Scaling Pathways

Insights from the field on unlocking impact at scale

Innovation Investment Alliance and CASE at Duke

VISIONSPRING: BUSINESS MODEL ITERATION IN PURSUIT OF VISION FOR ALL

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CASE IN BRIEF

As a global nonprofit organization, VisionSpring has worked for more than 15 years to create affordable access to eyewear, everywhere. While the mission has remained central, the strategies and business models used to achieve these goals have evolved radically over time. As is the case across sectors, reaching impact at scale requires constant iteration and often involves pivots. When VisionSpring sought to scale the "Hub and Spoke" retail model across Central America, results were not as expected: After a promising start, net income was significantly lower than forecasted and impact among target customers was not scaling as planned.

Ultimately, VisionSpring determined that its mission could be more efficiently and effectively achieved in other ways. The organization decided to end all Central American operations, return donor funding, and pursue exciting new scaling pathways. Along the way, it learned that the path to scale involves constant experimentation; preparation for failure is critical; knowing when to pivot relies on tripwires; reaching economies of scale requires investment and time; and scaling depends on the right staffing and skillsets.

This case is relevant for any social enterprise considering ambitious scaling goals; pursuing cross-subsidy revenue models; evolving its guiding metrics; and working to create a culture of innovation and learning.

Part of the **Scaling Pathways series**.
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SUMMARY TABLE[1]

Mission

VisionSpring's mission is to create affordable access to eyewear, everywhere.

Organization name	VisionSpring
Website	visionspring.org
Headquarters	New York, NY, USA
Year founded	2001
Leadership	Dr. Jordan Kassalow, Founder; Ella Gudwin, President
Staff size	58 full-time employees, with 9 based in NY office
Scaling Pathway(s)	Using direct service delivery, VisionSpring attempted to scale in Central America by replicating their Hub and Spoke retail model. Lessons from that experiment led VisionSpring to instead focus scaling efforts on dissemination, affiliation, and influence.
Financial summary	$4.257 million in grants, contributions, and/or earned income in 2016. [2]
Major supporters	Bohemian Foundation, Jasmine Social Investments, Grand Challenges Canada, Mulago Foundation, Peery Foundation, Ray and Tye Noorda Foundation, Skoll Foundation, Warby Parker, USAID

INTRODUCTION

When you think about global health challenges, topics such as pandemics, maternal and child mortality, and HIV/AIDS come to the fore. But what about something as foundational as the ability to see?

Eye care is not often at the top of the global health priority list, despite the fact that vision is critical to participate in income-generating activities, access educational opportunities, improve workplace and roadside safety, and much more. It is more than just the ability to see but also the ability to earn, to learn, and to be safe.

Yet, millions of people around the world are without access to the eyeglasses that could transform their lives. Many of these visually-impaired individuals are impacted by presbyopia, a condition in which the eye progressively loses its ability to focus on near objects. Presbyopia typically starts when adults are in the prime of their careers and, although easily corrected, can lead to gradual vision loss if left untreated. World Health Organization estimates show that more than 700 million individuals could have their vision restored with eyeglasses. Of those, 77 percent, or approximately 544 million people, could be helped with a simple pair of non-prescription reading glasses.[3] With the right manufacturing and distribution partnerships, reading glasses can be reliably sourced from China for as little as $1/pair.

With such a large unmet need and a simple, yet effective, solution, the issue becomes about access and distribution. In developed countries, these types of non-prescription reading glasses are readily available in corner pharmacies and retail outlets that sell common consumer goods. Consumers can walk in at their convenience, try the reading glasses on, and purchase a pair for a relatively small fee. However, up to 90 percent of visually impaired individuals live in developing countries where glasses are often not readily available outside of the medical space.[4] Despite this market size—in India, for example, the prevalence rate of presbyopia is estimated to be as high as 55 percent of the population—traditional optical companies have shown little interest in the Base of the Pyramid (BOP) market for eyeglasses due to perceptions of BOP consumers' ability and willingness to pay.

The Role of Glasses on the Path out of Poverty:
Evidence of Impact

Adult Productivity & Earning Potential

- In 2007, the William Davidson Institute at the University of Michigan found that a pair of reading glasses increased low-income workers' productivity in Andhra Pradesh, India, by 35 percent leading to a potential average increase in income of 20 percent. [5]

- In 2014, a study published in the Journal of Multidisciplinary Research in Health Care found that the introduction of reading glasses among textile spinners increased output levels on average 9.5 percent, with nearly one-quarter of the spinners demonstrating 20 percent increases.[6]

Children & Learning Outcomes

- In 2014, a randomized control trial conducted in China found that learning outcomes associated with simply wearing eye glasses were equivalent to a child gaining anywhere from one half semester to one full academic year of incremental schooling.[7]

Fortunately, where markets fail and need is high, social enterprises thrive. A leader in the effort to combat this vision problem is an internationally recognized social enterprise, VisionSpring. Based on the theory of change that using eyeglasses to correct vision problems improves daily functioning, productivity, and earning potential, and can therefore create a path out of poverty for low-income people, VisionSpring aims to create access to affordable eyewear, everywhere. VisionSpring provides durable, attractive, affordable eyeglasses to low-income consumers— not as beneficiaries but as customers. By selling glasses through a low-margin, high-volume approach, VisionSpring awakens market demand and serves four times as many people per dollar than alternative models of donating recycled glasses.[8]

As of April 2017, VisionSpring has provided eyeglasses to more than 3.7 million people worldwide, recently celebrating providing their 1 millionth pair in Bangladesh alone. But VisionSpring is not stopping there; it continues to iterate on its business model, looking to accelerate the distribution of eyeglasses to people that need them around the world and is currently on a trajectory to sell 10 million pairs by 2021.

This case study focuses on VisionSpring's iterative path to reaching millions who otherwise would not have had access to eyeglasses; lessons learned through its efforts to scale up its Hub and Spoke model in El Salvador (including the ultimate decision to cease operations in that country); and its ongoing work to shape global markets to create access to affordable eyewear, everywhere.

The case ends with key lessons learned that are relevant for social enterprises and funders working in all sectors, including:

1. The need for continued experimentation to accelerate scale;
2. Being prepared to fail;
3. Identifying pivots;
4. The need for investment and time to achieve economies of scale; and
5. The importance of human capital.

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ORIGINS

VisionSpring's origins are rooted in the entrepreneurial mindset of founder Jordan Kassalow. In 1984, Kassalow traveled to Mexico as part of his optometry training. While providing eye care in temporary clinics in rural communities, he was met with lines of more than 2,000 people. Struck by the vast need and by individual stories of people, like a 52-year-old weaver whose deteriorating eyesight was costing her the ability to earn an income, Kassalow knew that a simple pair of glasses could have a powerful social and economic impact. However, one-off medical mission trips were not a sustainable solution. Instead, Kassalow sought out an innovative way to meet the unmet global need for eyeglasses.

He started by getting more proximal to the problem: working as an optometrist at his family's private practice, volunteering at India's Aravind Eye Hospital, leading Helen Keller International's work on river blindness, and founding the National Council on Foreign Relation's Global Health Policy Program. Then in 2001, Kassalow partnered with entrepreneur Scott Bernie to form Scojo Foundation—a social enterprise focused on providing affordable reading glasses to people with presbyopia living in low-income communities.[9] Scojo Foundation changed its name to VisionSpring in 2008; for the rest of the case, we will refer to the organization as VisionSpring.

Partnering with the LV Prasad Eye Institute, VisionSpring launched in India in 2001 with what it called a Vision Entrepreneur (VE) distribution model: This involved training and empowering local people, mostly women, to conduct basic eye exams in low-resource settings and to sell low-cost, durable reading glasses. Wanting to test the VE model in a different context and having connections to a potential partner, Asaprosar, VisionSpring began operations in El Salvador in 2002. From there, it expanded to Guatemala (2004), Mexico (2006), Bangladesh (2006), and, by 2016, had served partners and end-consumers in 43 countries.

In each location, VisionSpring sought a low-margin/high-volume business model that could simultaneously reach many consumers and achieve 100 percent cost recovery, proving that the BOP market could be transformed into a viable market for traditional optical companies to enter.

ITERATION ON THE PATH TO SCALE

At its core, VisionSpring provides a simple intervention: an affordable and high quality product that has gotten cheaper to produce over time. However, as is often the case for social enterprises, VisionSpring's innovation is not solely about the product or service but about the implementation and delivery.

