

## Designing for lasting impact that goes to scale

Rainer Arnhold Fellows design iteration flow format (DIF)

Here is the primary tool our Fellows Program uses to help people with a good idea design for maximum – meaning scalable - impact.

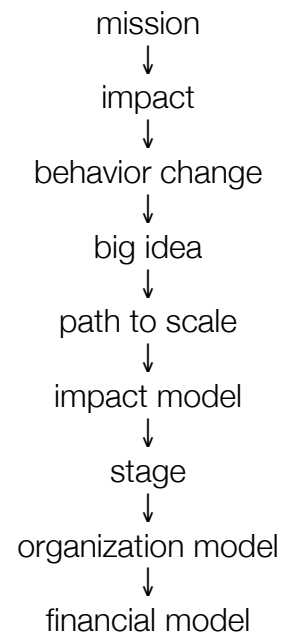
As a tool, it is designed to be simple enough to use and complex enough to do the job. It's built to take you through sequential steps to create a set of elements that can feed back on each other *in a process of iterative design for maximum impact*. As the set of elements emerges the whole thing functions as an ecosystem where each part affects the rest.

Impact comes from people doing something differently – from behavior change. Your job is to figure out what behavior change is needed, and design so that it happens and lasts. The central focus of our approach to doing this is the impact model, defined as

“a systematic set of activities, designed as a replicable process, focused by a central idea about how to drive behavior toward a specific impact.”

Our Fellows program and this design process focuses on the impact model, and is divided into three phases:

- Phase one: setting up for the impact model
- Phase two: developing the impact model
- Phase three: delivering the impact model



The way to use the tool is to “fill it out and feed it back” - see the graphic on the last page. Think of it as a template to be filled out, and in the process think about how each element affects the others. You can start filling it out at whatever point in the sequence you want (for example, starting with your idea and working back up and down), but try going from the top – it’s a useful exercise to do it that way.

It is intended to elicit answers as brief as possible, so don’t be intimidated by the number of parts. Less is more – you can always add more detail. It’s designed to make changes easy, and one of the most important uses is to allow you – and us – to track the progression of your model and your thinking over time.

A note: in a couple of places it will say “try this.” That means that we think it’s worth doing, but didn’t want to clutter up the DIF tool with too much stuff. See if it’s useful for you.

## 1. Mission

Say exactly what you're trying to accomplish. Include a verb, a big outcome that implies something to measure and a target setting or population (in eight words or less):

- "Get African one-acre farmers out of poverty"
- "Prevent HIV infection in Brazil"
- "Save coral reefs in the South Pacific"

## 2. Impact

Identify the single best indicator – an outcome, not a behavior - that you would measure to know if you're fulfilling the mission. This is what you're designing for.

- "Increase in farm income"
- "Decrease in HIV infection rates"
- "Biological indicators of coral health"

## 3. Behavior change

Impact comes from action, from someone doing something differently. What do you want people to do differently to create that impact? What are the end-user behaviors that will directly lead to the impact you're looking for? Design for impact is focused on behavior – how to drive it and maintain the behavior(s) that creates impact.

- "Farmers adopt new set of farming practices"
- "Teenagers practice safe sex"
- "Island communities guard reefs and maintain sustainable fishing levels"

## 4. Big idea

With the necessary behavior(s) in mind, what is your central, distinctive idea about how to create lasting impact - the idea that is at the core of all you do, that you're going to ride all the way to scale? Capture your special sauce and distill it down to a sentence.

- "Treat the poor as customers: design, market and sell money- making products that farmers can afford"
- "The eradication of devastating invasive species from islands so that endemic species and ecosystems can recover"
- "Use existing community groups to provide the integrated delivery of farm education, credit and access to cash buyers"

Try this: if your idea depends on behavior change in more than one group of people connect the cause-and-effect dots all the way to impact - create a "behavior flow diagram" to systematically map whose behavior has change. Something like:

- Researchers do randomized trial of teacher incentives → policy makers change policy → schools reliably provide incentives → teachers show up → kids learn more as reflected by testing

Think about each critically important behavior and why, based on your idea, people would change and maintain that behavior. Reflect back on your big idea – impact, behavior and idea should function as a circle of feedback, not a linear progression.

## 5. Path to scale

To design something scalable, you need to have an idea of how it will scale up. You need to design your model to fit the specific vehicle you intend to take it to scale. Summarize your path to scale in a sentence. Some examples:

- “We’re going to build a really big organization to deliver services to an ever-larger population”
- “We will virally infect other NGOs to deliver our model”
- “We turn implementation over to the government”
- “The market will take over our model”

Imagine whether the path to scale you have in mind could achieve exponential growth of impact over time. Where are the bottlenecks that would limit the growth of delivery and impact? Where does the curve of impact over time steepen dramatically and what will trigger that change in trajectory?

