

An evaluation of a novel residential
skilling program, with recommendations
to improve the impact and sustainability
of the initiative.

The Mphasis Gurukul

Implemented by End Poverty &
The/Nudge LifeSkills Foundation

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EXECUTIVE SUMMARY

The Mphasis F1 Foundation was an early stage funder of The/Nudge Gurukul – a residential skilling program run by End Poverty. The program consists of imparting trade skills as well as life skills to youth to enable them to gain meaningful employment and pull themselves out of poverty. Mphasis started to fund the program in October 2015, and committed INR 2.1 Cr. to be dispersed over a period of 2 years and 3 months.

End Poverty (EP) served as the grant recipient and conducted the Gurukul Skilling Program by successfully leveraging a network of partners. EP supported the activities of the Nudge Foundation in the design and delivery of the life-skills modules, and used The/Nudge brand while relying on external partners for recruitment, trade skills training and working with employers on placement of its graduates.

Being a new program, supported by a growing organization with mostly business and technology experience, the End Poverty team utilizes modern management behaviours and tools to plan, operate and measure its performance. It boasts a well-respected advisory board with a wealth of business and development sector experience. The senior leadership of the organization had previously held senior positions in technology companies and had volunteered with NGOs. Some middle level members had non-profit expertise. Like with most early stage ventures, The/Nudge team is learning through experimentation. Given the newness of life skills programs in the skilling space, practitioners are still evolving the best teaching methods to ensure programs meet their stated outcomes. The EP team's openness to learn from experience was evident from interviews with staff, as they are constantly learning and modifying various aspects of the program.

The End Poverty / Nudge team was cooperative throughout the assessment and apart from sharing data in a timely manner were also available to answer queries and help provide context.

At a high level, the program can be deemed to be well-received and valued by the beneficiaries, and it has placement and retention rates that are better than some large-scale government funded programs. The issue is that most government / NSDC programs are non-residential and are focussing mostly on trade skills (no life or learning skills). So, while the program's numbers may appear better, the associated costs, lack of rapid scalability and muted outcomes necessitate the need for some changes to the program and the way it is managed.

The aim of this report is to assist Mphasis in the structuring of its next grant to End Poverty, so they can jointly arrive at agreeable ways to address the areas that need improvement and thereby strengthen the ability of the program to make transformational change. Through the various sections of this report, Equal Innovation has highlighted key facts and topics that were of interest when looking at the ability of the partner and the program. At a high level, the main areas that need to be focused on are the scalability of the model, the recruitment criteria for participants and focusing more on outcomes.

Scalable Model: As Equal Innovation looked more closely at the program, we saw a need for better alignment between the organization's stated vision and the program's objectives. Per its website, The Nudge Foundation is looking to pull 1 million people out of poverty, a commendable vision. Its flagship program, however, seemed to be a highly constrained model. In its current state, the

Gurukul program is producing 2,000 graduates a year. While this may be a small number, there is prudence in starting small, learning fast and refining the model so it can scale effectively. This will allow EP to re-evaluate their approach, program design, financial model, actual impact and partnerships to achieve impact. At present, the long-term value and longevity of the life-skills education to help students to keep growing is also an open question. To continue to evaluate the best model, the use of a Minimum Viable Product (MVP) approach could help with the design and evolution of their model if it is to scale sustainably, like any good early-stage venture. We have included more recommendations later in the report.

Stronger Recruitment Criteria: When analysing the outputs (placements), sustainability and outcomes (job retention and growth) of the program, it became clear that the program will only be able to efficiently give more people a nudge out of poverty if it ensures its efforts and resources are used to their fullest. A Job offer at the time of graduation does not necessarily mean a ticket out of poverty, if the student is unable, unwilling or ill-equipped to pursue that line of work for a protracted period of time. With moderate interest in joining employment (68% of graduates opt-in for placements) and low retention (42% in jobs after 2 months), there seem to be issues with the level of interest and commitment in the candidates selected for the program.

Given the residential and free nature of the program, the cost to educate and groom a candidate is significant. Both the trade and life-skills pay dividends to the beneficiary only when applied consistently in a work environment that helps reinforce and hone these skills. Assessing the candidate's readiness for employment, aptitude for the livelihood and social circumstances are essential to ensure effective use of their time and the organization's resources. The current program has very few filters on selection at present. The sales program has an employer stipulated education cut-off. Having a robust selection process, will ensure a high degree of relevance, interest and motivation for the beneficiaries to convert their jobs into tickets out of poverty.

Focus on Outcomes: Given that there is a significant drop-off in the number of candidates who stay in a job (42%) vs. those who get an offer (99%), retention loss will need to be given due attention. Having a focus on outcomes (stay and grow) vs. outputs (placements) will guide efforts to understand the causes for the same. Once the causes for the retention-loss are identified, strategies will have to be put into place across the program, from recruitment to post-placement support, to increase the number of people who can acquire, utilize and capitalize on the skilling program. This would lead to a much better utilization of resources at the Gurukul and increase employers' willingness to hire and develop Gurukul graduates. Doing so, also increases the impact of the program, without increasing the level of resource intensity.

Over the next few sections of this report, we will go into more detail on key insights and how they are favourable or detrimental to the goals of the program.

METHODOLOGY

Equal Innovation (EI) was appointed in to assess the Gurukul program, with a view to helping improve the efficiency and effectiveness of this early stage initiative. The assessment looked to ascertain whether the program is meeting the expectations of funders and beneficiaries, while analysing the performance of the program and the implementing organization.

The assessment was planned for 6 weeks of effort from the Equal Innovation team. The project started on August 16th and was designed to gather primary data, while also referencing some secondary data.

To evaluate the social impact of the Nudge Gurukul program funded by Mphasis, the Equal Innovation team used the following information sources:

- Equal Innovation's Social Performance Management System framework
- Site visits to Gurukuls and interviews with Nudge / EP staff
- Beneficiary interviews
- Additional information requested from the Nudge Foundation

The Social Performance Management System[®] (SPMS)

The Social Performance Management System[®] (SPMS), developed by Equal Innovation, is a theory of change that combines the traditional aspects of program measurement and evaluation with new factors, including innovation, organizational capacity and scalability. It is a system of analysis that has been used on over 300 program grants over the last decade in sectors as diverse as agriculture, education, health and financial services. Equal Innovation uses the Social Performance Management System to understand the organization and program it is measuring and to develop an in-depth roadmap for the funder, implementer and partners to grow the program together.

Through the SPMS framework, Equal Innovation gathered information on the Program Philosophy & its Implementation, Grantee Organization Info, Management Processes & Systems, etc. This comprehensive overview, with 100+ questions, helps objectively uncover key strengths and weaknesses that contribute to the overall impact of the program.

Beneficiary Interviews

Equal Innovation proposed to interview a sample of the graduates of the program to gain additional feedback on the program and to understand the impact on the beneficiary. EI received a list of Mphasis Gurukul Alumni from the Nudge Foundation. The list contained the contact information of over 317 Alumni from 11 batches of the men's and women's Gurukuls.

The purpose of the interviews was to understand the recruitment process, satisfaction with the skilling program, the impact of attending the program, as well as to ascertain if the life skills components were effectively learned and being gainfully employed.

Additional Information Requests

Based on the responses received from the grantee and the beneficiaries, Equal Innovation deemed it important to gain more detailed information around the organization, financials and program measures. Information requested included Gurukul batch statistics, list of partners and funders, operating expenses, MoU/Budget, management reporting, curriculum and other program components, planning documents, etc.

KEY INSIGHTS

In the below section, we cover the key statistics and insights gathered from the responses received via the SPMS questionnaire, additional information provided by the EP/ Nudge team and from beneficiary interviews.

A Brief Note on Skilling in India

To set the context for the impact assessment, it is helpful to look at the general situation in skilling space in India. According to a joint report by the NSDC and the Economist magazine, India needs to create 10mm-12mm jobs annually to keep unemployment in check. And according to the Labour Ministry, around 11mm jobs per year have been added since 2013-2015. There has been a slow-down in the rate of jobs created, as only 5mm jobs were created in 2016-2017.

The National Skills Development Corporation (NSDC) funds the creation and operation of skilling institutes all over the country. Various large and small NGOs and for-profits run these skilling institutes. According to its 2015 Annual Update¹, the NSDC reported having 3,611 training centres, training 34.4 lakh people and achieving a placement rate of 66%.

The quality of trained personnel and retention remain issues, as the above-mentioned study also noted that only 12% of those trained in NSDC programs found jobs within six months of completion and just 35% of workers in 2015 kept their jobs for more than 11 months. There is a significant opportunity to create an effective, impactful and scalable skilling model.

