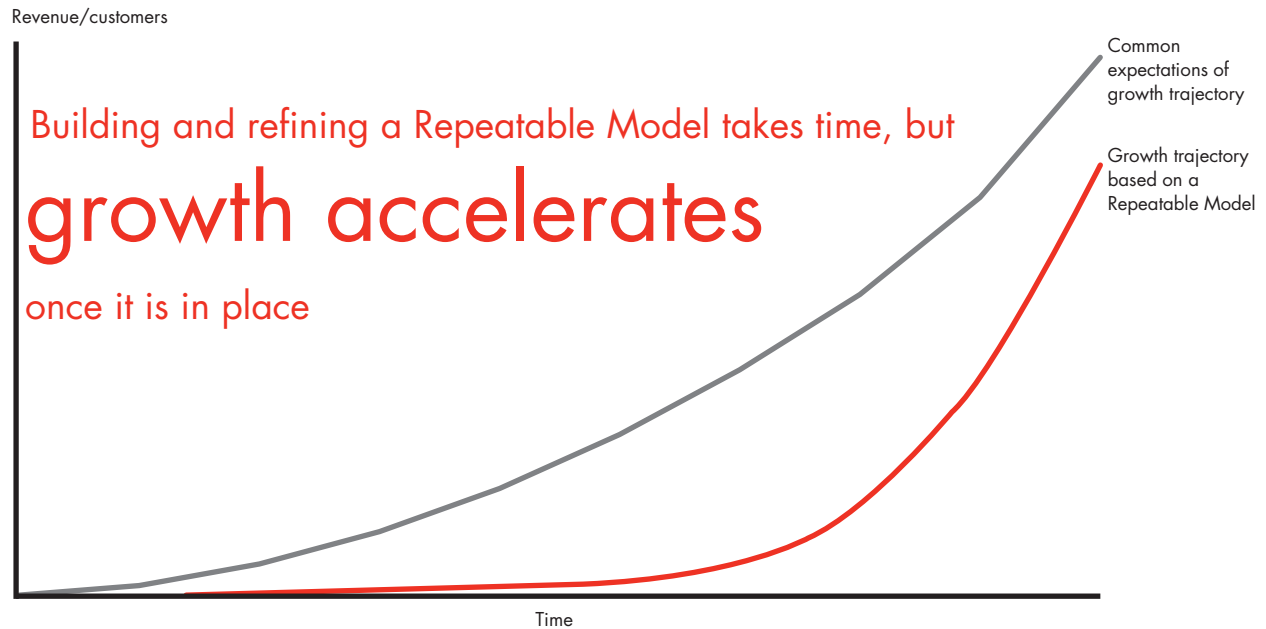
Farmer families served
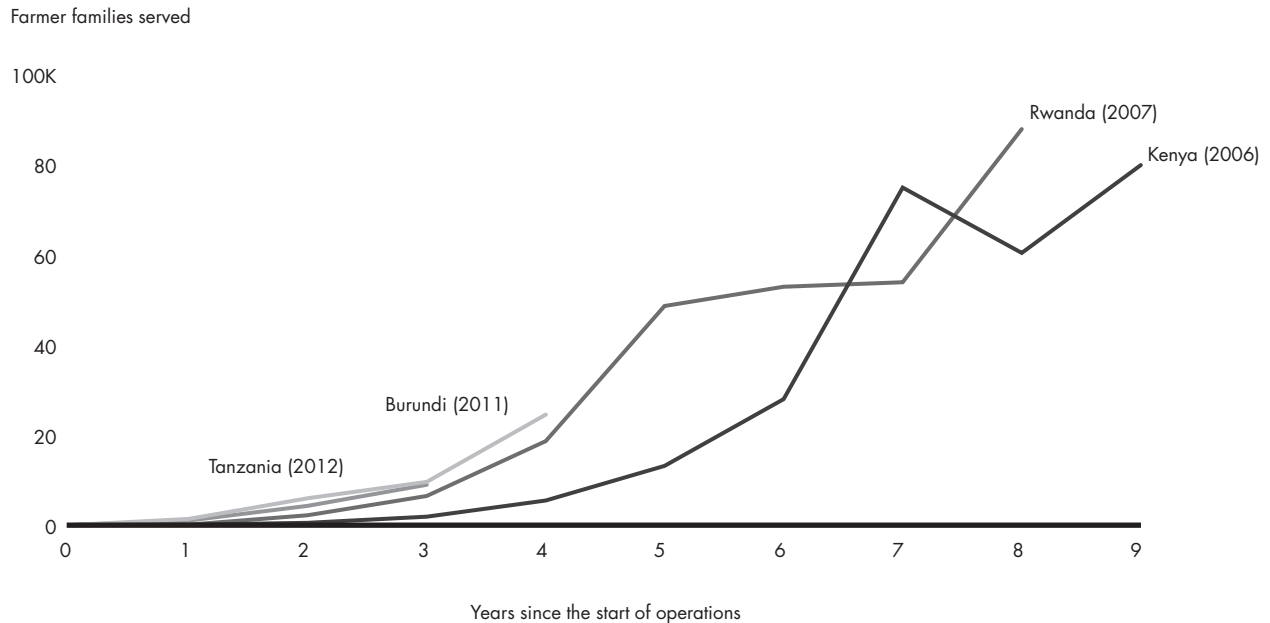
Source: One Acre Fund data