In order to deliver on their ambitious goals, VisionSpring's leadership embraces the need to experiment and iterate to find the right business model that can get eyeglasses to as many of the people who need them as possible in a financially sustainable way. Through this experimentation, VisionSpring's business models have evolved significantly over time.

VisionSpring's work began with the Vision Entrepreneur (VE) model mentioned above. The theory was that distribution would happen best through a direct salesforce that knew and were trusted within the communities that VisionSpring was seeking to serve. The VEs were successful in proving market demand for reading glasses but the model proved difficult to scale. The VEs were limited in geographic reach and constrained by being able to offer only a single, low-cost, infrequently re-purchased product. As a result, VisionSpring experimented with the product lines offered—expanding from reading glasses to prescription, post-operative, and sunglasses—in order to meet more of the consumers' needs and provide additional financial sustainability. It also iterated on delivery mechanisms, moving from the VE sales model to outreach vans; "borrowing" instead of "building" a salesforce by working through implementation partners; brick and mortar retail; and, eventually, wholesale distribution. To learn more about the evolution of VisionSpring's business models, see the Appendix.

VisionSpring has been very successful experimenting with different business models (and underpinning operating models) in different contexts around the world, learning from what works and what does not, and knowing when it is time to adapt—or even stop—a model. A great example of this experimentation occurred in Central America, where VisionSpring launched its Hub and Spoke model in 2010 and boldly jumped into the world of fixed location retail.

DIVING IN: The Central American Experiment

VisionSpring had been operating in El Salvador since 2002, initially using the VE model to conduct vision camps—community events in which VEs would conduct large scale eye screenings and sell reading glasses to those BOP customers whose needs could be met through non-prescription lenses.

The VEs in El Salvador were initially very successful: At the vision camps, "lines were out the door," proving that BOP consumers would use disposable income to buy glasses from their neighbors. Over time, the VEs saw another opportunity. Some of their potential customers were waiting in line at the vision camps only to find out that they needed prescription glasses and, therefore, a more technical refractive screening than the VEs could provide. Seeing an unmet need, and the potential to earn additional income, the VEs invited an optometrist to join their vision camps. Demand for the optometry services was high, so the optometrist became a more regular fixture in the VEs' work in El Salvador.

> At the vision camps, "lines were out the door," proving that BOP consumers would use disposable income to buy glasses from their neighbors.

This field-based innovation was the genesis of VisionSpring's Hub and Spoke model. VisionSpring saw an opportunity to formalize the relationship between the outreach work of VEs and the prescription-based work of optometrists, with the hopes of creating a more financially viable and investable model. In 2010, VisionSpring opened its first optical shop in Santa Ana, El Salvador, the country's second largest city, with approximately 275,000 residents. The retail storefront was the "hub" where customers could shop for eyewear and be evaluated by a trained optometrist. For each hub, three to seven VEs served as "spokes," serving more remote communities by conducting screenings, selling reading glasses, and providing vouchers for higher need customers to see an optometrist at the hub. VEs received additional compensation for distributing vouchers and a percentage of final product sales should that customer buy glasses at the hub. An integral component of the model was cross-subsidization wherein the hubs could sell higher-priced products that would appeal to consumers in the city with higher spending capacity. These higher margin sales would then subsidize the resource-intensive work of reaching consumers in remote locations.

The Santa Ana store was financially successful at the unit level, showing positive net income, so VisionSpring decided to replicate the model. From 2010 to 2011, the number of stores increased to five, and revenues increased more than six-fold: from $75,445 in 2010 to $452,000 in 2011, on the heels of increasing product sales of 6,074 to 23,354 pairs sold.

However, as the number of stores increased, operating costs began to increase at an even faster pace. Despite this, VisionSpring saw potential in the model as the older, more established stores were showing positive net income and VisionSpring projected that, with increasing economies of scale as it grew and improvements as it learned (e.g., driving down costs of glasses, reducing turnover of VEs, and broadening product offering in stores), full cost recovery would be achieved.

With the hope of taking this budding model and replicating it, VisionSpring applied for and received a scaling grant from the Innovation Investment Alliance (IIA), a funding and learning partnership created in 2012 by USAID's U.S. Global Development Lab and the Skoll Foundation, with support from Mercy Corps (as USAID's implementing partner). The IIA's grants aim to influence systems-level change by supporting proven, transformative, and innovative organizations to reach scale.[10] Through the IIA partnership, VisionSpring received $2.2 million in investments: $1.7 million in IIA-specific grant funds and $500,000 from Grand Challenges Canada that consisted of $200,000 in grant funds and $300,000 in debt. The purpose of these investments was to support VisionSpring's continued expansion of the hub and spoke model in El Salvador and into three new countries: Honduras (projected 2014), Guatemala (2015), and Nicaragua (2016), as outlined in figure 1.

Figure 1: Proposed roll-out of new retail stores in Central America

	El Salvador	Honduras	Guatemala	Nicaragua
2014	Open 2 small format hub-and-spokes	Open 3 hub-and-spokes (2 large, 1 small format)		
2015		Open 4 hub-and-spokes (1 large, 3 small format)	Open 4 hub-and-spokes (2 large, 2 small format)	
2016/ 2017		Open 1 small hub-and-spokes	Open 4 large hub-and-spokes	Open 6 hub-and-spokes (3 large, and 3 small format)

* Activities conducted after March 2016 are self-funded by VisionSpring with revenue.

The grant covered from April 1, 2014, to March 31, 2017, and aimed to "serve 350,000 customers per year and sell nearly 200,000 pairs of eyeglasses per year through El Salvador, Honduras, Guatemala, and Nicaragua by 2018."[11] In addition to providing outreach services, reaching these goals would entail opening a total of 24 new stores. From there, VisionSpring had aspirations for as many as 300 stores across Central America.

With this investment in hand, VisionSpring set to work standardizing the customer experience and generating revenue, with a goal of 100 percent cost recovery. This drive to cost recovery was critical to prove the financial viability of the BOP eyeglass market and get ready for alternative sources of capital. According to VisionSpring leadership at the time, "One of our largest impediments to scale has been the type of capital we can source to fuel growth and expansion. Given the timing and unpredictability of grant financing, as well as the variable funding amount, debt financing/investor capital has the potential to help us grow at a faster and more predictable rate."[12]

Prior to 2014, the stores had operated on a lean and agile model. This flexible approach allowed each store to customize operations based on local market dynamics. To scale at the pace outlined above, VisionSpring needed to invest in infrastructure and to standardize systems and controls. These investments included hiring a cadre of team members to scout new retail locations, train new VEs and retail staff, install equipment, order inventory, and standardize the layout and look and feel across all hubs. Specifically, VisionSpring added an upskilled CFO, a building contractor, an expansion manager, a procurement coordinator, and an internal auditor. Recognizing that it did not have appropriate insight into inventory management and other metrics, VisionSpring introduced a locally-developed Enterprise Resource Planning Tool (ERP) in early 2014. This stripped-down ERP created new visibility for the regional director and New York team, revealing a rise in accounts receivable, inventory mismanagement, and some graft.
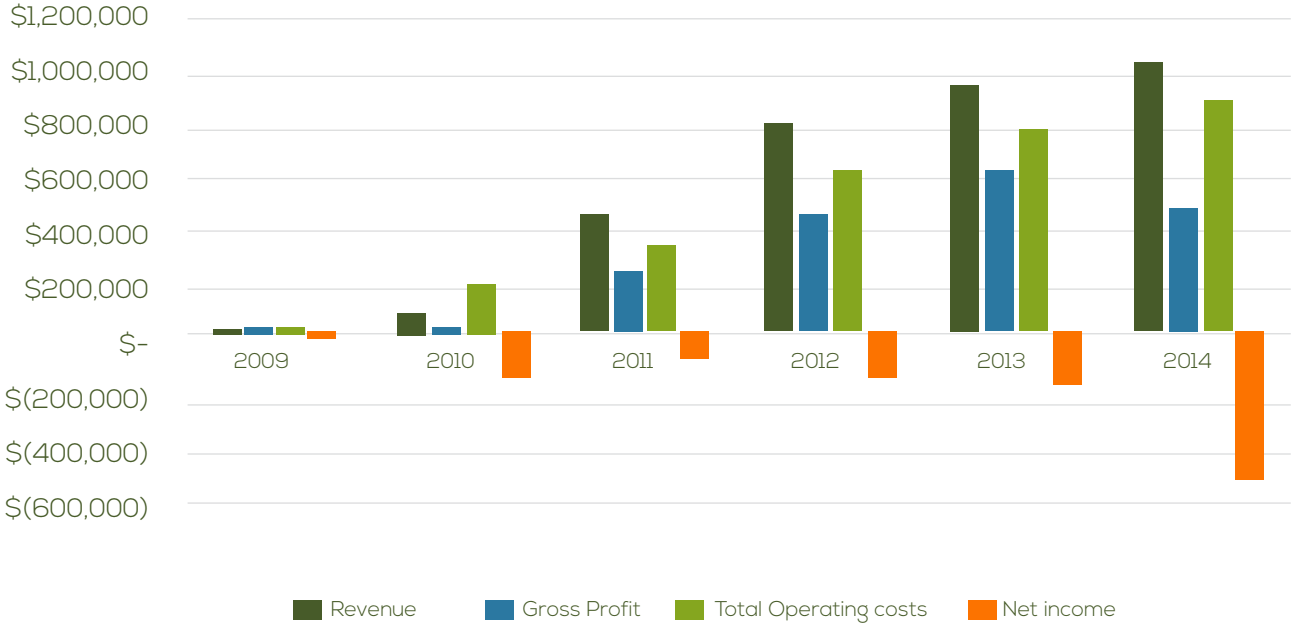
Figure 2: VisionSpring's financials: El Salvador 2009-2014