¹ https://www.nsdcindia.org/New/sites/default/files/files/NSDC_Annual_Update_2014-15.pdf

The Gurukul Program at a Glance

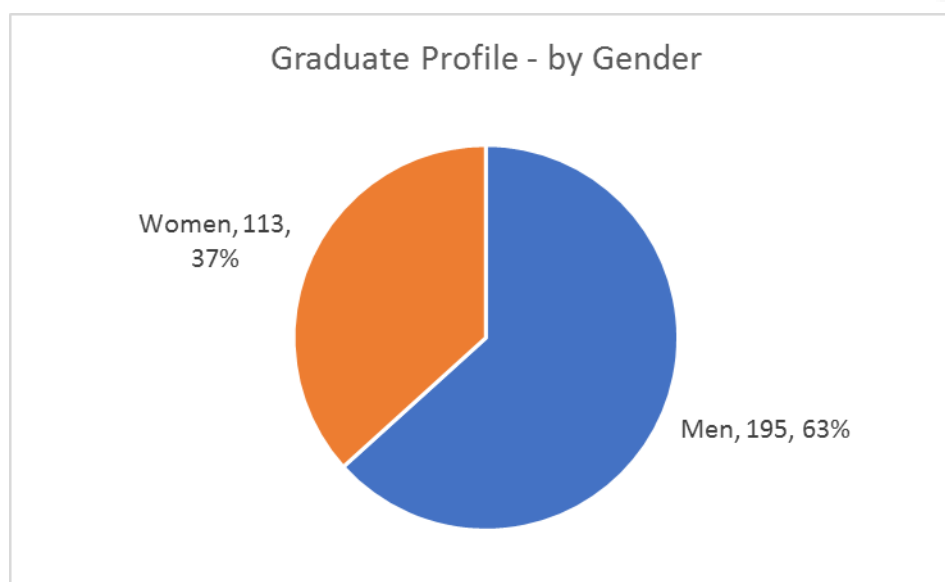
308 Graduates	11 Batches	68% Graduates opt-in for placements
99% Of opt-ins receive job-offers	2x Change in employment rate at placement (from 30% to 62%#)	42% In-job after 2 months#
18% Increase in income of those previously employed	2.1 Cr. Program Budget	₹72k Actual cost per graduate

based on Life/Guard data received.

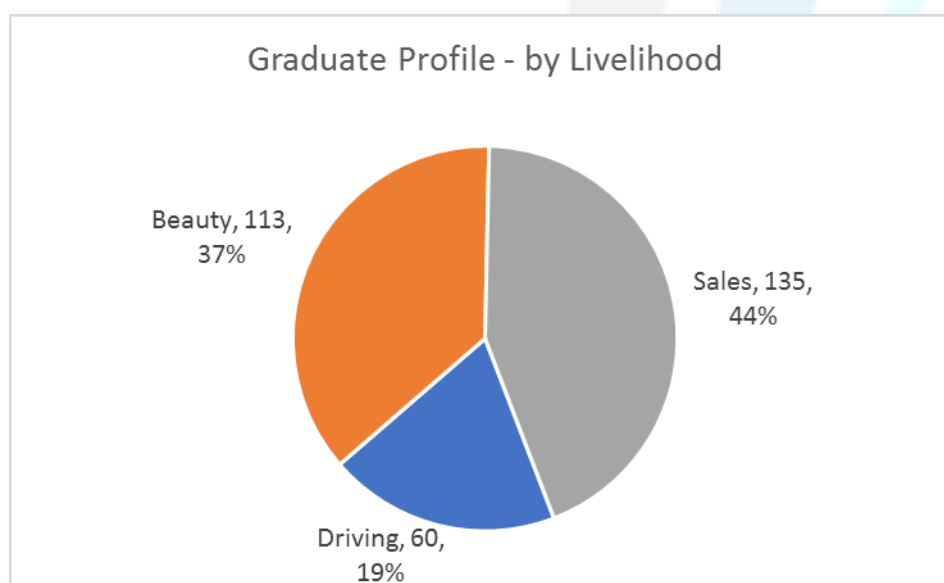
Profile of Graduates by Gender and Livelihood

The below charts highlight the different characteristics of graduates by Gender & Livelihood.

Beneficiaries are predominantly male (2:1).



Sales has produced the most graduates after only 3 batches (out of 11). This is primarily due to larger batch sizes (48 pax x 3 batches) vs. Driving (34 pax x 2 batches) and Beauty (21 x 6 batches).



Changes in Employment Rate and Average Income

Table: Employment Rates and Average Income by Gender & Livelihood

Gender	Before Gurukul			After Gurukul			% increase in income for previously employed
	Employment %	Avg. Income		Employment %	Avg. Income		
Male	35%	₹ 9,956		64%	₹ 13,310		21%
Female	22%	₹ 7,933		58%	₹ 8,607		9%
ALL	30%	₹ 9,416		62%	₹ 11,697		18%

Trade	Before Gurukul			After Gurukul			% increase in income for previously employed
	Employment %	Avg. Income		Employment %	Avg. Income		
Driving	31%	₹ 8,090		78%	₹ 14,419		69%
Beauty	22%	₹ 7,933		58%	₹ 8,607		9%
Sales	37%	₹ 10,696		58%	₹ 12,602		2%
All	30%	₹ 9,416		62%	₹ 11,697		18%

Please note: Employment before and after is a percentage of students admitted. Average income prior was self-reported by only those graduates who were employed before joining the program, whereas income after was based on salaries of all placed.

Employment rates double at the time of graduation: At the start of the program, approx. 30% of participants were previously employed. At graduation 62% of admitted students had offers in-hand. The resulting employment rate is because approximately 2/3rd of graduates opt in for placement, and 99% of them receive job offers. This represents an almost 2x growth in employment (or +32%).

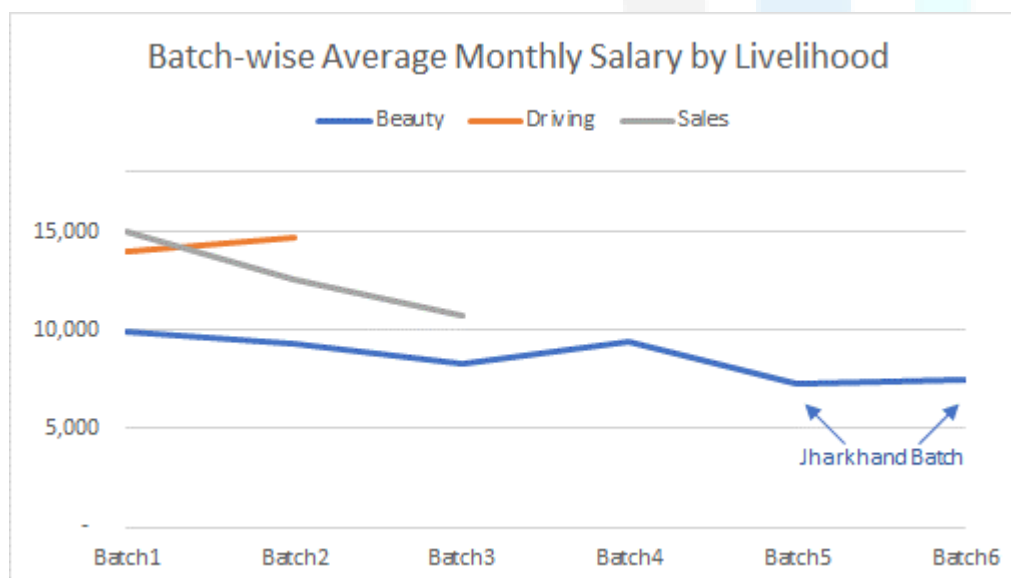
Driving & Beauty saw >2.5x employment rate change: 78% of Driving graduates had offers in-hand vs. 31% being employed at the start of the course. Beauty also saw a 2.5x increase in employment rate, moving from 22% to 58%. Sales, which had 44% of the graduates, has a placement rate of 58% - which is a 1.6x increase in employment rate.

Driving is a game changer: Drivers had the highest salaries (14.4k) as well as the highest growth in income 69% and employment (31% to 78%).

Sales salaries were flat: Graduates of the sales batches had the second-best incomes (12.5k) but saw a minimal increase (2%) in income for those previously employed.

Beauty graduates who were previously employed saw their incomes grow by 9% on average.

Table: Average Income trend by Livelihood



Sales salaries are declining: Graduates of the first Sales batch finished with average salaries of 15k, and salaries in the subsequent two batches declined to 12.6k and 10.8k.

The Nudge / EP team stated that initial batches were placed in field-sales and tele-sales roles and hence a higher starting salary, whereas subsequent batches saw more data-entry and customer service type roles that had lower wages. This shift was in response to beneficiaries wanting more “office” jobs and seeking lower-stress environments when compared to field positions.

Sales average salaries (prior and post) almost flat: In the latest sales batch (3rd), the average incoming student had a previous salary of 10.6k, while the graduating students had an average salary of 10.8k. Given that this is an average of all graduates, some of the previously employed could be assumed to be seeing salary growth. More data will be required to analyse this trend.

Beauty salaries are slightly lower: When the salaries of the last two Jharkhand batches are excluded, Beauty salaries (batch 1 to 4) have averaged 9.2k, ranging from 9.9k in the first batch to 8.3k in the 3rd batch.

When contacted, the Nudge / EP team said the inclusion of independent/local salons in addition to national chains to place a larger number of graduates has lowered the average wage slightly.

Driving, while lucrative, has been discontinued: The Nudge / EP team said that the program was stopped due to a lack of growth avenues in the medium-term and the high-stress of the role. While this may be partly true, the more successful drivers are financially and tech savvy and can progress

onto becoming fleet owners. This decision may need to be reviewed, when looking at future batches to sponsor.

Recruitment Channel Effectiveness

The Gurukul recruits its candidates through a variety of channels, including its own field recruitment team, NGOs and community based partners, as well as through its alumni. The field team recruits about 80% of the applicants, while the rest are sourced via partners (13%) and alumni (7%). The EP field team is responsible for travelling to catchment areas and recruiting prospective students. This team also conducts job-fairs (sponsored by local politicians and celebrities).

