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# SCALING OF SOCIAL VENTURES

- A Case Study of SPEAK -

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## Abstract

The scaling of social ventures follows the objective of intensifying or spreading positive impact by either scaling deep or scaling up. Numerous frameworks and guidelines for these measures can be found, although the majority of which lack completeness. This paper presents a consolidated model and applies it to the case of SPEAK, a Portuguese social venture. Gaining insight into different processes and decisive moments along the path leading to the adopted strategy reveals the realities imposed on such an initiative. Inferring from this, it becomes clear that scaling a venture is a continuous evolution influenced by multiple factors.

**Keywords:** scaling, social entrepreneurship, impact, SPEAK

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## 1. Introduction

“Nearly every problem has been solved by someone, somewhere. The frustration is that we can’t seem to replicate [those solutions] anywhere else” (Former US President, Bill Clinton, as cited in Bloom & Smith, 2010). There is an innumerable variety of organizations and programs trying to tackle all sorts of social issues. While in some cases it may be advisable or even essential to stay local and concentrated, in other cases idle opportunities to scale programs proven to be effective leave ventures, but above all society at a loss of potential impact (Bradach, 2004). In the nonprofit as well as the private sector, the definition of growth implies that financial resources increase and the organization disposes of a bigger budget. However, a nonprofit organization can “evolve without adding to its budget” while still meeting an unmet demand (Connolly & Klein, n.d.). Social entrepreneurs scale their innovations to magnify the impact on the one hand and to achieve higher “social returns” on investments of their donors and supporters on the other hand (Bloom & Chatterji, 2009). This could be done by either scaling up (i.e. serve a larger number of people) or scaling deep (i.e. tackling the social issue more dramatically) (Bloom & Smith, 2010).

To provide a deeper notion of the different concepts of scaling, it has to be stated that there exist deviated definitions of scaling out, scaling up and scaling deep. For consistency purposes a certain understanding of scaling up will be used in this paper that overlaps to some extent with other definitions of scaling out as well. However, explanations of scaling deep are rather invariant. To that effect, scaling up is “impacting greater numbers” by replicating and disseminating efficient innovations in multiple locations and communities hoping to spread positive impact. On the other hand, scaling deep is “impacting cultural roots” to achieve durable change at the root of the problem

by affecting cultural values and practices, changing relationships and people's hearts and minds (Riddell & Moore, 2015).

This literature review draws from a number of models on scaling of social ventures in order to form a conclusive overview. The objective is to provide one possible guideline, helping in the decision-making process and subsequently applying it to the case of SPEAK. By doing this, the paper should add value to the organization on the one hand and the scientific community on the other hand. In terms of the organization, it shall be greatly useful to see the connected moments in their history of scaling to grasp the formation of a sustainable business strategy based on successful learning procedures through experience. The scientific community shall benefit from this work due to a novel presentation of a consolidated model and revision whether the aforesaid model fits the reality of social entrepreneurship. Accordingly, this will be one of the key issues discussed in the paper, alongside questions such as suitable indicators and turning points in the path. Personally, the author believes that the matter is of great importance as the spread and growth of businesses tackling social issues have immense potential for impact but otherwise lack directed focus and guidance to achieve a purposeful and sustainable strategy while spending time experimenting with incongruous ways of scaling. In the author's opinion, the community can benefit more from an established, matured organization working to combat a social grievance rather than from a myriad of incipient, well-intentioned initiatives. Thus, scaling a strategy proven to be effective, as mentioned above, may be considerably more worthwhile.

## 2. Literature Review

Many frameworks show scaling as a gradual procedure, with each stage raising critical questions that are essential for the decision making process, such as "What are the conditions under which

[the desired outcomes] have succeeded and how replicable are they?” or “how funders can most effectively use their capital to leverage successful scaling” (Clark, Massarsky, Raben, & Worsham, 2012). It is crucial to continuously monitor if previous answers have changed due to steps taken and if these developments may have had a decisive impact on the further course of action. Looking at the vast diversity of models, it becomes clear that there are major differences in approach, depth and point of focus. While some provide a clear progressive path, some work according to questions or categories, yet others just show rather simplified stages. To illustrate similarities, inchoateness and characteristics of five chosen frameworks, Appendix A shows a table depicting those being assigned to three categories. The selected models are *The Evolution of a Scaling Initiative* (Clark et al., 2012), *The Scalability Framework* (Kröger, Weber, & Lambrich, 2012), *The Five R's* (Dees, 2004), *The Conceptual Model to Approach the Scaling Process of Social Enterprises* (Figueiredo, 2013) and *The SCALERS Model* (Bloom & Chatterji, 2009).

In the following, these models will be introduced and analyzed delivering an insight into differing approaches of scaling.