In mid-2014, VisionSpring finalized the renovations of the El Salvador stores as well as a new store in Tegucigalpa, Honduras. Shortly thereafter, the stores began to fall farther behind in terms of net income (see figure 2) and number of pairs of glasses sold. At this point, VisionSpring reevaluated and discussed corrective paths forward. In October 2014, it chose to close one of the underperforming stores in El Salvador, delay the opening of the Tegucigalpa store, and replace the Regional Director with someone new who would assess the underpinning finances and recommend how to put the business back on a path to cost recovery and profitability.

During this period the senior leadership team and the VisionSpring Board engaged in a number of "brutally honest" conversations about its concerns with scaling losses and available options.[13] It also presented a clear picture of the target shortfalls, tactical adjustments, and underlying issues to its donors in quarterly reports, and began informal briefings by phone.

By the end of 2014, despite having screened 40,561 people for impaired vision and corrected eyesight for 26,000 people with glasses, VisionSpring did not see a path to cost recovery or impact goals without major new investments, estimated at $3-4 million.

By the end of 2014, despite having screened 40,561 people for impaired vision and corrected eyesight for 26,000 people with glasses, and even with a new Regional Director on board, VisionSpring did not see a path to cost recovery or impact goals without major new investments, estimated at $3-4 million. Eighteen months into a three-year grant term, VisionSpring's board and management concluded that they needed to close the Central American operations and return remaining funds. They informed IIA and Grand Challenges Canada of the decision, and both organizations responded positively to VisionSpring's transparency and pro-active decision making. Shortly afterwards, VisionSpring shared news of the closure, rationale, and learnings with its other major donors.

In March 2015, VisionSpring staff formalized an exit plan that would allow for the methodical, professional, and financially prudent exit process. According to Nira Jethani, VisionSpring's Vice President of Global Finance and Administration, important steps of the shutdown process included a stepwise releasing of staff and provision of severance packages; collecting outstanding accounts receivable; conducting a fair market valuation of all assets, identifying buyers, and eventually selling remaining assets to a local NGO with a United States-affiliated 501(c)(3); and completing legal and regulatory processes such as negotiations with landlords, audits, and legal registration close out. This careful process was completed by December 2016, with the exception of a legal letter from the government of El Salvador which can take several years to be processed.

BREAKING IT DOWN:
What Happened and What Changed as a Result?

WHY DID CENTRAL AMERICA FAIL?

What caused the scale-up of the Hub and Spoke model in Central America to falter after a promising start? VisionSpring's innovative model faced a confluence of challenges that proved difficult even for this experienced organization to navigate as planned.

Readiness for owner-operated franchise retail

VisionSpring's core strength was not brick and mortar retail. As leadership said, "Retail is difficult, time consuming and expensive; being great at brick and mortar retail operations takes a different set of skills than the ones we originally developed to create access in frontier markets." [14]

While VisionSpring had some success with five stores, managing the roll-out of retail stores across many locations required a stronger foundation, specifically with regards to financial systems, management capacity, and sales team training. Building those systems concurrently with expanding operations proved an almost impossible task and investing in the more robust infrastructure drove up short-term costs. As former VisionSpring Chief Operating Officer Peter Elliassen said, "Building one store five times is a lot more difficult than each store operating independently according to whatever works best in the local context. Before, we could keep things 'small and cute,' but when we added controls and tried to professionalize, it got much more expensive, less sustainable, and difficult to manage." While maintaining an individualized approach to retail may have been appropriate when VisionSpring managed five stores, investing in critical—albeit expensive—infrastructure was necessary to drive towards the organization's vision for scale.

VisionSpring also questioned whether it was truly innovating in the urban locations where the retail shops were located or if it was potentially competing within a market already partially served by the private sector.

Financial visibility and controls

Routine inconsistencies in financial information contributed to questions about business integrity. While an ERP system was introduced in early 2014, creating important financial visibility, it was not a real-time system with web-access from the New York headquarters or any other location. At the store and vision camp level, there also remained a lack of internal controls, most critically related to inventory management and cash payment collection. As such, the Regional Director and headquarters team did not have timely information to manage risks, working capital requirements, and the ability to monitor the real cost per pair. As Vice President Jethani said, "To consistently manage financial performance we needed real-time transparency into the cash flow and expenses, so that we could help control the fully loaded costs per pair." These issues would only get magnified as the number of stores and the geography covered increased.

People

As is often the case in scaling efforts, finding the right people was a significant challenge for VisionSpring. With VisionSpring's headquarters in New York, the organization relied on the staff in El Salvador to lead expansion efforts but was unable to bring together the right regional team. Between 2012 and 2014, it went through three Regional Directors, three finance heads, and three senior sales people due to a combination of capability and fit issues. Initial regional leadership didn't have enough retail expertise to manage a network of stores and create a plan to drive financial growth. As the business continued to underperform, with increasing requirements for cash injections, and to consume a disproportionate amount of New York's management bandwidth, VisionSpring's leadership began to question the viability of the plan.

Cost recovery vs. mission

The tension between cost recovery and mission impact strongly influenced the decision to halt the Central American expansion and close El Salvador operations. VisionSpring was aiming for the Hub and Spoke model in Central America to achieve 100 percent cost recovery, thereby demonstrating that the BOP eyeglass market could subsist without philanthropic capital, opening the door for other forms of investment and private sector participation. However, in the words of Reade Fahs, VisionSpring Board Chair, "It is hard to balance cost recovery while selling to the poorest of the poor." With an internal organizational mandate for 100 percent cost recovery, and as costs increased, local staff slowly migrated "up market," spending their time selling higher margin items to customers with a greater ability to pay. The unintended consequence was a drift from VisionSpring's mission focus on low-income customers. Average ticket price crept up to $35. While cross-subsidy models, in which higher-end business activities underwrite more charitable ones, have proven successful elsewhere,[15] VisionSpring's Hub and Spoke model was intended to thrive serving lower-income customers.

Opportunity cost

In the management and board deliberations at the end of 2014, discussion focused on the impact VisionSpring was having in Central America and on the relative investment of financial resources and time. It became clear that the opportunity cost in El Salvador was just too great. The work to support the new model in Central America required "almost as much funding as the Bangladesh and India programs combined," including nearly 70 percent of VisionSpring senior management time, with only 10 percent of the units delivered.[16] While Central America certainly had need for optical services, VisionSpring knew that its expertise and funds could be used to serve more people for the same cost, utilizing different approaches, in other parts of the world. As leadership simply stated, "We could not forfeit increasing our impact in other regions of the world for lesser and more costly impact in Central America."[17]

WHAT DID VISIONSPRING CHANGE AS A RESULT?