Table: Share of admissions and effectiveness by Channel (May-Jul '17)

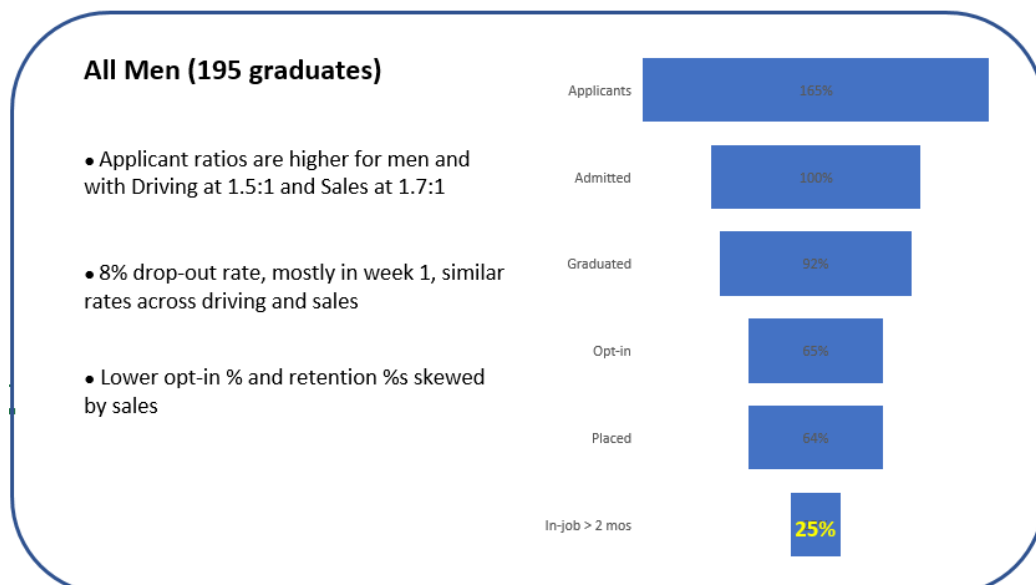
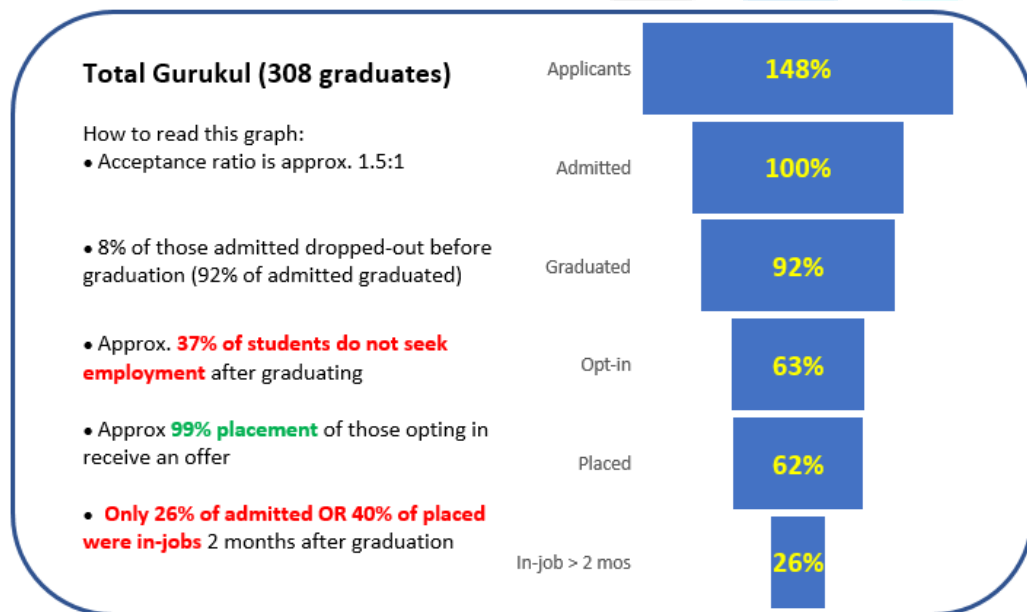
Channel	% of admissions	In prog. on day 7	% who graduate	% retention
Field	47%	51%		
job fairs/unemployed database	33%	69%		
Partners	13%	29%		
Student referrals	7%	43%		
Total	100%	53%		

For the EP team to understand where they need to focus to improve opt-ins and retention, it would be helpful to measure recruitment channels on their effectiveness. EI has added two columns (grey cells) for two KPIs that would be of value: (i) the percentage of those recruited by the respective channel who graduate, and (ii) the retention percentage by channel. This will allow the EP team to focus on the high performing channels and closely manage the less effective ones. Given that most of the graduates are recruited by the EP team, conducting trainings to improve filtering criteria and communicating the importance of recruits graduating and staying in their jobs should be feasible.

Analysis of Program Performance – by Gender and by Livelihood

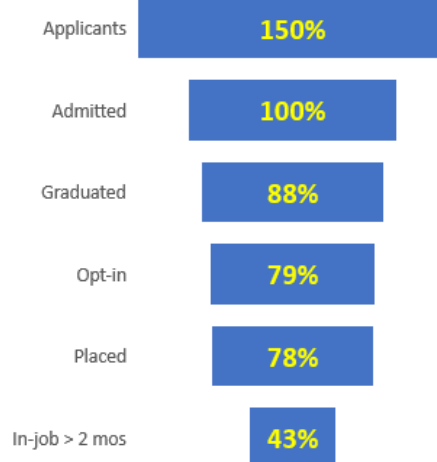
Given the high attrition of applicants from admissions to retention, Equal Innovation looked at the different areas where the desired impact was being lost.

The first chart shows the overall picture for all graduates while explaining the macro-level trends seen across the program. Please note, all percentages shown are as a percentage of students who were admitted into the program. Comments are included with each graph.



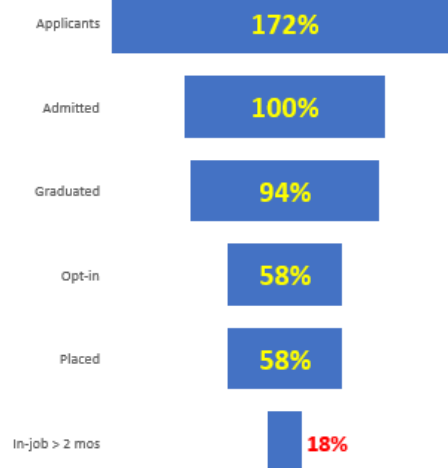
Driving (60 graduates)

- A **higher proportion (12%) of driving students drop-out** during the program
- Those who do stay are **more keen on seeking employment** (79% vs. 63% overall)
- With the **highest retention rate of 43% and highest salaries**, it is **surprising that this livelihood has been discontinued**



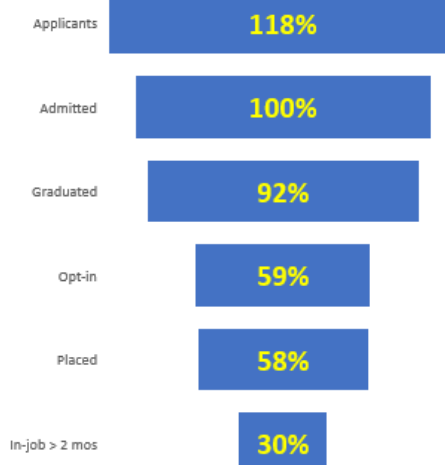
Sales (135 graduates)

- **Applicant ratios is the highest (1.7x)**
- 6% drop-out rate is on par
- **Opt-in rate is the lowest** across all livelihoods
- With a high admissions ratio and 12th pass requirement, the low opt-in and **lowest retention rate** in sales is alarming. Requires further study.



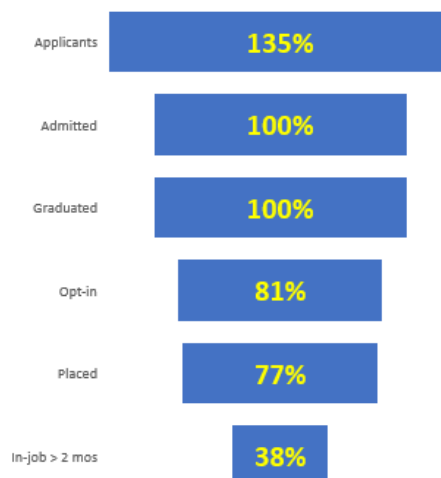
All Women / Beauty (113 grads)

- With smaller batch sizes, women's applicants may face less selection scrutiny or applicant data is understated
- 8% drop-out, mostly due to Jharkhand batch
- Low opt-in %, again influenced by Jharkhand batch
- Recommend looking at Jharkhand and non-Jharkhand batches separately



Women: Karnataka batches (62 graduates)

- 1.35:1 admissions ratio, less competition vs. men, with 1/3rd not starting the program
- **Smaller batches, highly committed, 0% drop-out** rate across 4 batches is impressive
- **Highest opt-in %** of all groups (81%)
- Placement of 96%, while lowest in group, is well above industry average
- **Second highest retention rate**, next to driving



Women: Jharkhand batches (51 graduates)

- 1:1 admissions ratio, recruited en masse via local religious institution
- **16% drop-out rate** is one of the highest. Moved 2,000 km for program, training center proximity could mitigate this
- **Opt-in rate is the lowest** across all sub-groups, showing a low interest in livelihood or employment as a whole.
- **100% placed & 60% still employed** after 2 months