GEWP has realized that it must approach its expansion much more deliberately. Indeed, entering a new state is like entering a new country. As a result, GEWP has retrenched to Maharashtra and Karnataka, where it retains good name recognition, a solid network of more than 135 dealers and over 180,000 existing customers. It is focusing on Karnataka, because the desperate water shortage there means that many farmers must use drip irrigation to continue their operations. In each market, it is now focused on expanding a Repeatable Model more slowly but also more thoughtfully. To reap greater benefits from scale economies, it is now seeking the capital to own the manufacturing of KB Drip tapes.

One of the key lessons of building Repeatable Models is that it takes time and requires (and sometimes tests) the patience of those who work with, invest in and support pioneer firms. Particularly in the agricultural context, given the diversity of growing conditions, variety of crops and unpredictability of Mother Nature, it can take years to figure out what works and what doesn't, how to customize the value proposition and how to best harness the Four A's to spur adoption. It is this deliberate period of developing, testing and refining the model that can allow for explosive growth once the Repeatable Model is in place (*see Figure 26*).

Figure 26: An illustration of the "expectation gap" in firm growth trajectory

Revenue/customers

Building and refining a Repeatable Model takes time, but

growth accelerates

once it is in place

Common
expectations of
growth trajectory

Growth trajectory
based on a
Repeatable Model

Time

Source: Bain & Company

A checklist: Repeatable Models

The questions below will help to facilitate the application of the ideas and principles outlined in this brief, and guide pioneer firms in building and executing Repeatable Models.

Focus

☐ When was the last time that you had a deep discussion about your "core" with your team? How certain are you that your management team and front line can articulate your core?

☐ What makes your company uniquely differentiated, now and in the future?
  - Measurable
  - Tangible
  - Decisive advantage

☐ How do you measure your penetration of your core market?

☐ What systems and processes do you have in place to assess adjacency growth?

☐ Are you seeing the costs and risks of complexity? How are you managing these?

Embed

☐ What are the few most critical frontline routines that really drive strategy and your differentiation? How thoroughly have your frontline employees adopted these routines?

☐ Do you have key metrics in place that tell you and your employees how well they are delivering against the strategy?

☐ Do you have metrics in place that signify whether and when you should consider growing to a new area?

☐ What are your market entry routines?

Adapt

☐ How much time is lost between decisions, actions and market feedback?

☐ Do you have learning systems in place that take into account regular input from customers and the front line?

☐ Do you have systems to step back and address the biggest threats to your current model?

☐ Have you set up clear structures and processes to continually innovate and capitalize on emerging growth opportunities?

Invest

☐ Do you have a financing strategy that considers the types of capital available to, and required by, your organization at different stages of its growth?

☐ Is the technology your business is using enabling or defining it (i.e., are technology solutions designed around your processes, or vice versa)? How scalable are your technology platforms?

☐ Do you have the right leadership in all parts of your business? How strong is your middle-management "bench depth?" How are you attracting, developing and retaining top talent across your business?

About Bain & Company

Bain & Company is the management consulting firm that the world's business leaders come to when they want results.

Bain advises clients on strategy, operations, technology, organization, private equity and mergers and acquisitions. We develop practical, customized insights that clients act on and transfer skills that make change stick. Founded in 1973, Bain has 50 offices in 32 countries, and our deep expertise and client roster cross every industry and economic sector. Our clients have outperformed the stock market 4 to 1.

What sets us apart

We believe a consulting firm should be more than an adviser. So we put ourselves in our clients' shoes, selling outcomes, not projects. We align our incentives with our clients' by linking our fees to their results and collaborate to unlock the full potential of their business. Our Results Delivery® process builds our clients' capabilities, and our True North values mean we do the right thing for our clients, people and communities—always.

Bain is committed to supporting high-impact organizations who tackle global poverty through entrepreneurial models or by catalyzing entrepreneurship. Bain partners with these organizations to develop and implement strategies, strengthen capabilities and shape sector thinking. We work alongside our clients toward the shared goal of accelerating global economic development.

About Acumen

Acumen is working to change the way the world tackles poverty by investing in companies, leaders and ideas. Acumen invests patient capital in business models that deliver critical goods and services to the world's poor, improving the lives of millions. Since 2001, Acumen has invested more than $89 million in 86 companies that provide access to agricultural services, water, health, housing and education to low-income customers in South Asia, East Africa and West Africa. Acumen is also working to build a global community of emerging leaders who are equipped to create a more inclusive world through the tools of both business and philanthropy.

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