The Evolution of a Scaling Initiative: This framework specifies itself by being applicable to multiple types of scaling strategies and independent from the organization's stage of development. It considers the scaling initiative as its own process, viewing it as a continuous evolution that occurs regularly but in different dimensions within an organization. The model was built based on several questions the authors considered most relevant to grant makers. Accordingly, the graphic also indicates the necessity and significance of financing throughout the evolution. It is composed of four stages. The first stage is **Assessment** which aims to analyze if the organization holds an innovation with the potential to scale. Considering past performances this stage evaluates the

efficacy as well as readiness while assuring that the funder and the founder have a unified understanding of change and outcome. The second stage is **Business Model Development** which in contrast to the previous stage discusses forward-looking strategies. These potential strategies vary from replication options such as new branches, to non-replication options such as affiliations or disseminating ideas. Here, inquiry about the criteria of other organizations or businesses aiming to scale impact, constituency readiness or failures of partners should be conducted. The third stage is **Implementation and Roll-Out** where the plan is executed in the form of experimentation. As mentioned above, it is useful to repeatedly review previous questions since testing through practice may modify the answers. Two critical perspectives, that might not be consentaneous are the organizations requirements to build capacity on the one hand and the investors most compelling use of capital on the other hand. This phase often demands the largest part of cash commitment and regularly refines the role of investors. The last stage is **Evaluation and Ongoing Improvements** to oversee and manage the performance while keeping the focus on long-term outcomes. To prospect for indicators of effectiveness and constant optimization are the functions of this stage. The authors state that specialized evaluation tools have been provided by McKinsey and other organizations, supporting ventures in this stage (Clark et al., 2012).

This model seems highly valuable as an outline of a scaling process, notwithstanding that it lacks detailed guidance. Learnings from this framework should be for example the concern for financing and the role of funders as well as the relevance of the last stage, Evaluation, since numerous frameworks only provide navigation until the implementation of a scaling strategy.

The Scalability Framework: Being the most detailed framework of the ones introduced in this paper, the Scalability Framework guides along “rather yes” or “rather no” decisions. Up until the

choice of scaling strategy every “rather no” answer points to a “no scaling” result. As a precondition it mentions a viable operational model. It starts with the issue of **Commitment**, scrutinizing leading and conducting individuals of the organization. Subsequently, **Management Competence** will be analyzed according to a constant social mission, quality and goal setting evaluation. If these topics are assured, it continues with the **Replicability of the Operational Model** seeking for elements with the potential to generate social impact as well as inquiring standardization and technology of the operational model. Moreover, the **Ability to meet social demands** will be put into question with the supposition that “a recognized social need usually guarantees a more than sufficient market size (Austin, Stevenson, & Wei-skillern, 2006, p. 7)”. The next inquest is the **Ability to obtain the necessary resources** including financial, human and social capital. Here idle capacities can be exploited, surpluses reinvested, effectiveness increased or external resources can be acquired. At this point the **Effectiveness of scaling with “others”** is pivotal to the chosen strategy. If partnerships do or do not seem to be instrumental in the process, the next question is if **Adaption is necessary** ensued by whether **Adaption is possible**. In the case of negation or affirmation, the framework leads to the possible strategies of *Capacity Building*, *Diffusion of Knowledge*, *Relationship defined by an ongoing agreement* and *one adjacency move* (Kröger et al., 2012).

This model gives rather clear instructions all the way to the stage of appointing a strategy. While valuable attention is given to the commitment and competence of social entrepreneurs, the role of funders remains largely unmentioned.

The Five R's: The inventors of the five R's state that there is not one correct formula to conduct a scaling process and advise to be creative, test and refine based on their five R's. **Readiness** concerns the innovation as well as the organization. Both will and abilities of the organization as



well as the social entrepreneur are assessed and need to be aligned with the stated mission and vision of the organization. Hitherto existing experience may not suffice, thus further skills might be required. **Resources** depend on the strategy chosen for a scaling path. Here again, the influence of providers should be emphasized, as their decision to fund certain initiatives is crucial. However, several resource strategies exist to either generate more revenues or reduce resource requirements. When considering these strategies, issues such as the ability and willingness to pay or community volunteering or the contribution of other constituencies should be analyzed. **Receptivity** also concerns certain stakeholders. It talks about the readiness of communities and institutions affected by the scaling initiative. Three key elements are *Demand*, *Comparability* and *Openness*, taking into account an unmet need or urgency, prevailing conditions or required adaptation and acceptance of the community or existing institutions. **Risks** highlights the fact that poor implementation may lead to potential negative impact on both the people being served as well as the organization itself. Therefore, inherent trade-offs must be evaluated beforehand. **Returns** on the contrary, focus on methods to magnify positive social impact. In this regard, the organization can decide to either scale up or scale deep, taking into account the beneficiaries and extent of impact provided by their strategy (Dees, 2004).