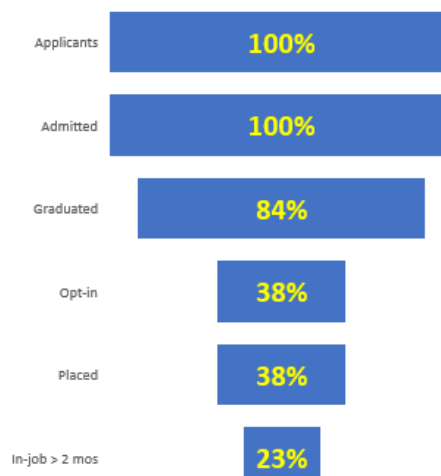


Table: Comparative snapshot of key statistic by Gender & Livelihood

Values	Men	Women	Driving	Sales	Beauty - KA	Beauty - JK	Beauty - All
Applicants	350	145	102	248	84	61	145
Admitted	212	123	68	144	62	61	123
Graduated	195	113	60	135	62	51	113
Opt-in	137	73	54	83	50	23	73
Placed	136	71	53	83	48	23	71
In-job > 2 mos	38%	52%	55%	31%	49%	60%	52%

Normalized: % of admitted	Men	Women	Driving	Sales	Beauty - KA	Beauty - JK	Beauty - All
Applicants	165%	118%	150%	172%	135%	100%	118%
Admitted	100%	100%	100%	100%	100%	100%	100%
Graduated	92%	92%	88%	94%	100%	84%	92%
Opt-in	65%	59%	79%	58%	81%	38%	59%
Placed	64%	58%	78%	58%	77%	38%	58%
In-job > 2 mos	25%	30%	43%	18%	38%	23%	30%

Performance vs. MoU Goals

In the MoU between Mphasis and End Poverty, Annexure D outlined a list of goals that were agreed upon as measured for the Mphasis Gurukul program grant.

Overall, the program is achieving its goals on inducting and placing students, but is falling short of its goal to keep students in their jobs (retention). The premise for life-skills training was to help graduates stay and grow in their roles, and the Life/Guard module is positioned to ensure they stay in their roles

Impact Area	Impact	Metric - Long Term (end of 6th batch)	Achieved	EIC Comments
Economic	Job security, post Gurukul	80% of students who finish the course successfully and sit for placements, to be given a job offer	99% placement	Passed
Economic	Higher starting salary, post Gurukul	Min starting salary of Rs. 8,500/- for men (driving): Min starting salary of Rs. 7,000/- for women (beautician)	Driving ~14,000 & Beauty ~8,400	Passed
Economic	Income stability, post Gurukul, (hence, financial inclusion, savings etc)	80% of Gurukul students to have a stable (earning at least 11 months in a year) job after Gurukul	42% retention 2 months after Gurukul	Failed
Economic	Higher year-over-year salary increase, post Gurukul	Year-over-year growth in salary in line with market growth at a min 10%+ y-o-y; to track for representative sample for min 2 years post Gurukul	TBD	May apply to driving and field sales, but less in data-entry and beauty. Suggest longitudinal study.
Financial	Financial inclusion and management, post Gurukul	80%+ students to have a bank account, and awareness of all basic financial instruments (savings, loans, insurance etc)	Not measured, was being facilitated by EP	New Jan Dhan a/cs not being serviced by local banks
Literacy	English language proficiency	Understanding of at least 500 most commonly used English language words; Understanding of 100+ most common functional sentences, relevant to livelihood	End line assessments not available for all batches	(Passed: Phone interviews showed basic skills for most respondents)
Numeracy	Basic numeracy proficiency	All participants to comprehend fundamental arithmetic (addition, subtraction, multiplication, and division) post Gurukul	End line assessments not available for all batches	unverified

Of the total number of 394 graduates targeted, to date 308 students have graduated. A batch of 26 students was in progress at the time of this study. With the grant scheduled to conclude in December 2017, the remaining students will need to be recruited, trained and placed in time. Given

the average batch size of 30, there would need to be a minimum of two more batches (in addition to the 26 in progress) to meet the target. From a timing perspective, given the 100-day program duration, the earliest achievable timeframe would be the first quarter of 2018.

Analysis of Program Expenses

Based on the financial data shared by the EP / Nudge Team, the project is currently running over budget while serving fewer beneficiaries. This has led to a 35% increase in the cost per beneficiary versus the plan. The original grant was for INR 2.1 Cr. over 2 years and 3 months. The EP team reported for the period September 2015 to Jun 2017, the total expenses incurred were INR 2.21 Cr. The grant request was for the training of 395 graduates, whereas as only 308 graduates were trained. Thus, the cost per graduate (beneficiary) has increased from a budgeted 53k to actuals of 72k. This represents a 35% increase (18.8k) in the cost per beneficiary.

Extrapolating forward, to train all 395 graduates, per the MoU, the total expenses could grow to INR 2.84 Cr. (an increase of 0.74 Cr.). This makes a resource intensive program, even more costly. Below is a breakup of the variance in actual expenses to budget, by the main expense heads.

Budget Accuracy a concern: As stated above, current costs are 35% higher than originally budgeted. The EP team admitted the errors in their budgeting methodology. Being the first Gurukul, the Mphasis Gurukul's budget was built with the EP team's best estimates. The green field nature of the project meant that there was limited working knowledge on the practical constraints on class-sizes or source of training raw materials. As the team got more into the details, it recalibrated its assumptions.

Table: Comparison of actual expenses versus budgeted (negative variance implies under budget)

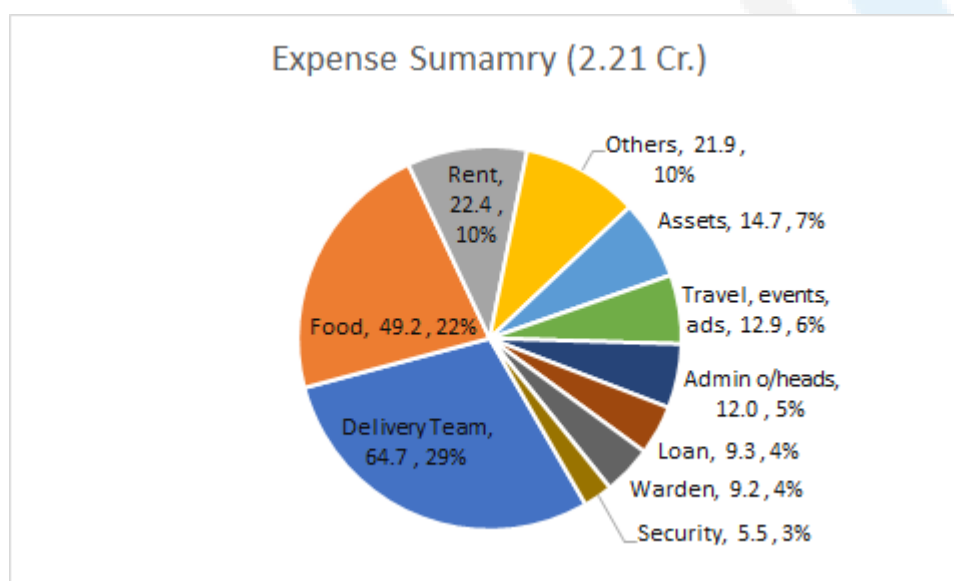
S. No	Expense Head	Budget	Actuals	Variance	Var %
1	Food and Grooming	₹ 60,00,000	₹ 56,97,046	₹ -3,02,954	-5%
2	Training raw material	₹ 28,00,000	₹ 3,71,616	₹ -24,28,384	-87%
3	Infrastructure	₹ 32,00,000	₹ 32,74,344	₹ 74,344	2%
	Gurukul Rent	₹ 28,82,000	₹ 22,43,040	₹ -6,38,960	-22%
	Electricity + Water	₹ 1,45,000	₹ 2,68,142	₹ 1,23,142	85%
	Repairs & Maintenance	₹ 87,000	₹ 4,54,974	₹ 3,67,974	423%
	Printing & Stationery	₹ 29,000	₹ 1,91,147	₹ 1,62,147	559%
	Communication Charges	₹ 57,000	₹ 1,17,041	₹ 60,041	105%
4	Personnel	₹ 41,00,000	₹ 79,36,637	₹ 38,36,637	94%
	Teacher Salary/Program Delivery	₹ 20,00,000	₹ 64,72,639	₹ 44,72,639	224%
	Warden	₹ 13,50,000	₹ 9,18,549	₹ -4,31,451	-32%
	Security Service (Guards)	₹ 7,50,000	₹ 5,45,449	₹ -2,04,551	-27%
5	Other costs (including fixed costs)	₹ 49,00,000	₹ 48,95,606	₹ -4,394	0%
	Gurukul Assets	₹ 13,00,000	₹ 14,74,728	₹ 1,74,728	13%
	Admin overheads	₹ 19,00,000	₹ 11,98,303	₹ -7,01,697	-37%
	Travel	₹ 7,00,000	₹ 4,65,102	₹ -2,34,898	-34%
	Telecom	₹ 50,000	₹ 3,815	₹ -46,185	-92%
	Events	₹ 2,80,000	₹ 4,67,395	₹ 1,87,395	67%
	Contingencies / Loan (actual)	₹ 6,00,000	₹ 9,28,500	₹ 3,28,500	55%
	Advertisements	₹ -	₹ 3,57,763	₹ 3,57,763	100%
	Others	₹ 70,000	₹ -	₹ -70,000	-100%
	TOTAL	₹ 210,00,000	₹ 221,75,249	₹ 11,75,249	6%
	Total beneficiaries	395	308	-87	-22%
	Cost per beneficiary	₹ 53,165	₹ 71,998	₹ 18,833	35%

Personnel costs are 2x of budget: The expenses on Personnel have increased 38.4 lakhs or 94%. The EP / Nudge team admitted that they had grossly underestimated the costs. Initial assumptions were to conduct batches/classes of 50+ students. The team subsequently learned that space constraints and lower quality of interactions with large groups, forced them to split batches into sections. This resulted in the need for more 2x trainers. Trainer salaries were higher than anticipated, as the capacity of trainers at the budgeted cost were not of the desired quality.