## 6. Impact model

The impact model is the set of activities that create the behaviors that drive impact. It’s where the idea gets fleshed into a systematic process at a level of detail that captures what’s distinctive and essential to what you do. It’s the central focus of our fellows design process and there are three parts:

- Conceptual flow and process: “boxes and arrows”
- Fleshing it out: first order detail
- Capturing what’s essential: additional levels of detail

### Boxes and arrows

Using boxes and arrows, sketch out the process that applies your big idea. Imagine the steps and pieces needed to start in a new setting (or with a new product or service) and take it all the way to impact. What are the most important features of your model? The trick here is to understand your model as a process and to create a place for everything that is vital to the application of your idea. Give each major element a box of its own. As much as is meaningful, order and connect the boxes with arrows to give a sense of process and flow.

It may be that your process branches or goes in parallel tracks – just make sure that all branches lead to impact. More than ~12 boxes probably means you’re getting too complicated. It may be that there are essential boxes that don’t really fit in a sequential process – just put them on the page alongside the connected process. The last box should be impact and how you’ll measure it.

### First-order detail

Use the titles of boxes as the headings of an outline. Flesh it out with the key details (as bullet points) that define and are essential to your model. Think about what is critical to

making each one of those elements work and make sure that you include it. Include 3 to 6 bullet points under each heading. Think about:

- Impact and how to show it
- Cost-effectiveness: getting costs as low as you can
- Key behaviors and what it takes to drive and maintain them (incentives!!!)
- A donor exit strategy: an end to or big diminution of subsidies for a given locale
- Replicability: ensuring that it is broadly adaptable, simple, and systematic enough for someone else to do it, and that it fits your path to scale

#### Additional detail

Look at your first-order bullet points. Which of them need some additional detail in the form of sub points in order to capture what's essential? The devil is always in the details, and the point of this design tool is make sure that there is a systematic process and that everything essential to a successful process finds a place in your model.

Try this: give one-line answers to describe these key aspects of a systematic approach to scale, including:

- The mechanism of replication of your process
- How you'll maintain quality of delivery as you grow
- Where you'll achieve economies of scale, and how you intend to raise, co-opt, or leverage the resources needed to support the scale of delivery you intend.

### 7. Stage

The stage describes where you are on your path to scale, and it implies a lot about the kind of organization you need to deliver your model at this stage and move on to the next. Here are the usual stages things need to go through – pick the one you think you're in:

- Idea: constructing a starting-point model, looking at failures and best practices to date. Not much on the ground yet
- R&D pilot: work on the ground at a scale that allows you to sort out just what your model is and how it really works
- Proof-of-concept pilot: you've got a replicable model; now you see if it creates the behavior and impact you thought it would
- Limited expansion: you expand operations to a size that allows you to work out the kinks prior to scaling up
- Scale-up: dramatic expansion of impact, via your chosen path to regional, national, international, and, eventually, galactic scale

### 8. Organization model

What sort of organization do you need to deliver your model to the next stage and beyond? What will best deliver what you've described in your impact model? While it is important to thoughtfully design what is to deliver your model, it is not the primary focus of this tool, so keep it simple. Just lay out your:

- Structure – describe the overall structure of the organization you need in a sentence or less.
  - “A business with relatively flat structure organized around functional teams”

- “A small field unit supported by a virtual organization with scattered personnel”
- “A design lab with Corporate and NGO partners as distribution channels”
- “A bloated traditional NGO organized like a sprawling dysfunctional family...”
- People – what are 1 to 3 roles most critical to deliver your impact model and what kind of people do you need to fill them?
  - “Franchise field agents: self-motivated, empathic, resourceful, sales experience”
- Special sauce: whatever else you think is critical for your organization to effectively deliver the impact model.
  - “Operations delivered through teams”
  - “Continually updated dashboard metrics at each position”
  - “Performance incentives at the individual, team, and organization level”
  - “Systematic non-financial recognition incentives for high performance”
  - “Kaizen: a system for continual systematic improvement at all levels of operation”

## 9. Financial model

This is about the money – how you’re going to finance the organization and its work. The financial model’s design is driven by these four fundamental questions: 1) what will maximize impact *for the target population* over time, 2) whether your impact model includes a revenue stream and 3) what is your intended path to scale, and 4) given 1, 2, and 3, what is the best source of capital? Here are your choices:

- Pure non-profit: no internal revenue stream, fully subsidized by philanthropy
- Non-profit hybrid: some kind of revenue stream within the impact model, but still subsidized. Types of subsidy include:
  - Start-up only
  - Start-up + expansion only
  - Start-up + expansion + ongoing operations
- For profit: Two kinds –
  - Market rates of return, using conventional, mainstream capital
  - Sub-market rates of return, using “social capital,” “patient capital” or some other source of financing (debt or equity that for whatever reason does not seek to maximize financial return).

Sometimes it makes sense to create a functional hybrid with two organizations, one for-profit and the other non-profit.