As a learning-focused organization, VisionSpring assessed the failed program in Central America to determine what changes it could make to improve moving forward.
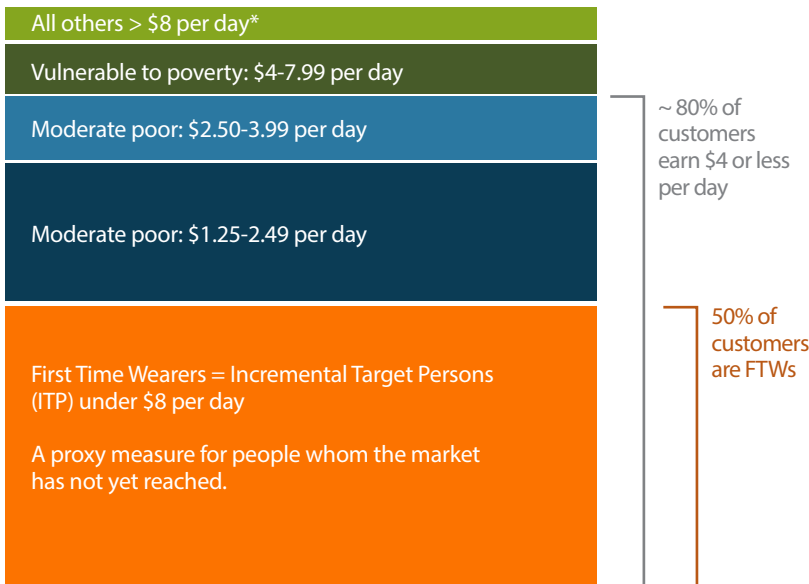
Refined target customer

In Central America, VisionSpring began to shift up-market to consumers with a greater ability to pay. To ward against this mission creep, the leadership team refined and clarified its target customer definition. It narrowed in on two main indicators that aligned with its vision of "awakening latent demand for eyeglasses" and creating markets for affordable eyewear:

1. Percentage of customers who are first time wearers (FTWs)
2. Customer income levels

These metrics are easily measurable through customer surveys and can realistically be tracked across business lines and geographies.

Beginning in 2016, VisionSpring would aim for at least half of its customers to be FTWs, people who were previously unserved by the optical market. In addition, it would aim for 80 percent of its customers to earn less than $4 per day, focusing on the "moderately poor" earning $1.25-$4 per day (see figure 3). VisionSpring does also serve the poorest of the poor, those living in "extreme poverty" who earn under $1.25 per day. Those in extreme poverty account for less than 20 percent of the total customer base and are often reached through more heavily subsidized or fully sponsored outreach work.

Figure 3: VisionSpring's target consumers

All others > $8 per day*

Vulnerable to poverty: $4-7.99 per day

Moderate poor: $2.50-3.99 per day

~ 80% of customers earn $4 or less per day

Moderate poor: $1.25-2.49 per day

First Time Wearers = Incremental Target Persons (ITP) under $8 per day

A proxy measure for people whom the market has not yet reached.

50% of customers are FTWs

Created a "North Star" metric: philanthropic investment ratio

In addition to refining the target customer, VisionSpring leadership, in dialogue with the board, evolved away from targeting 100% cost recovery, and instead adopted a new "North Star" metric to hold in constructive tension requirements for earned revenue and social impact: philanthropic investment per pair (PIPP).

The PIPP is calculated as the total philanthropic investment required to cover the net deficit and working capital requirement divided by the number of target customers acquiring corrective glasses. For example, spending $20 of philanthropic dollars to reach five target customers would result in a PIPP of $4 per target customer served. Spending $20 to reach 10 customers would result in a PIPP of $2 per target customer. The lower the PIPP, the more efficient the philanthropic dollar. The PIPP denominator can include all customers, FTWs, specific customer income levels, etc. In this way, VisionSpring can best understand how the total philanthropic subsidy is being spread across customer segments. According to VisionSpring leadership, "this metric keeps us focused on efficiency and service to people earning less than $4 per day." [18]

Figure 4: Philanthropic Investment per Pair (PIPP) calculation

PIPP = $\dfrac{\$}{\text{👥}}$ Total philanthropic investment required to cover the net deficit and working capital requirement divided by the number of target customers acquiring corrective glasses

EXAMPLE:

$\dfrac{\$20}{\text{👥👥👥👥👥}}$ = PIPP of $4 Spending $20 of philanthropic dollars to reach 5 target customers would result in a PIPP of $4 per target customer served.
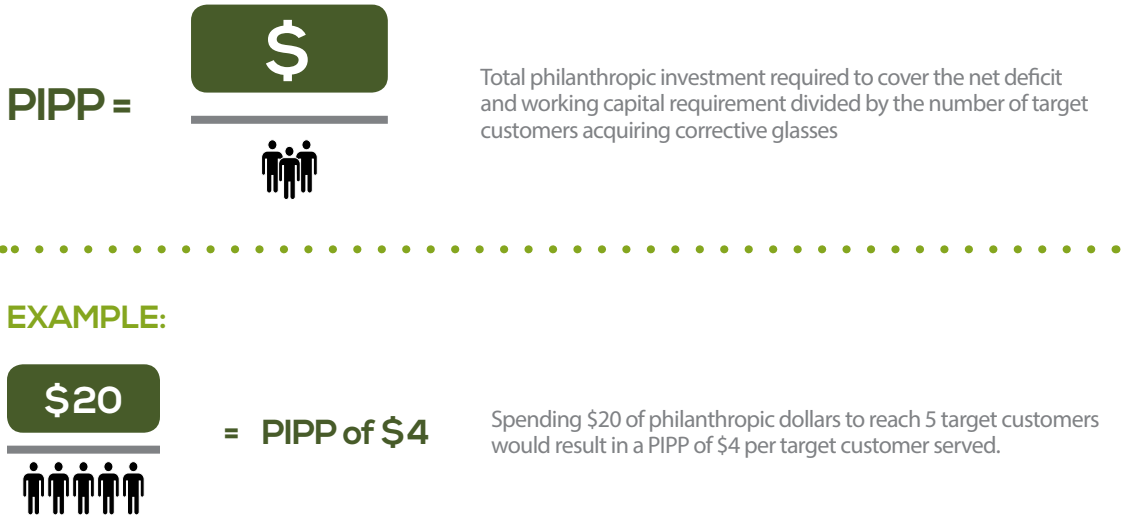
While VisionSpring seeks a decreasing PIPP over time, in the words of current VisionSpring President Ella Gudwin, "There is not a single, magic PIPP target. Each business unit has its own unit economics and its own PIPP target. Taking a portfolio approach, we need to drive it down, but not necessarily to zero—if we were, we would do wholesale all day long. But we also want to undertake more resource-intensive initiatives, like school-based eye screenings for children, which drive PIPP up. By focusing on PIPP, we can make decisions that allow us to reach the most people with a sustainable level of donated revenue that we can raise year after year." As shown in figure 5, VisionSpring's average PIPP is decreasing over time.

Figure 5: More pairs with less philanthropic capital

Legend: Total Corrective Pairs — Philanthropic investment per pair
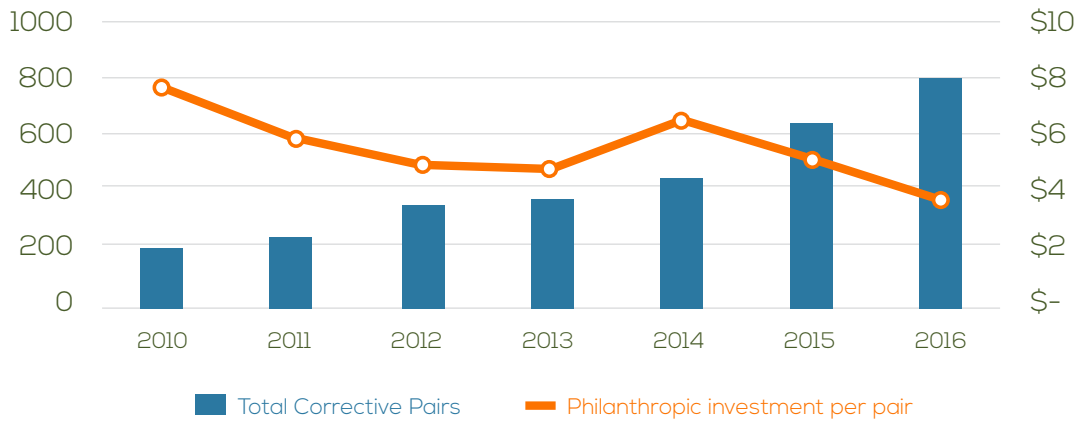
In 2014, before deciding to close operations, the Central America PIPP was $15.72 compared to $3.70 in India and $2.42 in Bangladesh. This metric made clear the opportunity costs of conducting work in Central America in lieu of other locations and illuminated the effectiveness of a metric such as PIPP to improve financial return while keeping the target customer at the center of decision-making.