Training and raw material in-sourced: Expenses came in 24 lakhs (87%) under budget. The EP team's initial assumptions were to procure training material from third parties and thus incur additional costs. On evaluation of options available, the team decided to build the training content in-house to create a product that better fit their needs.

Other comments:

- Repairs and maintenance were budgeted lower as facility upgrades were not foreseen
- Printing and stationery costs increased as content was being created in-house
- Events are primarily graduation events, plus term parties, sports events and field visits
- Sustenance loans were written off. These were small loans given to participants to sustain their families while the participant was at the course and unable to earn
- Advertising was initially used to canvass for students while the field network was being built
- Budgeting on food, fixed and other costs was fairly accurate



Food & Personnel (Program Delivery) are ~50% the Cost: Given the residential nature of the program it is understandable that food and boarding costs would be a bulk of the expenses. Given that the cost per beneficiary has escalated 35% above the budget it would be advisable to rationalise the food expenses, and explore methods to reduce costs. We have included some options in the recommendations section of this report.

Personnel / Staffing has the largest share of the budget (at 29% or 64.7 L), and has increased over 14 lakhs (or 20%) versus the budget. Given that cost is not yielding higher quality or better outcomes at this stage of the program, the Nudge / EP team may need to justify their decision to increase costs.

Cost per Beneficiary

For the sake of this study we have deemed all graduates as beneficiaries, as they received the complete range of services. So, on a spend of 2.21 cr. with 308 graduates, the cost per beneficiary is INR 72K. The only way to improve this cost is to reduce drop-outs (currently 8%), in the absence of any cost-cutting decisions.

Higher opt-ins will improve Cost per Beneficiary: When looking at the cost per beneficiary (CPB) it is evident that any performance improvement in opt-ins will yield a material benefit, enabling the grantee and funder to do more with the same resources.

Table: Scenario with a 5% increase in opt-ins

	Current State			Scenario			Delta - Beneficiaries		Delta - CPB	
	Actual	%s	Cost Per Beneficiary (INR lakhs)	Actual	%s	Cost Per Beneficiary (INR lakhs)	Actual	%s	Actual	%s
Admitted	335	100%	0.66	335	100%	0.66	0	0%	0.00	0%
Graduates	308	92%	0.72	308	92%	0.72	0	0%	0.00	0%
Opt-in	210	63%	1.05	227	68%	0.97	17	8%	-0.08	-7%
Placed	207	62%	1.07	224	67%	0.99	17	8%	-0.08	-8%
Retained	87	26%	2.54	94	28%	2.35	7	8%	-0.19	-7%

Program cost (INR lakhs) 221

A 5% increase in opt-ins yields an 8% increase in beneficiaries impacted and 7% lower CPB.

Table: Scenario with a 10% increase in opt-ins

	Current State			Scenario			Delta - Beneficiaries		Delta - CPB	
	Actual	%s	Cost Per Beneficiary (INR lakhs)	Actual	%s	Cost Per Beneficiary (INR lakhs)	Actual	%s	Actual	%s
Admitted	335	100%	0.66	335	100%	0.66	0	0%	0.00	0%
Graduates	308	92%	0.72	308	92%	0.72	0	0%	0.00	0%
Opt-in	210	63%	1.05	244	73%	0.91	34	16%	-0.15	-14%
Placed	207	62%	1.07	240	72%	0.92	33	16%	-0.15	-14%
Retained	87	26%	2.54	101	30%	2.19	14	16%	-0.35	-14%

Program cost (INR lakhs) 221

A 10% increase in opt-ins yields a 16% increase in beneficiaries impacted and 14% lower CPB.

The above scenarios assume that no other cost-saving strategies are implemented. Cost saving strategies would yield incremental savings. It would be prudent to prioritize the improvement of the program performance and additionally look at reduction of operating costs. While the cost per graduate does not change, there is a marked increase in impact on those who opt-in. The quantum of the impact will increase as the program scales.

At a broader level, those truly served by the program are those 'Retained' in the short term (2 months after graduation) and those that can transform their lives over the medium-term through the livelihood, learning and life skills learned during the program.

Performance Management

While reviewing the reporting maintained by the EP / Nudge teams, we noticed that actual performance was being reported without being compared to goals. Examples of such metrics

include: % of drop-outs, % opting-in for placement, Placement %, % in-job by day 7, employment %, avg. salary, learning outcome scores, etc.

While goals may be stated in a program philosophy or MoU documents, having them visible and compared to on internal and external periodic reporting leads to proactive decision making and course-correcting if things are not in line with goals. Having goals that operational teams can monitor makes them accountable on a daily basis versus reviewing results at the end of a batch.

Gurukul Learning Outcomes

In addition to job skills training, the program aims to improve the beneficiaries' confidence, preventive health awareness, English proficiency & digital proficiency. While this data was not being tracked for batches of Mphasis Gurukul, a recently started 'Batch Analysis' document showed how base-line and end-line scores are improving. This reporting was started in the mid-2017. EI was able to procure only one copy the batch analysis which pertained to a non-Mphasis batch (WG3-005).

Image: Sample 'Batch Analysis' report showing learning outcomes

Batch Scorecard											
Baselines											
	English	Maths	Dig. Lit	Career	Health	Entrep	Comm	Fin. Lit	Core Values	Beauty	KP
Avg Score	4.5/14	1.2/5	-							-	-
% students	0	0	15.6%	30%	35.2%	-	65%	17.6%	55%	-	-
Endlines											
	English	Maths	Dig. Lit	Career	Health	Entrep	Comm	Fin. Lit	Core Values	Beauty	KP
Avg Score	11.5/14	4.5/5	-							*	222
% students	71.8%	94.2%	67%	86.20%	96.55%	-	100%	68.9%	66.7%	*	64.5

Batch Scorecard								
Beauty								
Avg scores	Overall	PCH	Threading	Waxing	Manicure	Pedicure	Facials	Hair cond.
Practical	4.6	4.9	4.6	4.8	4.9	4.8	4.6	3.2
Quiz	51.5/61	7.9/10	25.2/28	4.6/5	5.2/6	3.9/5	4.7/7	-
Godrej	86.4%	86.8%	90.4%	90.3%	-	82.4%	85.7%	-
% students	Overall	PCH	Threading	Waxing	Manicure	Pedicure	Facials	Hair cond.
Practical (4.5)	97	100	97	97	97	100	76	15
Quiz (54)	44	62	76	94	68	73	29	-
Godrej (80%)	100	100	100	100	-	48	100	-

Insights from Beneficiary Interviews

Approach: Equal Innovation spoke to a total of 15 beneficiaries (~5% of population). The team attempted its outreach to over 50 former students (~15% of population) and was not able to reach a significant subset of the population due to a combination of their unavailability to answer calls during working hours and inactive mobile numbers. Having direct feedback from participants was helpful in assessing the general trends of beneficiary satisfaction with the program, employment rates and retention in their livelihoods. Participants spanned all batches of the Gurukul, and the respondents shared some common themes.

High satisfaction with the program: Overall, beneficiaries were highly appreciative of the program, the staff and the learning experience (14 of 15). They were also just as likely to recommend the program to their friends (13 of 15). Exposure to computers was appreciated by most.

Success Stories: There were two stand-out cases of career transformation. The first case was of a Driving program graduate who was now working as a junior auditor in a CA firm, drawing 17k per month. This candidate had no prior work-experience, but was a B com graduate. He said the confidence, goal-setting and communication learned at the Gurukul helped him achieve his goal of working as an auditor. Another was of a driving graduate earning 21k working with Clean Fanatics. Of those that were not working, there was high praise for the program and quite a few named staff members that they thought were exceptional.

Impact diluted: While the satisfaction levels were high, the economic impact seemed a little muted. Only 6 of the 15 beneficiaries were actively employed. And of those employed, half were in new or different livelihoods for a variety of reasons. To better understand the cause for this drop in employment rate (almost to pre-Gurukul levels) and change of role, it would be advisable to tighten the admissions/screening process and to leverage the Life/Guard channel to garner more insights into the motivations or challenges beneficiaries face while trying to stay employed and grow.

English mostly retained: One impressive fact was that all interviews were conducted over the phone with participants in English, except for two in Hindi. The majority spoke with confidence and clarity, while the rest could understand most of the questions but were less fluent in their responses. One of the respondents while employed at the premium beauty salon preferred to speak in Hindi.

Other life-skills muted: When asked about their adherence to the discipline, health and financial aspects of the course there was a lack of conviction in the responses.

Retention-loss reasons varied: Given that most graduates receive a job-offer (99% placement), and 9 of 15 interviewed were unemployed, EI probed for reasons for unemployment. Reasons were mostly related to social or life-stage related issues – family recalling the participant to their village, marriage, continuing education, etc. Health issues impacted only one of the respondents.

Active / potential college students admitted into program: Three of those interviewed were students who entered the Gurukul while having to reappear for exams or had plans to enrol in college soon after. Given the likelihood of return to education on graduation, the admission of such candidates would only dilute the results.