In contrast to the previous frameworks, the five R's do not suggest a sequence of steps to take but rather categories to bear in mind. Even though the model seems to involve key components such as stakeholders, funding or trade-offs, it remains rather vague as opposed to presenting specific methods of evaluating these R's.

The Conceptual Model: By the use of directed questions, a consecutive scaling path is provided in this model. **What** to scale aims to justify the worth of scaling and articulate a strong *Theory of*

*Change* (Bradach, 2004) for the organization. **Why** to scale looks for internal triggers, priorities and external factors that determine the initiative. Is it **scalable** comprises a bottle neck analysis and an assessment of replicability. In this stage critical analysis tools come into practice. **Where** to scale also comprehends the decision whether to scale up or deep. A point of arrival as well as goals have to be defined in this stage. If it is the right **time** examines whether the organization disposes of sufficient contextual support and stability to scale. In order to analyze internal capabilities at this stage, the framework avails itself of the SCALERS model, which will be introduced hereafter. **How** to scale in turn, avails itself of the Five R's model that has been explained above to determine a suitable scaling strategy (Figueiredo, 2013).

Following these steps of analysis, a substantial assessment of both the current situation and future goals can be conducted. It stands out that this framework recognizes the practicality of utilizing several models and at the same time provides a progressive path. Furthermore, the lack of guidance regarding implementation and evaluation should be mentioned.

The SCALERS Model: This model, just as the five R's, does not provide a gradual guidance but presents drivers or organizational capabilities that pose as potentially stimulating factors for successful scaling. The acronym stands for **Staffing, Communicating, Alliance-Building, Lobbying, Earnings-Generation, Replicating** and **Stimulating Market Forces**. It investigates the organization's competency in areas such as manpower skills and needs, stakeholder relations, effective unified efforts, advocating government actions or creating incentives to manipulate and exploit market developments. The organization's proficiency is analyzed by evaluating past performances and practices (Bloom & Chatterji, 2009).

It is necessary to mention that depending on the initiative some SCALERS may be more influential than others, in this respect a context-specific focus has to be set. Another distinct difference is that this model does not provide any direction in terms of a scaling path but seems to be mainly applicable in the preparation process.

After having gained an insight and reviewing these diverse but each on its own incomplete models, a new consolidated framework has been built, taking fragments, combining aforementioned models and augmenting it with further amendments. This framework is displayed in Appendix B.

### 2.1. Social Scaling Framework

Divided into three main components, the model starts with the **Assessment** stage. Initially, the reasoning for the initiative should be made clear. Here, the question concerns whether the organization proactively pursues a sophisticated strategy or whether it reactively makes use of certain circumstances, may that be due to strategical flexibility or out of necessity for financial support. For instance, did specific demand or additional funding arise? Or was the current market served sufficiently? Furthermore, the readiness of both the organization as well as the acting individuals behind the initiative are examined. This self-analysis should contain the organization's human, social, political, financial, technological and natural-resources capital as well as access to markets (Bloom, 2012). A clear theory of change has to be articulated aligned with the vision and mission of the organization. Moreover, the aforementioned SCALERS model with the accretion 1 can be utilized to assess the status quo and prevailing capabilities of the venture. On a personal level, commitment, competence and reasoning should be scrutinized. Past experience can be a point of reference here. In the next step, the model itself has to be assessed in terms of replicability. Here, a SWOT analysis comes into place. Analyzing the strengths and weaknesses of the scalable model

will further help determine a suitable strategy. Opportunities and threats concern the assessment in terms of geographical objectives for instance. A stakeholder analysis is a crucial part of the assessment, which has not been mentioned in the frameworks introduced above. Investigating social circumstances to grasp the organizations role and ability to meet prevalent demands is equally important as ascertain the receptivity of the targeted community, beneficiaries and other constituents involved. The next stage concerns the **Strategy Finding & Implementation**. At first, the option to scale through partnerships or other cooperation is contemplated with the further enquiry whether an adoption of the model is necessary and possible. Here, the SCALERS model with the accretion 2 is placed, applying a context-specific lens in the analysis to stress capabilities needed respectively for different strategies. Depending on the strategies, risks as well as potential returns both financial and social, have to be evaluated to make an educated decision. In the following, required resources need to be calculated and ways to obtain these necessities are considered. In this part, investor relations play a vital role. While funders should be involved along the scaling path and redefine their roles constantly, this is the point where dependence becomes apparent. The third and last segment is **Evaluation**, which is highly disregarded in most other frameworks but plays a vital role in the entire process. In order to measure, improve or even justify actions and success, it is fundamental to develop both short- and long-term key performance indicators. This is instrumental for the social entrepreneur as well as for funders. Performance measurement is crucial for both for- and non-profit organizations. However, compared to the quantifiable and tangible measures like financial indicators, quality or market share, measuring social impact poses a great challenge due to multi-causality, perceptive differences and greater complexity of relationships (Austin et al., 2006). As ongoing adaptation is held, the realignment of