Shifted to more distribution through non-proprietary channels
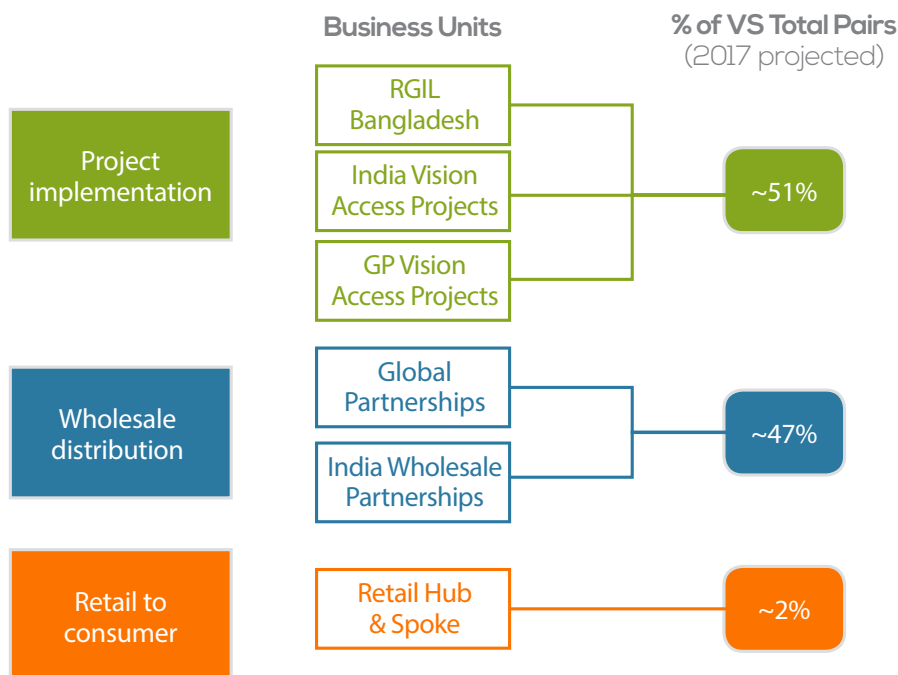
In reflecting on the opportunity costs present in Central America, and the success of its eight-year collaboration with BRAC, an international development organization based in Bangladesh, two years of wholesale distribution with health service providers in India, and over a decade of ad hoc supply collaborations, the leadership team discussed the potential of scaling the provision of glasses through partnerships instead of Hub and Spoke or other models. VisionSpring concluded that it could effectively, and more efficiently, reach its target customer by working through Business to Business (B2B) models. While it would still operate some proprietary distribution channels, it would balance this by ceding control of end-consumer distribution to like-minded partners.
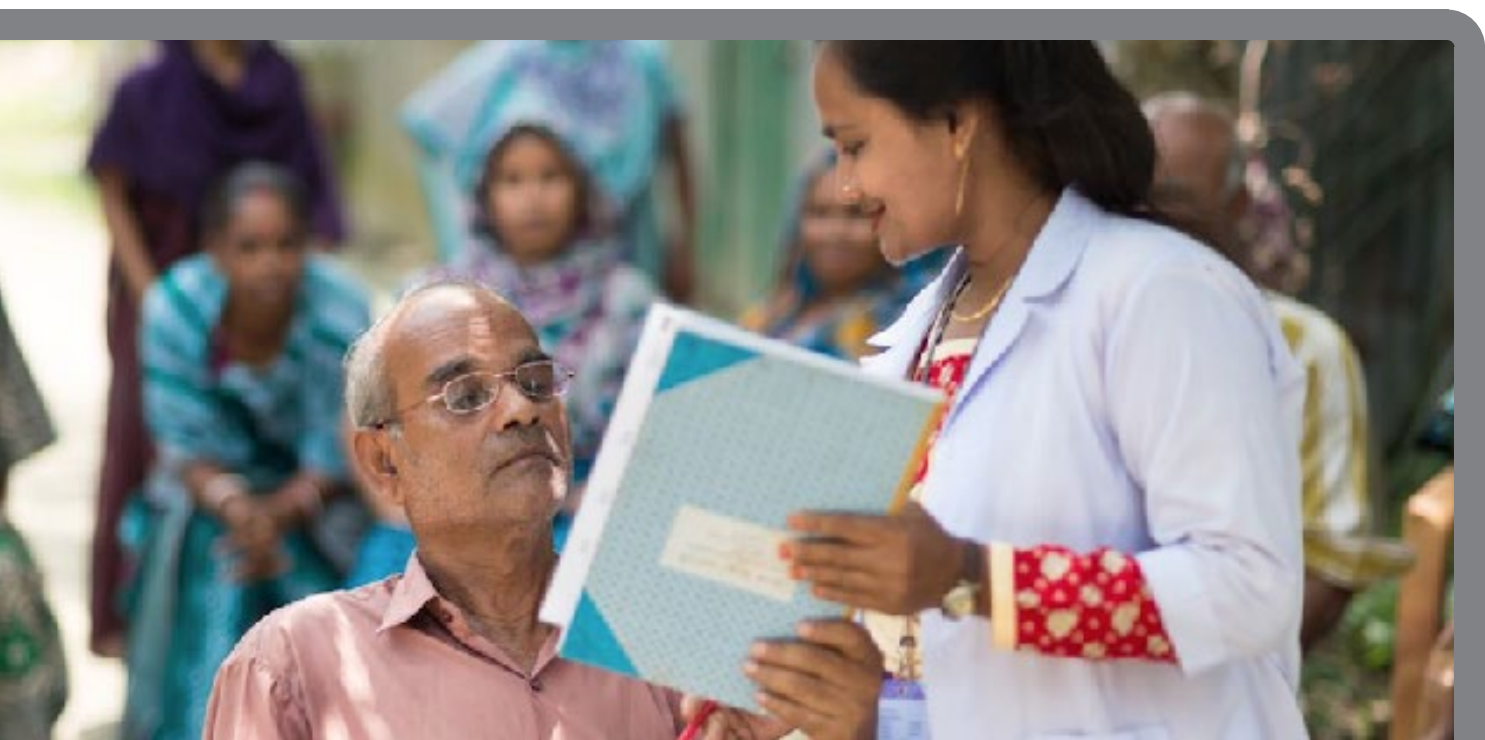
AFTER CENTRAL AMERICA:
Where is Vision Spring Now?

Based in part on the learnings from Central America, VisionSpring continues to refine its business models (see figure 6). Although retail to consumer still exists (now in a small footprint in India), VisionSpring spends the majority of its time and resources on two B2B models: project implementation and wholesale partnerships, as defined below.

Figure 6: VisionSpring's current business models

Business Units	% of VS Total Pairs (2017 projected)

Project implementation
- RGIL Bangladesh
- India Vision Access Projects
- GP Vision Access Projects

~51%

Wholesale distribution
- Global Partnerships
- India Wholesale Partnerships

~47%

Retail to consumer
- Retail Hub & Spoke

~2%

This evolution towards B2B models allows VisionSpring to scale its work faster by leveraging its "special sauce"—high-quality, low-cost eyeglasses, reliable supply, favorable payment terms, and exceptional technical support—while relying on partners to implement the "last mile" of distribution and sales, instead of relying solely on VisionSpring's own proprietary channels.

PROJECT IMPLEMENTATION

In close collaboration with partners, VisionSpring devises and implements projects to get eyeglasses to those who need them.