No admission interview or assessment: When asked about the joining process, most were asked to share prior education and work history, along with personal details. EP did state that very few filters were in place, to help lift those from the most marginalized backgrounds. While the intention is

laudable, the results of low opt-ins and retention may require some checking of aptitude, interest and social acceptability to take up the livelihood.

ADDITIONAL SPMS OBSERVATIONS

In the below section, we cover the key findings from the responses received from The Nudge Foundation in response to Equal Innovation's queries - the SPMS (Social Performance Management System©) questionnaire and additional information requested from the Nudge/ EP team. The SPMS framework enables the gathering of insights on the structure, approach and execution excellence of both the program and the partner. Some of the program-level insights gathered have been mentioned in the Key Insights section of this report.

Program Philosophy & Organization Info

About End Poverty: Per End Poverty (EP), its mission is to develop the capacity and skills of the members of socially and economically disadvantaged communities in India so they are better able to identify and meet their needs and to participate more fully in society. The organization states that it works in 3 key areas: Girl Education, Livelihood Development & Rural Development. It was founded in 2009. It leverages the Nudge curriculum/program, branding and senior leadership on a pro-bono basis.

Program Philosophy: EP delivers a rigorous 100-day fully-residential training program designed to provide 360-degree life, learning and economic foundation to BPL youth with an aim to bring appropriate behaviour changes and to instil the right attitude and skills needed to progress continually in life. EI did not observe that EP used a proof of concept, research, statistics or any case-studies to validate the stated program philosophy. It is therefore assumed that the program is a trial of this theory of change.

Landscape: EP was aware of the major players in the field (Govt. of Karnataka, IL&FS, Deshpande Foundation, Labournet, Unnati, etc.). EP had also tapped a broad network of NGOs and partners to deliver the various aspects of the program.

Strategic Planning: While EI was informed that strategic planning was done twice a year, no document was shared. EI also observed that most forward looking project improvement or expansion projects did not use the SMART (Specific, Measurable, Achievable, Realistic, Timebound) approach. Most notable was the absence of timelines when stating the plan to set up new training centres in current and other geographies, adding new livelihoods or expanding mobilization outreach to other geographies.

Institutional Improvement: EI received a copy of an internal monitoring and evaluation document. EI noted that outcomes were not being tracked, and that most measures were outputs. For examples, 'learning outcomes', which are an output of the program, were being considered an outcome. The true outcomes of the program are improved employment rates, job-retention and career growth. And while the program philosophy talks about lifting people out of poverty by helping them get a job and then stay and grow in the profession, the measures were more tactical in nature. While EP has a workforce with strong corporate backgrounds, the current siloed approach to target or goals, does not focus on the beneficiary's outcome or the purpose of the program – the

create transformation. Having alignment on what is important to track and how to measure it are keys to improving the performance of the organization and the program.

Image: End Poverty's Monitoring and Evaluation System

Monitoring and Evaluation System			
	Objectives	Performance Indicators	Means of Verification
Input	Access to gurukul: Ensure that the most needy people with the right skills and attitudes are in gurukul	: # students enrolled : Conversion rate of students from Sign Ups to Show ups : Conversion rate of students from Showups to Day 7	: Admissions tracker : Results Tracker
	Product Quality: Ensure that the product is customised to the livelihood and students' baselines	: alignment of objectives to the Theory of Change : alignment of objectives to the livelihood needs	: Internal review process : Feedback from trainers : Feedback from employers
	Trainer Quality: Improved performance of teachers in managing the teaching and learning process	: Improvement in mastery of subject matter : Improvement in the teaching skills	: Classroom Observation data : # ToTs
Output	Completion: To ensure learners who are in the Gurukul will complete the course and graduate	: % reduction in student drop out post day 7 : # students graduated	: Results tracker
Outcome	Learning: To ensure that learners achieve the minimum learning levels and demonstrate the desired behavior and mindsets	: Students are able to introduce themselves in English : Students can confidently interact with the peers, gurukul staff and employers : Students are able to budget their monthly expenses : Students are able to find information online : Students are aware of the potential workplace challenges and mitigation strategies : Students know the benefits of the health insurance : Students are aware of good hygiene habits and preventive measures for good health : Students know when to visit a doctor : Students are aware of formal instruments to save money : (For Sales Management) Students have an average typing score of 30 wpm : (For Sales Management) Students know the basic functions of MS Word and MS Excel : (For Beauty) Students can perform threading, waxing, manicure, pedicure and facial : (For Beauty) Students will know about Personal Care and Hygiene	: Baseline and Endline test : Batch Scorecards : Karma Point Tracker : Attendance Tracker
	Placement: Ensure that the students who opt-in for placements get employment	: % of opted-in students placed : average salary	: Placement tracker

Data Collection & Research: From EI's analysis, the program currently collects mostly quantitative indicators on key transactions: inputs (admissions), processes (capacity utilization) and outputs (opt-ins, placements, etc.) EP currently does not track the reasons for the above indicators. And as mentioned above, outcomes do not take priority. Student feedback isn't currently solicited and recorded on why students drop out, why >30% do not opt-in for placements, their opinion on the program, or their main challenges post-graduation. Having this information will help EP improve those metrics and resultantly deliver a relevant and impactful program. EI was not able to obtain any employer testimonials from the Nudge team.

Innovation applied: EI gathered that the Nudge / EP teams have tried to implement a few innovations to improve learning outcomes and post-graduation engagement. Some examples include:

- Karma Points: an internal student behaviour monitoring and incentive system
- Slow is cool: A time and distance driving game to help drivers practice safe driving in congested urban spaces
- Beautiful Shuruaat: A pop-up beauty salon for students to practice their skills before going for interviews
- Life/Guard cloud-based CRM + Telephony System: A new system to enable easy interaction management to help ensure graduates are settled into their work and able to deal with life-challenges

Management

Management Processes: Being a young organization with centralized operations in Bangalore, there were no concerns of lack of leadership oversight or involvement. EP seems to follow most standard practices of hiring, orientation, priority setting and employee management.

As mentioned earlier, a lot of senior management is from the corporate world, and the approach to measurement, performance management and goals may have a carry-over effect of focusing mostly on near-term and internally controllable items, versus looking at the sometimes uncontrollable and external forces impacting the overall objective of the intervention. This is evident in the internal performance management documents. A reorientation to the non-profit sector and the nuances of the problem at hand may be helpful in aligning the team to think of how to have a balanced approach.

Systems: The EP team manages its operations effectively with the use of systems and technology. EP uses Tally for its accounting and leverages cloud-based Google Docs for reporting (attendance, karma points, assessments, etc.).

To enhance the Life/Guard component of the program, which supports how graduates stay and grow in their roles, a combination of cloud-based telephony (Exotel) and CRM (Zoho) systems to maintain contact with past graduates, and track interactions. A next step to making the most out of this infrastructure is to understand the nature of the challenges faced by the beneficiaries and use (simple) analytics to gain insights to help them stay and grow in their jobs.

EP did notice some tasks were performed via manual entry. Processes like attendance capture and entry, karma points, assessments and recruitment forms all required manual entry. Digitization of the most high-cost processes (ex: assessments by trainers) would be beneficial.

Budgeting & Fundraising: End Poverty had an annual budget of 4.6 Cr. for the year 2016-17. The overall budgeting process was in line with standard practices. The accuracy of the budget, as highlighted above, is still a concern. EP's main sources of funding are as follows: Individuals 41%, Foundations 15%, Corporations 44% and Govt. 0%.

EP stated that the/Nudge project's 5-year goal is to train 45k students annually (by end 2020) with the overall budget of approx. 130Cr.

Marketing & Communications: EP uses the following channels to reach its target population:

- Directly in communities through its field team
- Advertisements in local newspapers
- Partnerships with other NGOs who work in these communities & have an extensive understanding of them
- Alumni referrals
- Celebrity support & endorsements

In terms of local community presence/engagement channels, EP has worked in communities across Karnataka (especially in North Karnataka) where they have mobilised participants via:

- District Employment Officers (Group-1 officers)

- Community based organisations (CBO), Prominent religious entities (Churches who are already involved in social activities of these communities), Sanghas (Self Help Groups), Coolie Sanghas & Local NGOs
- Gurukul alumni
- Job Fairs organised by both existing as well aspiring politicians
- Supported by local celebrities such as Puneeth Rajkumar (renowned Kannada actor)
- Local Press Coverage from these communities

One noteworthy achievement was that EP has been successful in mobilising the Devadasi communities in Maski Taluk, Raichur district, Karnataka.

Government Relations: The organization did not report any formal links to any government agencies. Recent social media activity of the President of End Poverty (Atul Satija), however, does imply that there is an intention to partner with the government. The EP team has not formally confirmed the case.

OPEN QUESTIONS

When analysing the program design and efficacy based on the data shared, a few questions came up that required additional discussion and study to determine the way-forward.

Causes for Low Opt-Ins and Job Retention Not Analysed

As the saying goes, “if you can measure it, you can manage it”. The EP/ Nudge team currently measures the end result (opt-in %s & retention %s), but has not systematically measured, documented and analysed the root cause for low performance. Having a better understanding into these causes will help design better selection criteria and post-graduation support services. By understanding the controllable and uncontrollable factors that are playing into the decisions of participants, the organization can have the appropriate strategies and realistic expectations for its program. While anecdotal statements are available from the EP team, going through the rigour of measuring something puts attention on the problem, and helps turn awareness into impactful action.