strategy, resource requirements and expedience of return is essential while consistently monitoring whether the initial aspects of assessment, such as commitment or the ability to meet social demands, are sustained. These two seemingly regressive steps are indicated by the outer arrows pointing from the Evaluation stage to the other two components, thus, highlighting the fact that a scaling initiative is characterized by an inevitable cyclical process.

### 3. Methodology

This paper was written to portray the decision making processes of a scaling initiative of social ventures. In order to understand the basics of scaling, different variables and approaches, a preliminary research had to be conducted. Initially, to gain valuable insight into the field, a survey of reports, journals, articles and books as well as web-based resources was performed. The existing knowledge developed by companies, academics, practitioners and other scholars provides numerous frameworks treating the topic in different ways, focusing on different variables. Subsequently, by consolidating information from selected models and adjoining supplements, a new elaborate framework was created. Thereafter, to apply the aforementioned framework to the case and identify past decisions, results and learnings, a detailed interview with the co-founder of the respective company was undertaken (see Appendix E). Responding to various directed as well as open questions, the information drawn from this interview allowed for the created model to be examined and compared to a real-life initiative, by investigating its past path and present situation. It has to be stated, that awareness for potential bias given this rather internal analysis exists due to the lack of information by external stakeholders. To the extent of the author's ability due to the aforementioned confinement, crucial moments along the path were identified and their impact on

the current strategy was analyzed. Ultimately, it was possible to draw conclusions about both the applicability of the framework and the decision-making processes of a scaling venture.

#### 4. Case Study: SPEAK

##### 4.1. Introducing SPEAK

SPEAK is a Portuguese not for profit organization that has been established in Leiria. Currently, it operates in six cities after being replicated to Coimbra, Lisbon, Cascais, Port and Braga. Offering a language and culture exchange program, SPEAK connects refugees, migrants and locals living within one city. The application to learn as well as teach any language and culture is open to anyone. SPEAK wishes to unite people through courses and social events, thereby advocating multiculturalism as well as the appreciation of diversity. The base of the venture was built in 2012 under the name of Leiria Language Exchange (LLE). After being completely revamped and renamed to the sole name of SPEAK in 2014, this innovative learning methodology adheres to the mission of “promoting the inclusion and the sense of belonging of migrants, refugees and expats, so they can live in harmony with local communities (H.M. Aguiar, personal communication, Dec. 5, 2016)”. A highly efficient operation is assured by the usage of an online platform to manage applications, payment, the creation of classes and follow-up processes, thus, minimizing working time as well as costs. This so-called online 2 offline solution translates into social impact through lower prices, higher quality of service and more proximity between students and teachers (H.M. Aguiar, personal communication, Dec. 5, 2016). In the year of 2016 SPEAK hosted 6.500 participants on social events, originating from 110 different countries and 1.600 applications for its exchange courses of 12 different languages, lasting 18 hours each. Being built on a highly

centralized model, presently, the venture runs with only 4 permanent employees, 1 part-time employee and 2 interns.

In the following section, the framework described above will be applied to the introduced organization. As explained before, it is divided into three main components with several issues and inquiries within each part. In the subsequent section, by ways of chronological order, an analysis of critical events and their implications will be presented.

#### 4.2. Applying the Framework to SPEAK

##### *Assessment*

One of the first and crucial aspects is the intrinsic motivation of the social entrepreneur. Hugo Menino Aguiar, left his job at Google to become the co-founder and CEO of SPEAK in 2014. The growth of the venture gives him the opportunity to fight a social problem that he is highly passionate about. Reaching more participants through scaling will lead to better quality of service, resulting in stronger social impact concerning the issue of migrants' social exclusion. To further assess the readiness on a personal level, key decision makers of SPEAK were identified as the CEO, Head of Growth, Head of Centralized Support and Head of Content and Partnerships. As SPEAK was lacking capacity in the areas of capital raising and business as well as financial modelling, a partnership with Laboratório de Investimento Social was formed and an advisory board was put into place. In terms of organizational readiness, it has to be mentioned that the founders of SPEAK had the scalability of the venture in mind all along, thus, creating the organization to be agile and easily replicable with a focus on automatization and process at all times. Determining the right time to initiate the expansion was mainly triggered by the fact that the solution was found to be effective and financial resources were made available. After recognizing

