
Executive Summary

The number of customers served by an organization is a critical factor in its overall impact on the world. Finding a high-impact idea is of course difficult, but the transition from impacting a few customers to many thousands is often the most challenging aspect of social enterprise. Various obstacles arise, including excessive operational complexity, insufficient resources, or sometimes an unwillingness to adjust business models so that they scale more easily.

Investigating and then trying to overcome these obstacles to scale—especially operational complexity—is the job of One Acre Fund’s scale innovations department. We have come to realize that we will be unable to reach our goal of serving over one million farmers by 2020 without constant adjustments to our core delivery model. The challenges are formidable enough that we need the resources of an entire department to think about what our model must look like in order to sustainably serve millions of diverse farm families.

Our scale innovation team is like an R&D lab for operational improvements to the way One Acre Fund reaches farmers. Below is a sampling of priorities the team has focused on in the last few years:

- **Increasing our farmer to field officer ratio**, a proxy for the cost-effectiveness of our model.
- **Increasing our “site density,”** i.e. the number of farmers in a given area who join One Acre Fund.
- **Streamlining farmer repayment**, so that field staff can spend more time on what matters most.
- **Piloting credit scoring**, so that we can target our intervention to clients who will benefit most.
- **Safely increasing client transaction size**, to generate more impact and more margin with the same number of staff.

This sampling of scale innovations projects suggests the magnitude of the challenges that One Acre Fund needs to address in order to make a dent in Africa’s hunger problem.

What Scale Means for Social Enterprise

One Acre Fund’s approach to social impact emphasizes two fundamental and complementary components: impact per customer and number of customers. Figure 1 illustrates how, when you multiply these two numbers together, you can begin to quantify an organization’s overall social impact.

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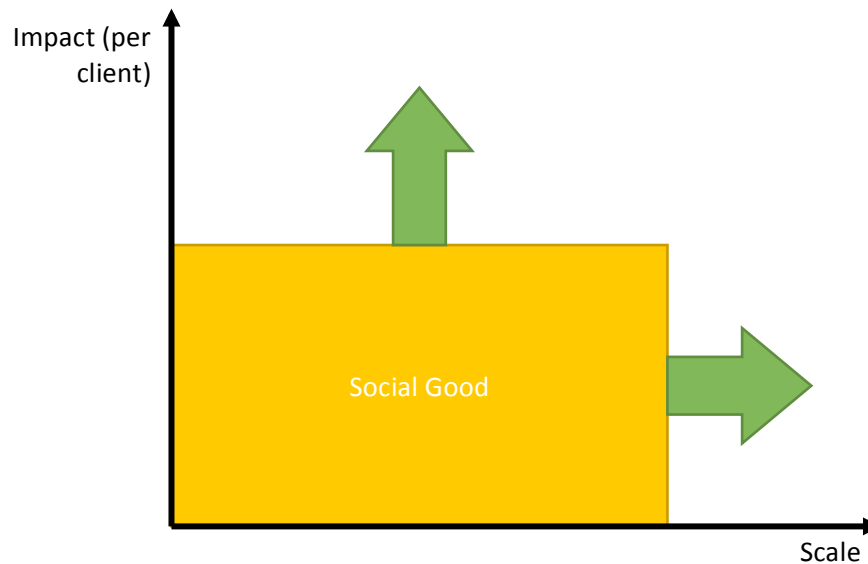


Figure 1: One Acre Fund's approach to social impact.

Although this graphic is simple, it suggests some key insights about how social enterprises need to go about their work. Groundbreaking researchers and social entrepreneurs are thinking about impact. Conversely, larger organizations are experts at scale. Both of these (admittedly oversimplified) categories lead to lopsided “social good” rectangles that are too thin in one dimension to make up for strength in the other. One Acre Fund thinks that focusing roughly equal amounts of energy on impact and scale is the most efficient means toward overall impact.

Scale Innovations at One Acre Fund

One Acre Fund has set (and occasionally fallen short of) ambitious scale targets. A crucial part of achieving scale, of course, is having a value proposition that clients find compelling. But just as important is *innovating around the service-delivery mechanism* so that it can reach hundreds of thousands of customers. No matter how high-impact a product or service may be on paper, social enterprises must figure out a way to deliver the intervention consistently and efficiently.