Reading Glasses for Improved Livelihoods (RGIL)

The signature unit within VisionSpring's project implementation business model is the "Reading Glasses for Improved Livelihoods" (RGIL) program with BRAC in Bangladesh. In November 2016, VisionSpring and BRAC sold their 1 millionth pair (75 percent to FTWs and 68 percent to those who live on less than $2.50 per day) through BRAC's network of community health workers, locally known as Shasthya Shebikas. In 2016 alone, these community health workers conducted 1.2 million vision screenings and reached 61 of 64 districts in Bangladesh.[19]

VisionSpring continues to provide complementary services, including program oversight, supply chain and sourcing assistance, product forecasting, marketing and demand generation, budgeting, and strategy. It also funds a revolving facility for BRAC that pays for direct program costs and worked with a local manufacturer to upgrade product quality such that the partnership began procuring in-country in 2015, thereby avoiding high import tariffs. "Partnerships are central to our success," said founder Jordan Kassalow. "Our collaboration with BRAC exemplifies the power of bringing together two organizations that share a common purpose and ethos and possess complementary core competencies. We feel honored and privileged to have found such a wonderful long-term partner."[20]

"Partnerships are central to our success. Our collaboration with BRAC exemplifies the power of bringing together two organizations that share a common purpose and ethos and possess complementary core competencies. We feel honored and privileged to have found such a wonderful long-term partner."

Vision Access Projects

India's Corporate Social Responsibility Act of 2013 provided an opportunity for VisionSpring to work with corporations operating in India. The corporations hire VisionSpring, principally on a contract basis, to design and execute projects that bring vision screening and glasses to employees in the corporations' workplaces and supply chain as well as to stakeholder communities. The projects are financed in a variety of ways. In some instances, companies sponsor a free vision screening and the end-consumers purchase the glasses. In other instances, the company acts as a third-party payer making the eyeglasses available for free or at a heavily subsidized price to their constituents. Vision Access Projects was formalized as a business model and operating unit in 2015, executing initiatives around three impact themes: See to Earn, See to Learn, and See to be Safe. A year later, the team had realized 118 percent growth, partnering with 39 of India's leading corporations to design 62 interventions and distribute 84,323 pairs of corrective glasses. VisionSpring believes that this hybrid, third-party payer model will continue to be a growth pathway in India and beyond.

WHOLESALE DISTRIBUTION

Following the closeout in Central America, VisionSpring looked to expand its experience with bulk sales, which had been growing significantly in India since 2012. It formalized a wholesale model which solves for institutional partners' needs for affordable quality glasses (readers, frames, post-operative glasses, sunglasses); reliable supply; favorable payment terms to reduce upfront cash requirements; vision screening and camp implementation training; and the generation of revenue and/or commissions to help sustain existing health and social services. In 2016, VisionSpring's wholesale businesses had grown to sell 426,000 pairs to 240 partners in 24 countries.

India wholesale partnerships

In 2016, India wholesale partnerships with hospital networks, eye centers, NGOs, and government agencies grew 59 percent over the previous year: 204 partners, distributing 240,759 pairs of glasses. To ensure alignment with mission, VisionSpring focuses sales in five of India's poorest states and offers incentives to wholesale partners for community outreach activities and targeting FTWs.

Global wholesale partnerships

In 2015, VisionSpring partnered with 20 organizations and government agencies around the globe who helped to distribute 122,571 corrective pairs. Examples include a partnership with Vision for a Nation and the Ministry of Health in Rwanda that introduced eye screening and reading glasses into nationwide primary care services, making Rwanda the first country in Sub-Saharan Africa to include presbyopia diagnosis and correction among the services covered by a national medical insurance scheme. In 2016, Global Partnerships expanded to collaborate with 36 organizations and sold 185,249 corrective pairs. Over time, VisionSpring aims to grow its partner network and deepen penetration in up to eight key markets.

VisionSpring has been investing in the infrastructure needed to maximize and support partnership effectiveness. In 2016, the organization hired a Vice President of Global Sales and Institutional Partnerships to lead all sales and business development activities (outside of India), aimed at expanding VisionSpring's global impact by increasing its distribution of eyeglasses via multiple sales channels.

RETAIL TO CONSUMER

Despite the challenges in Central America, VisionSpring decided to keep a small B2C retail component in the India market. According to Anshu Taneja, India Country Director, in addition to conducting community outreach and serving as a permanent location for repeat customers, the Hub and Spoke model is a means to train team members and help to promote the VisionSpring brand. However, in response to the experience in El Salvador, in 2015, VisionSpring consolidated to 13 stores in two geographic clusters and determined that the retail format would not be a main driver of scale, planning to decrease to 9 stores over time. During this time, VisionSpring gained efficiencies by co-locating with mission-oriented hospitals or eye centers where the footfall and demand for glasses is already present and the brick and mortar costs could be reduced. Overall, the stores were recovering 80-110 percent of direct costs. Additionally, they were rolling out a point of sale (POS) system tied to a larger ERP system. The POS will create real-time visibility into store performance and automate the back-end of inventory management and financial reporting and controls.

EYELLIANCE

Even with these promising new models, VisionSpring's founder Kassalow has concerns. In his words, "Even if VisionSpring is wildly successful and we reach 10 million people by 2020, we're still a drop in the bucket compared to what we really need. Unless we really figure out how to bring government, civil society, and the private sector together to look at systems-change strategies, we won't solve the problem."

Kassalow, who as former CEO and current board member had been spending time building networks and relationships to help accelerate VisionSpring's mission, decided to focus his efforts on creating the systems-level change needed. To do just that, in February 2014, Kassalow and former Secretary of State Madeleine Albright, with support from The World Economic Forum and The Schwab Foundation for Social Entrepreneurs, convened a meeting of 25 leaders from the optical industry, international NGOs, academics, donors, and health and education specialists from The World Bank to gauge interest in multi-sector collaboration. By June 2015, the EYElliance was born. The EYElliance is a coalition of multi-sector public, private, and NGO partners and stakeholders committed to collaborating to enable market-based eye care solutions. As Kassalow said, this group's charge is to "look at what are the core levers we can pull that will actually help hundreds of millions of people get access to affordable vision care" and then find a way to pull them. VisionSpring is a member organization of the EYElliance.

> "Even if VisionSpring is wildly successful and we reach 10 million people by 2020, we're still a drop in the bucket compared to what we really need."

In June 2016, the EYElliance outlined its vision and issued a call to action, asking "How can concerned actors work together to address the barrier to systemic change, take these models to scale, and close the global gap for those needing eyeglasses?"[21] Moving forward the EYElliance will:

- Strengthen the Sector by facilitating cross-sector collaborations and promoting effective models to attract new actors and increase access to, and adoption of, glasses
- Signal Attention and Advocate for increased investment and prioritization of vision care and the provision of eyeglasses from international donor communities, development agencies, governments, and the private sector
- Broaden the Pool of Resources, including public, philanthropic, and impact investment committed to addressing the global need for glasses

KEY PIVOTS AND LESSONS LEARNED

Continue to experiment on the road to scale

Even after a pilot is complete, organizations must continue to experiment to uncover solutions that will accelerate impact.

Be prepared to fail

Scaling is complex and failure is inevitable, so be prepared to ask tough questions, have a culture of learning, and be transparent in communications.

Know where you are going and when to pivot

Clearly articulate your "North Star" and establish trip wires to know when to move on from failed experimentation.

Invest capital and time to achieve economies of scale

Scaling requires investment, so be realistic about how long and how much capital it will take for economies of scale to emerge.

Staff appropriately for scale

Scaling relies on effective human capital and human capital needs will evolve over the scaling journey.

Continue to experiment on the road to scale

"Constantly adapt. Relentlessly improve." This is one of VisionSpring's guiding principles. It has learned that, in order to match the scale of the problem it is trying to solve, it must continue to experiment and learn from that experimentation. As in the corporate world, great gains come from continued innovation resulting from investments in experimentation as well as research and development.

VisionSpring's main experimentation has been iterating on new models for delivering eyeglasses to those in need. VisionSpring is often associated with and lauded for its original VE model. This model was successful, providing employment to low-income women, distributing eyeglasses to hard-to-reach customers at the base of the pyramid, and providing valuable lessons around willingness to pay, critical product attributes, and more. However, as the saleswomen reached the end of their peer and geographic networks, and sales stagnated, it was clear that this model would not reach enough customers to achieve VisionSpring's mission and vision.

> As board chair, Reade Fahs, warned, "Don't fall in love with your 'pretty little solution.' Ask yourself: 'Is it really working or is it not going to achieve your goals?' If not, keep pivoting back to solutions that will be able to achieve impact at scale."