the added value SPEAK shows to achieve, the demand for this solution in other cities was measured and diagnosed. Certainly, the availability of basic required resources as well as bottlenecks were investigated. Considering the operational model, being highly centralized in terms of management, replication has always been a major feature. To this effect, the replicability of the concept was assessed by distinguishing distinct characteristics of the social issue that are prevailing in other cities affected by a considerable inflow of migrants and that are tackled by this intervention model. By using the SWOT analysis as an internal and external assessment tool SPEAK shows strengths concerning its technology-based solution, its ability to reach the targeted segment and participants as well as the creation of a hybrid investment model. On the other hand, SPEAK shows weaknesses concerning the alignment of its team's skills and elements to market demands. Other issues are product development and the communication of the existing growth potential needed to raise funds. Externally, SPEAK faces threats in regards to the challenge of relying on scale and volunteer support which requires intensive monitoring to assure a certain quality. Opportunities are presented by the lack of concrete entry barriers in the industry and the prevailing need due to the large number of migrants (H.M. Aguiar, personal communication, Dec. 5, 2016). In 2015 over a million refugees and migrants came to Europe hoping to resettle. According to the UNHCR the count of people arriving on the continent by sea alone reached 135.711 already in march of 2016, with the number continuously rising (BBC News, 2016).

A stakeholder analysis poses as another vital tool in the assessment process. Being composed of a small team and flat hierarchy SPEAK's key stakeholders are represented through people within the organization. Investors will become more influential in the future and will be provided with monthly reports and quarterly progress reviews. Further essential stakeholders were identified as



the community, teachers, students and ambassadors (H.M. Aguiar, personal communication, Dec. 5, 2016). Another affected party worth mentioning is consequently the society receiving migrants, as proper inclusion and integration impacts their lives as well.

In order to choose the projected points of geographic expansion, cities with high probability of success were selected. Therefore, according to H.M. Aguiar, following aspects served as decisive factors: culture of the city, population, migration flows, population density and partners. More precisely for example the culture of the city can be further explored in terms of diversity, openness or modernity and the potential partners could be investigated concerning their size, credibility, established standing, etc. The first prospective international target city, Torino, Italy, was elected due to an emerging partnership opportunity with Fondazione CRT, SPEAK and Fundação Calouste Gulbenkian. In the past, SPEAK attempted to operate in seven cities in the following order: Leiria, Caldas da Rainha, Coimbra, Lisbon, Cascais, Porto and Braga. Overlapping at times, given a simultaneous launch of operations in Coimbra and Lisbon, SPEAK shows a rather successful scaling history but had to withdraw again from one city, namely Caldas da Rainha. Even though the city is home to 4% of migrants, it is difficult to reach them as they are rather spread out across the region on the one hand and barely use internet on the other hand. Contacting and explaining the project to them would require more effort and increase the cost of implementation. Furthermore, the characteristics of the city seem to mitigate the establishment of the organization as for instance the university of Caldas educates primarily arts students who showed to have less interest in a venture like SPEAK than students from other fields, such as business. Thus, the cost of acquiring 10 people in Caldas roughly equals the cost of acquiring 100 people in Lisbon. While suitability and segmentation of participants cannot be neglected, the quantity of attendees is also vital to assure

a certain offer, growth and versatility of exchange. With this operating experience, SPEAK adjusted its deciding factors and placed more weight upon population density than number of migrants, as this alone may be misleading. To assess the ability to meet social demands as well as receptivity, communication with various partners such as existing charities, universities, city halls, etc. was necessary. Having a fundamental influence on the acceptance and success of a project, SPEAK chooses its partners carefully and according to two criteria: 1) shared values, meaning not only organizations working in the same field but also ones that are open to contribute to the cause due to their belief in SPEAK's vision and mission. 2) the willingness to cooperate, commit and provide an appointed contact person (H.M. Aguiar, personal communication, Dec. 5, 2016).

### *Strategy Finding & Implementation*

Originally, LLE had two branches, namely SPEAK SOCIAL and SPEAK PRO, the latter of which will be elaborated later on within this section. With this, the initial attempt of development was based on a scaling deep approach within the city of Leiria. However, these measures took on a passive role due to a shift of focus on scaling up to further locations of the core business. Trying to replicate for the first time, SPEAK applied a franchising model, which at this point failed to succeed as the organization and its business model was not mature enough. Given the implementation of new processes and continuous improvements, the venture will attempt a franchising strategy again at some point in the future, however, Hugo M. Aguiar states that applying this model in the past as well would have hindered the speed of growth. Thereafter, the organization underwent the strategy of growing organically while having moved immediately from a decentralized structure to a centralized one in terms of support, payment, training etc. after scaling to the second city. Furthermore, SPEAK adopts considerably to cultural differences by customizing the duration and

intensity of courses. As some cultures do not appreciate the mix of genders, SPEAK also offers women only classes. The moderate approach is to initially adapt and openly discuss and observe changes. As a recent example, Hugo Menino Aguiar shares that one of the female teachers was not allowed to teach alone while a year later she joined him in his car to accompany him to a TV interview, which would not have been possible only months before. (H.M. Aguiar, personal communication, Dec. 5, 2016).