Our field-based “Scale Innovations” department that identifies and tests key operational improvements to our delivery model, with a goal of achieving greater overall efficiency (i.e., the ratio of clients served to operational complexity) without sacrificing impact for clients. Our Scale Innovations department is distinct from our Product Innovations department, which is tasked with testing and refining the products we offer clients for maximum impact. These two departments correspond to the two axes on the above graphic and multiply one another’s effectiveness.

Example Scale Innovations Trials

The remainder of this white paper highlights the major trials that our scale innovations team has completed, or is currently working on, across One Acre Fund. We categorize our scale innovations work along four major “levers” within our service delivery mechanism:

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1. **Client Density:** How do we enroll 300+ members per field officer?
2. **Transaction Volume:** How do we increase transaction size while minimizing risk to farmers and One Acre Fund?
3. **Repayment:** How do we make 100% on-time repayment from farmers easy?
4. **Site Management / Staff Quality:** How do we make the field officer job easier, or, alternately make our field officers stronger?

Client Density

Our scale innovations team's top priority is increasing our "client density"—or the number of farmers served by a single One Acre Fund field unit—because it would be the easiest way to expand our intervention to more people. Currently, our field officers serve 150 clients on average across all of our sites. Our eventual target is for experienced field officers to be able to manageably serve 300 farmers without sacrificing their quality of service. Our client density trials are as follows:

Small Sites Trial (Complete): We created 15 small sites with 200-600 total households, as compared to 700-2,000 households in a typical One Acre Fund site. We asked field officers to enroll 150-200 members within these small sites to see how high we can push enrollment density without making any changes to our program. Results varied wildly, with density ceilings of 20%-70%, averaging around 35%. Sites that achieved high density benefited from high population density/small land size and excellent word of mouth.

High Enrollment Targets (Complete): In 2 districts (73 sites), we increased enrollment targets to an average of 235 members per field officer—55 members more than the country-average target. Trial sites reached a pre-dropping enrollment average of 193 members, compared to 168 members per officer in the rest of the program. It appears that expectations and leadership are potentially a strong driver of enrollment success.

Junior Member Trial (In Progress): We started with 3 small sites of approximately 400 households and did regular enrollment. Then we aimed to enroll every other household in the site as a "Junior Member" household, which would pay USD \$3 for 4 agricultural trainings, funeral insurance, and the option to buy a solar light for roughly USD \$40 on a layaway payment plan. Trial sites substantially increased the overall proportion of the population enrolled in One Acre Fund. It remains to be seen whether a high percentage of junior members will become One Acre Fund members next season.

Pre-2015 Marketing Trials (Upcoming): We will perform A/B testing on a variety of presentations of the 2015 core crop package to identify which presentations boost enrollment and increase average transaction size. Ideas include discounting larger acreage, shifting the price breakdown to deemphasize the cost of cheap but less popular products, and framing a higher acreage as the default package.

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Transaction Volume

We seek to increase the overall transaction volume (or credit size) that each of our farmers takes for two reasons: First, we believe that it is good for our customers (in terms of increased impact); and second, doing more business volume per unit of staff enables economies of scale. We believe larger transaction size helps our clients because we have a slate of high-impact products to offer, each of which is responsible for generating incremental incomes for our farmers. Larger orders generally beget higher impact. Second, larger transaction size allows each One Acre Fund operating unit to cover more of its costs on the same operational footprint, therefore enabling economies of scale and unlocking a key constraint to scaling up.

Increased Credit (Complete): The Increased Credit trial addressed the question of how likely farmers with a high credit score are to increase their credit with us in 2015. We retroactively applied the credit score algorithm to farmers who finished repayment early in 2013, to offer them more credit in 2014. Surprisingly, almost no one took advantage of the option to increase their credit. Possible explanations include: lack of enthusiasm about the 2014 package, risk aversion toward larger loan sizes, concern with our prices, or the possibility that farmers who qualified for increased credit under this scheme tend to be poorer.