In the words of founder Kassalow, "If I can use a surfing analogy, what we are trying to do is catch the wave at the right time." Continuing Kassalow's analogy, VisionSpring's culture of constant iteration has it constantly pushing to answer key questions: Can that next wave get VisionSpring to a new model that will accelerate its impact? What can VisionSpring learn from the last wave that will help it gain deeper insights into the market and allow it to better surf the next wave?

After "catching the wave" of the original VE model, VisionSpring's experiments have included:

- The Hub and Spoke retail model in Central America and India
- Project implementation partnerships, including leveraging existing salesforces through partners such as BRAC, and creating fee-for-service partnerships with corporations
- Wholesale distribution partnerships
- Becoming a member of an advocacy and network building model through the launch of the EYElliance (See the Appendix)

Through these experiments VisionSpring has tested its own comfort level with giving up control as it shifts from B2C to B2B, moving from direct service to delivery through partners. Focusing more on B2B and partnerships has also pushed VisionSpring to expand from a focus on eyeglasses as a means of increasing economic output, to a broader focus, including eyeglasses as a means to enable education access and workplace safety. And it has allowed VisionSpring to get clearer about its unique place in the value chain—producing and providing high-quality, low-cost glasses—and not necessarily having to deliver these glasses to the end consumer through proprietary channels. It has learned to scale by doing fewer activities better and by leveraging the relationships and networks of its partners.

Be prepared to fail

Although experimentation is critical to successful scaling, it also introduces the inevitability of failure. To succeed on the scaling journey, social enterprises and their funders need to be prepared for failure by asking tough questions, learning and evolving, and being transparent with funders.

Culture

VisionSpring has built an institutional culture of accepting failure and "brutal honesty" through its hiring, strategic planning, and board development. Brutal honesty allows the team to question the choices it is making, ensuring that it is doing right by its mission and being good shepherds of its money. This brutal honesty uncovered the flaws in the Hub and Spoke expansion in Central America and made it easier to bring those issues to light. In the words of board member Brian Trelstad, "If it's not working, don't fundraise your way out of it." With this, VisionSpring's board and leadership made the tough smart decision to shut down operations in El Salvador.

Relationship with Funders

Making the decision to shut down operations in Central America meant that VisionSpring had to be prepared to return at least a portion of the funds it had received from the IIA. Fortunately, VisionSpring had developed a transparent and trusted relationship with these funders by being clear about impact goals and providing transparent reports on what was working, what was not, and what it was learning. Because of this, the funders were understanding and supportive of the pivots that VisionSpring needed to make and the professional way in which it was questioning its work and learning from the experimentation. VisionSpring's professional approach made the funders more open to funding VisionSpring in the future and the IIA has already provided follow-on funding for additional work outside of Central America.

Know where you are going and when to pivot

Even as VisionSpring was iterating through various business models on its path to scale, it has maintained, and even narrowed, its focus on its "North Star" or the end game that it is seeking to achieve. It has been critical for VisionSpring to know when to pivot and what to drive towards.

For example, VisionSpring has articulated that over the next few years it is driving towards an ambitious goal of 10 million cumulative pairs. This goal has forced VisionSpring to rethink its markets and its scaling pathways to ensure that it has a chance of attaining a large enough customer base to tackle these numbers at such scale. It knows that to accomplish 10 million pairs and beyond, it cannot work alone but must leverage other partners, make markets for others to enter, and advocate for transformation of the marketplace through the EYElliance.

Over time, VisionSpring has also narrowed its target customer: a first time glasses wearer, who is on average earning less than $4/day, and is in need of corrective lenses. This is not to say that VisionSpring will serve only this target market. It also understands that serving other customer segments can help achieve business objectives and contribute to the financial sustainability, which is so critical for its mission. For example, its theory of change centers on the functionality, productivity, and income gains experienced by someone whose blurry vision can be corrected with eyeglasses. However, VisionSpring also sells two products important to cataract prevention and surgery: sunglasses and post-operative glasses. These "protective" types of glasses have a positive health outcome and earn additional margins but VisionSpring does not count these protective glasses in its final social impact metrics, nor are sales teams incentivized for moving these products.

By being clear about its end goals and target customer, VisionSpring set up trigger points to help guide decisions about when to embark on new opportunities and when to pivot away from experiments that were not leading to intended impact and scale.

In one example, VisionSpring developed a set of questions (see the box below) that guides its discussions about new initiatives. For example, asking, "are we allocating our resources to a quantifiably higher return on investment?" led the team to uncover that its work in El Salvador was requiring "almost as much funding as the Bangladesh and India programs combined." Although there was clearly a need and demand for eye care in El Salvador and Central America, it was clear that VisionSpring could use its time and money elsewhere for greater impact.

As discussed earlier in this case, VisionSpring also developed the Philanthropic Investment Per Pair (PIPP) to serve as a trip wire. This metric gives VisionSpring greater visibility into the unit economics and mission impact of different programs and locations and allows apples to apples comparisons. For each program that VisionSpring operates, it tracks the PIPP, along with other financial and impact metrics, to ensure that the team's efforts are being put against the programs that best match the overarching impact and financial sustainability goals.

Sample VisionSpring Guiding Questions:

- Does it solve for availability, affordability, quality, or demand?
- Is it responsive to customers and in their best interests?
- Can it be replicated? Is there a path to scale?
- Will it expand or positively disrupt the optical market?
- Is it an essential use of limited resources?
- Are we allocating our resources to a quantifiably higher return on investment?
- Are we holding social impact and revenue in constructive tension?
- Are we selling to seed markets, and reach more people?

Invest capital and time to achieve economies of scale

"Scale and financial sustainability were a really tough combination."
These are the words of former COO Elliason when reflecting on VisionSpring's attempts to reach full cost recovery while trying to scale the Hub and Spoke model in Central America.

Elliason's words illustrate a key challenge regarding the timing and capital needs of scaling efforts. VisionSpring had hypothesized that economies of scale would kick in as it began to scale the Hub and Spoke model from one store to many. But what VisionSpring realized—and is true for many social enterprises—is that scaling introduces another level of operational complexities and challenges. And, in order to succeed at scaling, the enterprise must invest in scale—in centralized systems, staffing, consistency of branding, and more. As an organization scales, costs may go up before economies of scale can be realized.

VisionSpring leadership realized that it would take much longer to reach economies of scale than it had originally thought and that it would cost significantly more upfront capital to invest in the structures needed for scale than originally planned. When these capital challenges were matched with the realization that the Hub and Spoke model in Central America was not serving the intended target audience, and that the capital required could be used for greater impact in other areas of the world, the choice was clear to shut down the Central American operations.

Over time, it is possible that the Hub and Spoke model in Central America could have gotten to scale and financial sustainability but it needed more time and investment than made sense for VisionSpring, given its mission and the opportunity costs of the capital.

Staff appropriately for scale

VisionSpring learned, through its experience in Central America and in other programs, how critical the right people are to effective scaling.

Staffing for remote operation

As illustrated by VisionSpring's experience in Central America, staffing for remote operations is an important decision. VisionSpring was unsuccessful in finding and cultivating the right regional leadership that had the skills to build the Hub and Spoke model. With the leadership team headquartered in New York and focused on many different priorities, it needed to have a staffing infrastructure in place in El Salvador that was aligned on vision, could transparently report on financials and progress, and could build systems to help with that knowledge transfer. Most importantly, this leadership needed to be trusted by both the local community and by the VisionSpring team, be able to understand the needs from both parties, and communicate effectively to meet those needs. According to board member Dave Chute, "we needed to get people on board that are not too tied to their own ideas but that can iterate and get others on the same page. And what we really needed to do in El Salvador—and through the rest of our operations—was to hire slow and fire fast."

Recruiting for Core Characteristics

To better "hire slow," VisionSpring has continued to adapt its recruiting processes. It now has a multi-step recruiting process that includes written submissions, interviews, practical exercises and presentations, a character assessment, and multiple reference checks.

Within the interview process, an increased focus has been placed on candidates' motivations as well as their ability to anticipate the challenges and opportunities that VisionSpring faces. In the words of Ella Gudwin, VisionSpring's President, "[We realized that we] cannot train for intrinsic traits, such as attitude, passion, or work ethic, nor can we replace experience, but we can and do train for specific skillsets."