Leveraging the potential effectiveness of scaling with “others”, the organization puts a strong focus on partnerships. By proactively reaching out to potential partners, receiving further referrals, participating in conferences and communicating through the social entrepreneurship community a multitude of contacts have been established. SPEAK cooperates in three ways: 1) *Strategic Partnerships*: organizations like City Halls or the High Commissioner for Migration provide a wide network to support the connection between SPEAK and other organizations working with the target audience. Moreover, this partnership facilitates the understanding of key divisions within a city as well as the disposability of classrooms. 2) *Operational Partnerships*: working directly with migrants, these partners commit themselves to the same vision and actively support SPEAK by promoting the project to their beneficiaries. This increases the potential customer base of the venture. 3) *Communication Partnerships*: in this connection the endorsement of other organizations adds value by diversifying the participants of the project. These organizations believe in the potential impact of SPEAK on various targets such as amongst others locals and foreign students wishing to connect and learn (H.M. Aguiar, personal communication, Dec. 5, 2016).

In order to evaluate existing risks and act accordingly, elaborate research had to be conducted as well as benchmarking and the implementation of pilots. The communication with strategic partners

as well as advisors continues to be part of the process. Risks have been found only to be either low or medium and mitigation measures have been defined. As for the low risks and barriers, the difficulty to reach a more isolated population of refugees and migrants as well as the diversity of participants could pose as a challenge. To antagonize this, migrants and refugees embody mentors and ambassadors of the project, thereby providing access to the community and facilitating communication. Furthermore, following risks and barriers are rated as medium: High dropout rate and poor assiduity. Working against this is a rather generous schedule of courses at different times, locations and starting dates. Applying an enrollment fee also causes filtering of people less committed to the program, while migrants can always opt for a waiver of fees. Another risk is the lack of focus on building relationships between participants. To prevent this from happening, all volunteer teachers surpass a training to tailor their program to the purpose of the project and reinforce the culture and vision of SPEAK. Support materials and manuals are given out constantly to ensure sufficient know-how and shape an appropriate environment. The last medium rated risk is the quality due to volunteer teachers. As mentioned above, all volunteers go through the process of a training. Additionally, quality control specialists supervise teachers to identify a need for assistance or a decrease of satisfaction rate (H.M. Aguiar, personal communication, Dec. 5, 2016).

Considering the social return of this project it is vital to first understand the cause and effect of social exclusion of migrants, as SPEAK operates to counteract this issue (see Appendix F). First and foremost, the language barrier poses as a cause. However, the discrimination and cultural ignorance, the lack of opportunities for locals and migrants to meet as well as the lack of a network of support like family and friends, multiply the difficulties. These effect isolation, unemployment, criminality and social conflicts as well as segregation and marginalization. A methodology called

“distance travelled” was put into place to measure the social impact of SPEAK (see Appendix C). Using questionnaires both at the beginning and the end of the course to ascertain the intended change in the participants’ lives focus on three metrics: 1) feeling of belonging to the city they live in; 2) existence of language barrier; 3) feeling of their culture being valued by others. Depending on the development of answers, the value of the course can be understood. In terms of obtaining resources, SPEAK won various financial awards and was able to raise considerable amounts of money of Portuguese foundations in the past to manage funding research, testing and expansion. Accordingly, € 40.000 were raised in Leiria, € 35.000 were raised to expand to Coimbra and Lisbon, and additional € 13.000 and € 7.000 were raised to scale further to Cascais and Porto. Only Caldas da Rainha and Braga were financed solely with internal resources. Moreover, the venture just recently received a seed impact investment round of € 500.000 in order to grow internationally. With reference to investor relations, monthly reports as well as quarterly progress reviews are sent out. Above all, the venture has been seeking to mitigate and transform as many financial costs as possible through automatization processes as well as leveraging partners and other stakeholders. Evidently, less financial funds were required which led to faster growth than expected initially as operations generated money since the very beginning. Furthermore, a variety of different revenue streams were applied in the past. One branch for instance is called *SPEAK PRO*, which employs teachers skilled so well that they sell their services for specific programs. Subcategories of this branch are CRASH course, which is customized with higher intensity and one on one training. TALK offered only conversational classes but was ceased from operation again. Translations and B2B work for companies on the issue of “how to create empathy with a culture” for example is under way. Another branch that is in progress is *SPEAK B2G* where a city financially supports the

operation on the ground. As well is *SPEAK B2B* for companies to buy a number of courses and receive individual reports on their employees in return. On another note, *SPEAK* generates considerable good will which again fosters support of the community (H.M. Aguiar, personal communication, Dec. 5, 2016).