Impact and ROI of Learning/Life-Skills Training

The singular question around life-skills was whether the amount of effort and resources focused on this aspect would pay off for the beneficiary in the long term. While it was evident from our interaction with beneficiaries, at the Gurukul and during individual interviews, that their communication skills, confidence and general outlook had grown, the question on the longevity and real impact of the newly acquired skills and attitudes are open to debate.

50% of curriculum: Currently, Learning & Life skills curriculum takes up roughly 50% of the training time at the Gurukul, so is a significant share of the program delivery cost.

Table: Curriculum modules - share of total time by Livelihood

Modules	Plumbing	Driving	Beauty	Sales	Average
Economic	66%	12%	50%	50%	45%
Learning	20%	48%	27%	27%	31%
Life	14%	40%	23%	23%	25%
Total	100%	100%	100%	100%	100%

Essential vs. tertiary skills: To aid the rationalization of curriculum, it would be valuable to understand what are essential skills for a livelihood. Plus, what skills can be learned on the job? On the life-skills front, it would be good to understand which erroneous / inherited attitudes need to be addressed and reset via an immersive learning and reflection process. Can the same learning outcomes be achieved in less time? Which skills are game-changers for beneficiaries to have long-term growth?

The importance of environment: When a participant is in the Gurukul he/she is in a dedicated, closed and conducive learning environment. But the practice of languages, customs, attitudes and work-ethic are more determined by culture and environment than by individuals. Only those with very strong will-power would be able to talk, act and behave in new ways that are discordant with their upbringing or new environment. Likewise, the exposure to computers or to ideas on financial management could be compared to gifts received by the beneficiaries. While they may value the rare opportunity/ exposure, they will only be able to leverage them with a benefactor, peer group or a work environment that enables them to practice these skills.

Life & Learning skills content/curriculum: Given the lack of sustained employment after graduation, it may be fair to ask if adding these skills has a material behavioural impact with respect to economic benefit to the graduates. The lack of desired impact is either a sign of low influence of life /learning skills on employment rates in the chosen livelihoods or of the quality of the content being used the Nudge / EP. The team initially started working with content from the Wadhwani foundation (life skills), Intel (digital literacy), Walmart and others, but gradually started to create their own content. Further research and analysis is required to determine if life-skills do improve employment growth.

Livelihood Choices

Some of the choices to introduce, pursue or discontinue livelihoods did not appear to have consistent reasoning, based on the responses received from the EP team. While choices of which livelihoods to offer depend on multiple factors such as immediate and long-term demand, growth opportunities, social impact, and delivery cost among others, it would be of value to the funder to understand the rationale for current livelihood choices and to ensure it is used consistently.

Driving – started strong but stalled: With the highest opt-ins (90%), retention (55%) and average salaries (14.4k), it is surprising that this livelihood stopped after only 2 batches. Training was being offered by Maruti, and would be assumed to be of high quality. Is cost an issue? Some factors against pursuing the program could be the formation of industry aggregators of drivers that serve as agents for Ola, Uber, etc. and have more leverage with placements versus a stand-alone player. While growth may be a potential barrier, the immediate life-boost such a profession offers enables

beneficiaries to become financially independent, think entrepreneurially and have the capability to make decisions to become a fleet owner or move up into premium services over time.

Sales - low on impact, high on belief: This livelihood has 3 batches and 44% of the graduates are from this program. In contrast to driving, sales had the lowest opt-ins (61%) and retention (31%). This translates to only 18% of those admitted being in jobs 2 months after graduation.

One argument proffered by the EP team was that sales roles have long term potential to grow incomes and lead to career advancement. Beneficiaries were also said to be seeking more 'office' based roles and didn't want hardship roles. Given the above, what can be done to get more participants to opt-in to job placement and how do they stay and grow.

Plumbing – a growing need: The EP / Nudge team has introduced plumbing as a livelihood with other Gurukuls and will soon be offering it to Mphasis beneficiaries. With rapid urbanization set to continue, construction and allied trades like plumbing will see a boost. The only contradiction on this livelihood was the lack of 'office' type work, and it is a hardship role, like driving.

Understanding the decision-making framework around livelihoods being offered, will add context to the numbers reported and gain alignment.

RECOMMENDATIONS

Below are Equal Innovation's main recommendations to help improve the Gurukul program. The main aim being to improve the value of the program to the beneficiaries and the funder, while being conducive to the implementing agency.

Through this evaluation, there has been a consensus that there is a definite need for improvement across various facets of the program. EI has outlined its key recommendations across a few key areas. The recommendations below are aimed at being less prescriptive and more on the lines of ideas to develop upon and innovate with to achieve the desired outcomes.

Some of the key areas where Equal Innovation would recommend more oversight include:

- Having stronger recruitment criteria for those entering the program
- Improving opt-in rates for placements
- Analysing the causes behind the key performance metrics
- Improving internal performance management at End Poverty
- Program scalability
- Reducing cost per beneficiary, and
- Prudent livelihood choices

Stronger Recruitment Criteria

As mentioned in the executive summary, there is a need for robust program architecture and management processes from admissions to retention. The/Nudge team will need to be measure and analyse the reasons for retention-loss to understand what issues can be solved through diligent

recruitment for aptitude and interest, sensitization to the industry standards prior to joining the course, program curriculum/training (if skills deficient), post-placement acclimatization to new environment, motivational support, etc.

The current opt-in and placement problem is due to watered-down requirements leading to diluted results. EI recommends the following measures to improve the tighten admissions and the performance of the program:

- Scorecard EP team & partners on timeliness and outcomes (graduation & retention)
- Give field partners / NGOs clear selection criteria
- Restructure pricing: Lower per-head cost and include a bonus for higher opt %s per batch
- Have basic aptitude tests for the respective profession. Currently beneficiaries reported not receiving any screening / interviews at the time of joining the program
- Field partners should educate prospects on the livelihood, income levels, new environment, pros and cons, and the need for graduation
- Assess 'red flag' items to weed out participants not keen on converting the opportunity into gainful employment in the selected profession
- Emphasize the livelihood more and de-emphasize the 'learning' module in recruitment stage, as a bulk of positive beneficiary feedback for the softer and allied learning, and less for the trade skills being taught (implying less interest/value)
- Experiment with adding a token (non-refundable) joining-fee so participants buy-in to the program. Behavioural Economics suggests that people are more likely to value what they pay for vs. what they get for free.

The Nudge / EP team, while discussing the issue with Equal Innovation, alluded to deciding to tighten admissions in upcoming programs.

Increase Opt-ins and Lower Drop-outs

If the above screening is carried out effectively, then only relevant and willing participants will be in the cohort. This will amplify the success quotient of the batch, as the shared learning and group dynamic will be of a higher calibre and not diffused by 'window-shoppers'. To further strengthen the determination of the batch to persist in their chosen livelihood, the Gurukul could attempt the following:

- Have alumni give a pep talk to new students during week 1, to mentally prepare the participants for the challenges ahead and motivate them through their example
- Create a dis-incentive for dropping-out. The current program is like an open-ended free-trial program, where if a participant opts out, his deposit is refunded.

Capturing Insights Will Pay Dividends

To better understand the current reasons for a loss of efficiency and impact of the program due to drop-outs, low opt ins and retention it would be key to understand the reasons and motivations for participants to make such decisions.

Opt-ins: At the time of graduation, those not opting in should be asked to share (event anonymously) their reasons for not seeking employment. By analysing these responses and categorizing them, the team will better understand how to better screen candidates being admitted.

Retention: To improve retention, a feedback loop must be created, whereby new graduates receive a high frequency of contact and support to understand their life and work challenges and support them accordingly. The intensity of effort can be lowered after a set timeframe and only exceptional candidates with issue after the initial phase will to be handled. This will allow the Life/Guard team to free up capacity and move to the new batch. Using automation and the cloud-based systems, will help reduce the man hours required to manage a growing number of graduates.

Life/Guard could prove to be a key source of intelligence, if utilized well, to improve the program's understanding of the needs of beneficiaries to initially stay financially afloat and subsequently to grow and prosper. If used reactively, it will merely be a helpline used by those in need after disaster has struck. It could be a valuable tool, by being used as a proactive monitor to understand common concerns and to run campaigns to remind the graduates to save, deal constructively with challenges, avail discounted services or call-in if they need immediate assistance. Another way to leverage their network, is to have regional or sectoral Gurus (alumni who serve as mentors/guardians) who are willing to help new Gurukul graduates stay & grow in their jobs.

During these interactions, it will be important to understand the main reasons for attrition and to understand what are preventable through upstream efforts, can be remedied through dynamic action and those few that are uncontrollable in nature. The initial effort required to contact, capture, analyse responses and make changes will lead to fewer unemployed participants and better living standards for a larger share of graduates. Gradually, with lower drop-outs and higher retention, the Life/Guard team will see it's needed effort reduced over time. Additionally, to incentivise repeat participation, lucky-draws (like mobile recharge coupons, etc.) could be offered.

Employer relations could also be leveraged. Given the Nudge / EP team directly works with employers, it is perplexing that there is little information gathered and analysed from employer feedback on quality of graduates and the reasons for turnover. To help foster better employer relations and improve retention, a process of following up with employers after a round of placements to gather their feedback will help send the right candidates to the right employers and thereby improve retention.

Performance Management: Benchmarking & Balanced Scorecarding

I. Benchmarking / Goal-Setting

As noted in the program insights earlier, while EP creates reporting and hind sighting documents (batch analysis) of performance. EI observed that performance information is being circulated, but there is a lack of clear management towards goals.