Credit Scoring (In Progress): We are piloting a simple credit score across an entire country operation as well as a more complicated credit score trial in 10 sites. Both credit scores allow members to increase their credit limit for 2015 depending on their 2014 credit total and repayment trajectory. The simple credit score is based only on finishing payment by the “early completion” deadline, whereas the advanced credit score trial is based on meeting a series of three repayment targets throughout the season. The credit score project aims to “right-size” credit and to encourage early repayment.

Repayment

A major goal of our scale innovations team is to generate the operational improvements to make our farmer repayment complete, on time, and easy for both farmers and One Acre Fund. Achieving full repayment is an essential condition for the ongoing sustainability and scalability of our program. Our repayment trials are as follows:

Incentive Design (Complete): We ran trials of several repayment incentive permutations in 2013 across three districts. We learned that:

1. “Group qualification” incentives, in which every member of the group must meet a payment target for any member to qualify for an incentive, helped increase weekly repayment from struggling members.
2. Complicated incentives tend not to work because members do not understand them.
3. We also tested staff-focused incentives versus incentives focused exclusively on clients, and found no significant difference among these trial permutations, suggesting that expensive mid-season member incentives may not be necessary.

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Mobile Repayment Trials (In Progress): Together with our finance and field operations teams, we are running a variety of mobile repayment trials in which repayment would be decentralized either to farmer group leaders or individual farmers (currently repayment is routed through field officers). These trials are promising enough that member-level mobile repayment is expanding to 10 sites, which could eventually have significant implications for large site management and how field officers spend their time (i.e. less time spent collecting payment).

Fixed Repayment (In Progress): Borrowing from a trial run in Rwanda in 2013, we have one district in Kenya (35 sites) trialing a variety of fixed repayment schedules. Farmers who miss any of 3-4 targets during the season can accrue late fees, totaling 2-10% of the total credit. This trial is extremely popular with field staff and group leaders, who say this makes their job easier. It did not appear to have a negative impact on enrollment, as the trial district has one of the top enrollments in the country. Effects on repayment and farmer impact remain to be seen.

Block Repayment Chair (In Progress): This trial aims to remove some repayment pressure from field officers by dividing a site into 3-5 blocks, and offering an incentive to “Block Repayment Chairmen” if they can convince the groups in their block to stay on track with repayment.

Site Management / Staff Quality

In order to serve hundreds of clients at a consistent level, we have realized that One Acre Fund needs to either “de-skill” the role of the field officer so that it can be filled by many more people, or, alternatively, to boost the overall quality of our field officers. Our goal is to create high-quality, high-consistency field units that can be replicated easily for One Acre Fund’s expansion. Our site management / staff quality trials are as follows:

Field Officer Activity Survey (Complete): This research involved following 55 field officers for two days each to track how they spent their time and the quality of their meetings during the final repayment push. We found that weak and strong officers spend their time in very similar ways—mostly walking or doing individual visits. 30% of field officers were absent each day during the final repayment push. 41% of field officers did not hold their mandatory member meeting on the day surveyed.

Simple District Trial (In Progress): We are trialing a dramatic reduction in the quantity and length of materials given to field officers. The trial will compare outcomes across metrics such as repayment, crop compliance, field officer time usage, etc.

Group Leader Empowerment Trial (Upcoming): This trial aims to make field officers better at motivating and deploying their farmer group leaders by teaching officers community organizing skills, which emphasize relationship building, team building, and motivating others. Possible outcomes to measure include repayment, group leader retention, field officer time use, crop compliance, etc.

Key Conclusions

- ▶ We have found that placing equal emphasis on impact and scale is the most effective way to accelerate our progress toward overall impact.
- ▶ “Scale Innovations” is an R&D lab for operational improvements to our core delivery model. We think this work is difficult (and important) enough to justify its own department.
- ▶ We have found it immensely helpful to zoom in on key levers (often ratios, like our ratio of farmers to field officers) that affect our ability to scale and target interventions around them.
- ▶ We have to be willing to adapt and simplify our core program model if we are serious about reaching our scale targets. Although core values like serving farmers will remain in place, the model will surely need to evolve if we hope to expand to serve one million farmers.