### *Evaluation*

In order to evaluate performance and social impact, *SPEAK* created a tool employing numerous indicators. For instance, to measure the scalability and growth of the project the number of potential partners, articles on the media or key FTEs are monitored. The sustainability of the project is assessed through the percentage of enrolments from word-of-mouth, the payers over the user base of students or the amount of self-generated revenues. To assure the creation of a social network a measurable number of multicultural and diversity events are held. Observing the teachers scores and the assessment response rate is used for quality control of the courses offered. Measuring the reach is essential and can be examined through the number of allocated teachers, trained ambassadors like volunteers or the percentage of dropouts or people involved in events and courses, differentiating between locals and migrants. Moreover, to measure the success *SPEAK* gathers videos with testimonials from different cities and “success stories”. An impact assessment report has been written and the three metrics mentioned above in the individual questionnaire called “distance travelled” also function as purposeful indicators (H.M. Aguiar, personal communication, Dec. 5, 2016). A full list of these indicators is provided in Appendix D.

To assert ongoing improvements, *SPEAK* makes use of professional advisors to guide the venture in some vertical issues. Support specialists communicate with users via e-mail to help understand the process, the usage of technology and to overall facilitate the *SPEAK* experience. Creating Help

Centers, up keeping of the frequently asked questions section and generally maintaining the website are parts of their scope. Tech-Developers, additionally, work on the improvement of the technology used. Quality Control & Training specialists appraise SPEAK's social impact, quality and volunteers. Furthermore, Project Management specialists are responsible for a pool of cities to supervise the smooth operation and optimize logistics. Lastly, Community Management & Engagement specialists function as supporters to strengthen the sense of community and fuel teacher's and ambassador's engagement (H.M. Aguiar, personal communication, Dec. 5, 2016).

In the case of lack of success, adaptation to a certain degree is possible, notwithstanding that customization increases costs considerably and antagonizes the original model of automatization and shaping an effective model that is suitable for scaling. Thus, in case of failure, operation can easily be discontinued and focus is shifted to a more promising location. As it is highly valuable to assure learning from past experiences, all processes and outcomes are documented. These results are shared in the progress reviews and occasionally on the organization's blog to ascertain the spreading of knowledge and enhancement in the future (H.M. Aguiar, personal communication, Dec. 5, 2016).

## 5. Analysis of SPEAK's Experience and Implications

It is the set of different moments in time that led to the current practices proving that past learnings are embedded in a venture's strategy. Therefore, underlining historical turning points of SPEAK, the company's previous path will be illustrated in a chronological manner.

After being founded in Leiria in February 2012, the organization was soon revamped and renamed to its present name, SPEAK. At this point in time, the venture decided to direct its strategy toward

scaling deep by introducing SPEAK PRO in September 2012 which is passively still in progress but not the focus of revenue streams. Caldas da Rainha was their first point of geographical expansion in March 2014. Unsuccessfully attempting the franchising model, SPEAK also encountered crucial difficulties in terms of city characteristics. Even though operations were discontinued, it was a highly instructive experience, putting aside the franchising model and pointing to pivotal indicators for scaling up SPEAK. However, the decision for scaling to the next location, namely Coimbra in September 2014, seems to have been rather based on proximity than found categories. Nevertheless, while Caldas da Rainha only shows a population density of 202.3 inhabitants per km<sup>2</sup>, Coimbra has 449/km<sup>2</sup> (UrbiStat Srl, 2011). Moreover, offering a diversity of subjects, the University of Coimbra disposes of a different kind of student base which proved to be influential in terms of receptivity and success of the initiative as mentioned in the Assessment stage of the case. Simultaneously, the expansion process continued to the city of Lisbon in 2014, satisfying all major characteristics with most notably a population density of 6,446.2/km<sup>2</sup> (UrbiStat Srl, 2011). Being granted further funds, the next locations were Cascais in April 2015, Porto in September 2015 and Braga in October 2016 with population densities of 2,119.9/km<sup>2</sup>, 5,736.1/km<sup>2</sup> and 989.6/km<sup>2</sup> respectively (UrbiStat Srl, 2011). After effectively having set up operations in six Portuguese cities, SPEAK is currently in the course of going international by means of a new found Italian partnership and funding. Given the fact that Lisbon is the only location where SPEAK reached the break-even point and turns out to be entirely sustainable, it was understood that factors similar to these city characteristics have to be followed. Thus, Torino was chosen, complying with all major indicators such as a population density of 6.859,2/km<sup>2</sup> (UrbiStat Srl, 2011). The official initiation of this site will be in the beginning of 2017. Following this, up to 50 new international



locations in Europe will be targeted within the next 5 years. Certainly, the number of employees will be expanded by an addition of project managers overseeing assigned cities. For that matter, SPEAK considers applying the franchising model in a number of selected cities which would decentralize its management.