To aid the recruiting process, VisionSpring has created a Candidate Scorecard that asks interviewers to rate the candidate on the five points of experience required for the role and five character attributes which are considered core for joining VisionSpring. VisionSpring has also restructured position descriptions to include an "about you" section which, in contrast to the typical qualifications listing, is a description of what motivates the person that VisionSpring is seeking for the role.

Staffing to match stage

As VisionSpring's work has evolved and scaled, so have the staffing needs. Earlier in its history, VisionSpring needed a "lean team of doers" who could all wear multiple hats. It was most critical that those hires were deeply motivated by VisionSpring's mission and brought a certain set of character traits to the team. At that earlier stage of scale, VisionSpring needed to hire mission-aligned problem solvers whose quick thinking and flexibility enabled them to adapt to changing circumstances and business model iterations.

As VisionSpring has scaled its work, the hiring strategy has evolved to allow for more skill differentiation. VisionSpring is now at the stage where it makes sense to bring on more middle management staff to create better systems and structures. For example, VisionSpring President Gudwin describes the recent hiring of the "spine and spinal cord" of an organization—new leads for people operations and technology, both of which bring mission-aligned motivations and deep experience in related fields, and will be able to create infrastructure and systems to enable more efficient scaling.

CONCLUSION

Throughout its history, VisionSpring has held a laser-like focus on what it will take to fully address the vision problems caused by presbyopia. And the future is bright.

Technological improvements are continuing, including additional innovations that will decrease the costs of eyeglasses and handheld refractive devices that can be used for screening. VisionSpring also has incredible momentum: proving markets and willingness to pay at the base of the pyramid, recently celebrating 1 million pairs provided in Bangladesh, and growing its business models to effectively leverage partners for achieving impact at scale.

Using its low-margin/high-volume approach to eyeglasses distribution, the organization has continued to accelerate on its path to scale. It took 10 years for VisionSpring to reach its first million customers, three additional years to reach the next million customers, and it is on track to serve one million people more inside of 12 months in 2018.

As VisionSpring looks to the future, it is on track to sell 10 million cumulative pairs by 2021, which would create $2.16 billion in earning potential and enhance learning outcomes for students vulnerable to poverty.[22]

The future is indeed bright and VisionSpring will continue to iterate and innovate on the path to creating affordable access to eyewear, everywhere.

Gantt-style timeline chart spanning '03 to Present with bars labeled A (2003–2008), B (2006–present), C (2008–2012), D, E, F, G.
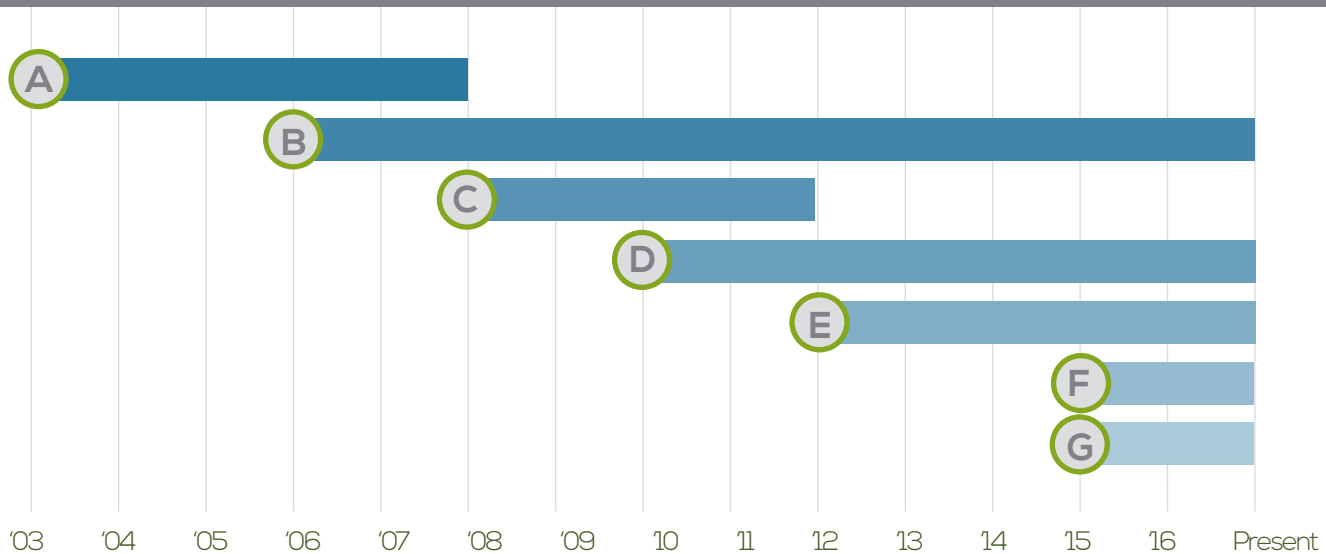
A — Vision Entrepreneurs (VEs)
- **Time**: 2003-2008
- **Model**: Low-income entrepreneurs conduct eye screenings and sell reading glasses door to door
- **Value Propositions**: Provides access to reading glasses in remote areas as well as income and skill building to entrepreneurs
- **Customer Segment**: B2C, base of the pyramid (BOP) communities
- **Lessons**: Hard to scale; VEs met limits of personal networks in limited geography; commission was insufficient as sole source of income; one product basket was challenging

B — Project Implementation: Partnership with BRAC
- **Time**: 2006 – present
- **Model**: Incorporates glasses into a basket of multiple health goods sold by an existing salesforce of BRAC community health workers
- **Value Propositions**: Brings down cost of sales force and increases sales potential of community health workers by expanding product set
- **Customer**: B2B, BRAC (who then sells to BOP consumers)
- **Lessons**: Great way to scale if partner is already selling related commodities or services, or is willing to introduce cash (or other) payments

C — Outreach Vans
- **Time**: 2008-2012
- **Model**: VEs use outreach vans to reach wider areas; optometrists join to provide full refraction services (tests needed to determine prescription).
- **Value Propositions**: Same as VE model and expands access to include prescription glasses
- **Customer**: B2C, BOP communities
- **Lessons**: Prescription glasses generate increased profit margins for VEs but difficult to retain/engage optometrists

Retail to Consumer: Hub and Spoke
- **Time**: 2010-2014 (Central America); 2012-present (India)
- **Model**: Retail store "hub" conducts refraction and sells full range of glasses; higher price points cross-subsidize "spokes" in which VEs conduct outreach to remote areas
- **Value Proposition**: Higher price points sales from hub subsidize spokes; hub serves as fixed location in addition to mobile spokes
- **Customers**: B2C, both BOP and middle-income consumers
- **Lessons**: Potential for cost-recovery if clustering stores, co-locating within hospitals, and/or sharing outreach with clinical partners; up-market customers diverges from core mission; challenging to run multi-location retail with remote oversight in absence of franchise-like systems; capital intensive to scale

D

Wholesale Distribution
- **Time**: 2012 – present
- **Model**: Sell bulk quantities of glasses and provide sell through support; wholesale partnerships currently exist globally with a special focus on eight key markets, the largest of which are India and Nigeria.
- **Value Proposition**: VisionSpring provides high quality glasses, favorable payment terms, and sell-through support and training, while partners manage distribution and sales.
- **Customer**: B2B, networks of hospitals, NGOs, and government agencies
- **Lessons**: VisionSpring can focus efforts on supply and support while wholesale partners manage customer acquisition and distribution, thereby lowering operating costs and increasing efficiency.

E

Project Implementation: Vision Access Projects
- **Time**: 2015 to present
- **Model**: Fee-for-service consulting developing in-house vision programs for corporations and other entities
- **Value Proposition**: Leverages 2013 law in India requiring corporations to implement corporate social responsibility strategies as well as other opportunities as they arise in other markets
- **Customer**: B2B, third-party entities, such as corporations or local governments
- **Takeaways**: VisionSpring is able to add margin on top of direct costs and access new customer bases through corporate employee base and surrounding communities.

F

Systems Change: EYElliance
- **Time**: 2015 to present
- **Model**: A diverse coalition of global stakeholders—including but not led by VisionSpring—working to address barriers to systemic change in vision care and take models to scale.
- **Value Proposition**: Collectively, organizations and leaders can influence the ecosystem to accelerate the pace of change.
- **Customer**: Global vision sector
- **Takeaways**: Still early days; relationships take time to develop and align incentives, but systems change work gaining traction

G

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