Choose which of these business models best delivers your impact model, then select the type(s) of capital you need and strategy to get it:

- Pure philanthropy: “Target surfer affinity group, particularly the surf industry.”
- Operations-subsidized internal hybrid: “Maximize revenue from farms, micro-loan interest, and agricultural outlet royalties, plus target rich people and large foundations with specific interest in poor farmers.”
- Sub-market return for-profit: “Go after Acumen Fund and similar institutions for low-interest rate, long payback loans.”

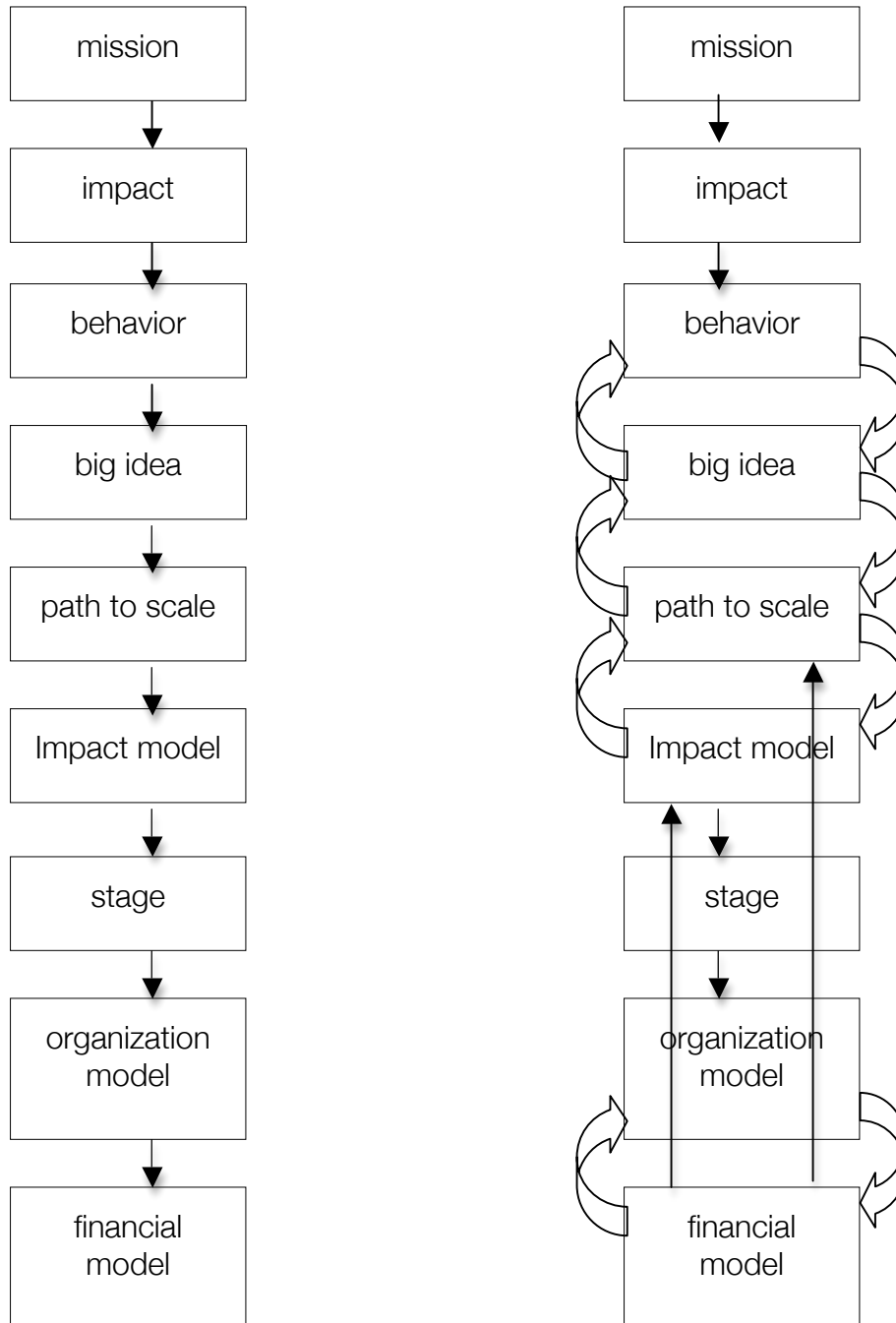
Optional: given the above, this might be useful...

## 10. Action priorities

Use all of the information above to generate a limited set of actions to complete the current stage and move to the next. Try this: come up with 2 or 3 specific priorities for each of these three categories:

- Impact: progress in achieving/measuring/figuring out how to measure impact
- Delivery: progress in implementation
- Organization: building the organization – key people, fundraising, systems

## How it really works: sequential flow vs an ecosystem



- Thinking about impact often modifies the mission
- The big idea is ultimately about behavior; thinking about behavior can change the idea
- The impact model is where you look at the real mechanics of behavior, which can reflect back on the idea
- The path to scale flows from and feeds back on the impact model
- The financial model is in a tight relationship with the organization and also feeds back on the path to scale and the impact model
- And so on....the graphic doesn't capture all the feedback loops