Revisiting SPEAK's past scaling path, special emphasis should be placed upon the influence of stakeholders on the decision making process and success of an initiative at several points in time. This can be exemplified by the result in Caldas da Rainha, more specifically the reluctance of the student community to participate and support the venture. Since the local community as well as migrants are at the core of operations, their collaboration and acceptance are determinant for success. Another striking example is Torino, where investors functioned as an initiator for going international. This is a common phenomenon as social enterprises are often reliant on funding in order to continue scaling their desired impact. Furthermore, partners play a vital role in the process. Hence, it has to be evaluated whether the development of a new, local partnership is desirable or whether the expansion of an existing one is more feasible. This will become even more critical when scaling internationally with a wider scope across different countries. Stakeholders can influence a process in positive or negative ways, however, it is fundamental that the venture reacts accordingly and implements resulting learnings in their future strategy.

## 6. Conclusion

Many frameworks show the process of scaling as a step by step path, while in reality this procedure can be seen as a continuous evolution with initiatives further maturing or revisiting previous stages of the process and never reaching an actual end point. With several attempts and different scaling methods, a venture like SPEAK experiences decisive milestones that eventually lead to the strategy

best applied to the organization, its objectives and its environment. In the analysis, the temporal aspect was raised emphasizing that multiple points in time directed the path of scaling. In this regard, possible alternatives could be reflected upon, meaning that for instance the same external factor may have led to a different strategy if occurring in another stage of the venture's development. Other decisions may have been reached if for example financial sustainability yet existed or the franchising model may have been adopted if attempted at a later time when the product was elaborately tested. Furthermore, the question could be raised whether the appearance of other means of funding had led to another first point of international expansion due to other indicators such as possibly a Spanish city due to proximity. However, what changed is the reactive and proactive management behavior of SPEAK. Given that the product as well as the strategy are rather mature and developed by now and considerable financial requirements are provided, a determined and unswayed performance can be expected.

Reviewing the case of SPEAK, notwithstanding that the built framework proved suitable, further aspects arose. Looking beyond provided models, the need for special attention to success indicators, such as population density or the field of study at universities became evident. In this matter, a stage for directed pilots comprising the phase for trial and error should be added, bearing in mind that costs will apply. Moreover, while stakeholders and their interest is not neglected in the framework, awareness has to be raised in terms of their degree of influential power. Thus, a clear stakeholder management needs to be exercised in order to keep control over the venture's performance. Although certain constituents can only be monitored, such as the general community, others, such as investors or partners, can actively be involved and manipulated to some degree. On a similar note, another phenomenon was revealed, namely the effect of a change in management

composition. Having shifted from scaling deep to scaling up after H.M. Aguiar joined as co-founder, may imply strong influence of this event. Therefore, monitoring of internal structures should certainly be considered as an important part of the process.

Finally, the limitations of this work have to be stressed. A distinct challenge for the author, especially effecting the depth of analysis, was the communication with key stakeholders like the social entrepreneur of the case organization. The reason for this challenge was the timing of research colliding with the absence of the social entrepreneur due to business travel. Major time difference and full schedules rendered proper communication impossible. The generation of crucial information was hindered resulting in the lack of access to more detailed financial data and the lack of multiple perspectives on the issue. As mentioned in the methodology section, potential bias exists due to a limited source of knowledge. Significant impairment is also given due to the fact that some insightful details are still confidential and cannot be shared.

Concluding this paper, several topics remain open to further research. An interesting field would be the measurement of impact. As mentioned in chapter 2.1 the evaluation of scaling initiatives is disregarded in the majority of frameworks. This may derive from the fact that the measurement of impact is often based on rather subjective indicators which is difficult to embed into a generic model. Nevertheless, well-grounded research on the matter to induce a shift from subjective to more objective ways of impact evaluation might pose as a valuable field of research. Also, based on the results presented in this paper, additional investigation on a larger number of real-life cases would be insightful to ascertain if the case of SPEAK is consistent with other social entrepreneurs and their scaling procedures. As the illustrated new framework proved to apply to the case treated in this paper, further comparison to other benchmarks would be revealing.

## 7. References

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