What to measure is just as important: Currently goals exist for high level performance indicators, capacity utilization (enough participants), placements % and salary CTC of those placed. For example, the Sales batches, may have enough participants, 100% placement and CTCs above INR 7,500. But even though all batches pass these measures, these goals fail to check the that only 18%

of those admitted are in the job after 2 months, nor are they designed to manage the causative factors of low opt-in and retention.

While it may be tough to set hard and fast goals in the first year of a program, it is imperative to measure the right KPIs and set SMART goals.

II. Balanced Scorecarding

Another area alluded to earlier was the near-term siloed approach to performance. Examples of this are: The recruitment team is focused on getting people admitted by a certain cut-off, operations is focused on delivery quality and optimizing resources, placements on job offers and life/guard team on near-term needs of new grads.

The way high-performance organizations with multiple functions create a performance culture to ensure each team has an incentive to ensure its work has a positive impact on the overall goal of the organization, and to deter behaviour that focused on immediate deliverables vs. the overall organizational goal.

An example of putting this into play at the Nudge project would be to create Balanced Scorecards, that weight different KPIs (key performance indicators) in proportion to the level of priority those goals should receive. Simplifying this for the sake of an example, the Recruitment team could be goaled as follows: 80% on ensuring students recruited by cut-off date, 10% on opt-in% within goal and 10% on retention after 2 months.

It is a methodology that needs to be envisioned and driven from the top, so that teams 'accept' they their fate is dependent on the overall performance of the program. Most corporate bonus programs embody the balanced scorecard approach, where some % of the bonus is based on the individual's performance and the remainder is dependent of the overall organization's performance. The Equal Innovation team has created balanced scorecards for Fortune 500 companies and can assist in institutionalizing such high-performance practices at The/Nudge.

Scalability of the Model

In its current format, the program can benefit from robust design and performance management to improve its impact. Once the program has increased performance standards and sustainability measures it would be ready to scale. The disconnect between the organization's vision (to lift 1mm people out of poverty) and the program's 5-year goal (impact 45k youth by 2020) imply that the ability to scale is not build into the design of the program.

By design, the Gurukul is a residential program that is time and resource intensive. Being able to scale the program will demand a lot from a young organization, its partners and its funders.

Time: From a throughput perspective, the program duration of 100 days is a constraint. While rationalizing program content (including the proportion of non-trade skills), the EP teams should consider decreasing the length of the course and focusing on core content. This will enable them to serve more beneficiaries in a calendar year. A necessary trade-off will be the scope of the life and learning skills imparted, to create a highly relevant program and to enable more students to graduate.

Another constraint to scale is the setup time for any new centre to be a new Gurukul. While there is little customization required, staffing and recruitment will be time intensive.

Financial: Funding may not be a significant issue in terms of the smaller ticket size of the grants. As funders are keen to increase impact numbers, they may face some challenges with funders who have supported larger programs with lower costs per beneficiary.

Competence: EP is looking to leverage the Nudge to develop the curriculum for the Gurukul program. Given the newness of the organization, it would be prudent to focus on developing its core competencies so it can help funders support impactful skilling programs. There are various nuances and challenges in the skilling sector and life-skills training. One area where the Nudge / EP team could use its strengths is to use a partnership driven model to implement its life proprietary skills curriculum.

Using an MVP Approach

While analysing the program, EI felt that the current state of the program could benefit from an iterative design approach to fine-tune performance. The use of an MVP (Minimum Viable Product) is an established industry practice in the business sphere. It allows a team to create a baseline product, based on a design philosophy and by taking user feedback to improve the product. This is an approach famously used by Microsoft with its Windows operating system, where an early version is released to meet customer demand and then based on bugs reported and internal optimization work a new version is released via an update. The MVP ensure that the product is adopted and improvements are made along the way.

The Gurukul program could benefit from an MVP approach to its design, with a view to continuously improve with every batch to ultimately meet its goals on impact and outcomes. Equal Innovation, with its expertise in entrepreneurship and innovation, has helped early stage ventures develop ideas and take them to scale.

Cost Reduction Strategies

Apart from program performance, the second most important aspect to fine-tune is the cost per beneficiary. Equal Innovation's review of the financials revealed that food, rent and program delivery costs made up 60% of the program costs. Food was 22%, Rent was 10% and Delivery costs were 29% of the total expenses of 2.21 Cr. The below suggests look to reduce the cost per beneficiary through better utilization of resources and reduction in their resource intensity.

Batch sizes and timing: The Nudge / EP teams can look to run the Gurukul at full capacity, but having larger size batches. Average batch sizes vary by livelihood – Sales (48), Driving (34) and Beauty (21). Given that instructors time is the same for a full or half-full batch, increasing batch/class sizes to optimal levels will reduce the cost per beneficiary. It would be worth understanding how sales batches of 48 are handled, either via multiple sections or combined. Each new section adds cost, so finding the optimal number is key.

Larger women's batches: EI's estimates imply that the cost per beneficiary for a women's batch could be as high as 1.5x to 2x the cost of a men's batch. It is primarily driven by the lower batch sizes

for women (21 vs. 42 for male batches). Since the Gurukul cost structure has a high % of fixed costs (trainer time, rent, kitchen staff, etc.) these costs will be spread over a smaller population. Increasing the batch sizes through focused field outreach will help lower costs. Having batch size goals would be a step in this direction.

Optimize trainer roster: EI did notice that multiple Gurukul batches were running simultaneously, which helps offset facility costs across a larger base. There could be further improvement in the cost per beneficiary by optimizing the teacher roster, for better utilization, if it's not being done already.

Reduce batch length: A Gurukul's capacity to host beneficiaries in a year is limited by the number of simultaneous batches it can host and the length of each batch. Shorter batches 60-80 days, will increase the number of batches/beneficiaries served. Given that more than two-thirds of the operating expenses are fixed in nature (salaries, rent, overheads, etc.) increasing the number of beneficiaries will leverage these fixed costs and reduce the cost per beneficiary.

A couple of ways to reduce the number of in-person days would be to (1) send pre-reading material and quizzes in advance, so some of the introductory or basic material can be covered prior to arrival, (2) rationalize the life/learning skills content (removing non-essential modules) based on feedback received from employers and beneficiaries (via Life/Guard), or (3) offer optional modules: Just as an MBA gives a graduate some core modules and some optional courses, offering some content as optional short-courses versus being taught throughout the program may help reduce the total training hours per batch.

Cooking livelihood: Food is 22% of the current operating budget of the Gurukul. It can be assumed that the around one-third of the cost would be actual food costs and the other 2/3 would be labour and facilities expenses. One option would be to create a livelihood for commercial cooks who could then move to hotels, caterers, restaurants, etc. Retail F&B is expected to grow with higher economic growth and increased urbanization. Having Gurukul students (lead by in-house chefs) prepare meals will allow the Gurukul to reduce total operating costs by 8-10% (or 20 lakhs in the Mphasis Gurukul alone).

Digital tools for content delivery: The Gurukul could experiment by conducting 5-10% of their classes remotely via e-learning or pre-recorded videos, where participants jointly view the content and junior facilitators hand out quizzes or facilitate a discussion on a less nuanced or technical topic. Since Delivery costs account for 29% of the operating expenses, this method will free up more expensive resources, reducing their time cost. This pilot will also enable the Gurukul's ability to scale with fewer constraints.

Longitudinal Study on Impact of Learning/Life Skills

Given that life and learning skills are a key component of the program, it would be valuable to understand the value to beneficiaries and their organizations. While these skills may have some value in securing a job, it will be important to understand whether these skills are vital to staying and growing in their roles, and becoming happy and active participants in society.

To do so, a longitudinal study would need to be conducted where a significant population of graduates are contacted periodically over a couple of years to understand their life situation and determine if life skills are helping them in such situations.

A control group, non-Gurukul graduates in similar livelihoods and cities would need to be studied to see if the economic and life-satisfaction levels of either populations is significantly different, and which factors are key.

The study can also measure the long-term year-on-year income growth for graduates, a stated goal of the program.

Closing Thoughts

While the current livelihoods are more urban in nature, there may be opportunities to diversify the portfolio of skills being offered. Given the partner-based approach, it would be feasible for EP to support new livelihoods that will be in demand.

EI observed that there may be a bias towards participant employment preferences and aspirations when deciding on livelihoods to offer. Examples of such decisions include the decision to drop the (higher paying) driving livelihood, and a move from pure sales roles towards lower paying data-entry call-centre type roles at the behest of the participants. The exigencies of youth and their desire to be elevated to a modern lifestyle may need to be balanced with their aptitude, their ability to shine in the career and the needs of the industry. It would be helpful to educate graduates on what may be the best fit for them, and why the comfortable job they seek may not be good in the long term, as it means a lack of challenge and growth.

According to an NDSC report on skill-based employment, the maximum demand will be generated from sectors such as tourism, travel and hospitality; agriculture and allied (mainly allied such as horticulture, fishery, animal husbandry, poultry and sericulture); building, construction and real estate; IT & ITES, transportation, logistics, warehousing and packaging; healthcare and education services.

When looking forward, trends towards urbanization and automation should be considered as well, so that livelihoods gained today will not be adversely affected in the next 5 years. Automation is starting to impact rural BPO jobs, where rule-based processing of applications, claims, etc is starting to be shared by workers and machines. Being cognizant of such trends will lead to better long-term prospects for Gurukul graduates.

Equal Innovation is exposed to some of the latest innovations and trends shaping business and philanthropy, and can assist End Poverty and Mphasis to make sustainable and impactful strategic decisions for the program.