Gyan Shala

Introduction to the Gyan Shala Model

11th September 2009
Agenda

- Monitor Inclusive Markets

- Context: Education in India

- The Gyan Shala Model
Monitor Group: An Introduction

Monitor Group is a leading global management consulting and merchant banking firm

Michael Porter, Harvard Business School
Director and Co-Founder of the Monitor Group

- Founded by Michael Porter and other HBS faculty in 1983
- Renowned for focus on strategy and cutting-edge ideas that help clients grow

We believe that “Ideas can create impact.”

With over 25 offices across the globe, we go the last mile...

<table>
<thead>
<tr>
<th>Corporates</th>
<th>Governments</th>
<th>Non Profits</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Growth Strategies</td>
<td>• City Strategies</td>
<td>• Social Venture Funds</td>
</tr>
<tr>
<td>• Leadership &amp; Innovation</td>
<td>• Cluster Development</td>
<td>• Impact Investing</td>
</tr>
<tr>
<td>• Private Equity Funds</td>
<td>• Country Competitiveness</td>
<td>• Education Ecosystem</td>
</tr>
</tbody>
</table>
Monitor Inclusive Markets in India

An autonomous unit that is actively facilitating scaling of market based solutions

Identifying and refining business models at scale

Making the market for low income housing in India
Why have so few non-MFI market-based solutions gone to scale?
Foundational Study in India (Lot of activity, ‘factor’ conditions are right)

A few of the MBSs we studied...

- Year-long study with a full time team of six people
- Covered 270+ market based solutions, including NGOs, commercial businesses and government initiatives
- Data driven. Over 36 field trips with over 600 customer interviews, value chain analysis, economics, substitutes, etc.
- In-depth analysis of 9 business models
- 11 sponsors: ICICI Bank, Sir Dorabji Tata Trust, IFC, SDC, Rockefeller, Packard, IDFC, Path, Omidyar, Orient Global and TPI

Emerging Markets Emerging Models - Market Based Solutions to Challenges of Global Poverty (www.mim.monitor.com)
Innovation Through Market Based Solutions
It’s All About the Business Model

- Needs of the customer and physical and social context are different; thus traditional formal sector business models often do not work

- **MFI example**: Traditional individual bank loan product not accessible to the poor, informal moneylenders too high cost
  - Small loan size, short tenure
  - Group product - reduces cost to serve, reduces risk
  - Lower skilled field force/loan officers – enabled by mono-line product

- Model has had 30+ years to mature and get to scale

- What are the next business models that can go to scale?
Innovation Through Market Based Solutions

Business Models

Several high-promise business models emerged from the study as either already being at scale or showing strong potential to achieve scale; Gyan Shala is an excellent example of the ‘para-skilling’ model.

**B60 as Customers**

- Community/Group Pay-Per-Use Infrastructure (e.g. village water filtration plants)
- Pre-Assured Demand (e.g. housing via employers or MFIs)
- Shared Channels (e.g. water filters sold via MFIs)

**B60 as Suppliers**

- Low-Cost, No-Frills, High Throughput Services (e.g., labor + delivery hosp.)
- Contract Production (e.g. integrated, distributed poultry farming)
- Direct, Deep Procurement (e.g. disintermediated fruit and vegetable collection centers)
- Demand-Led Training and Skilling For low-end formal sector (e.g. retail) and informal sector
- Para-Skilling Services (e.g. slum schools using para-teachers)

Para-Skilling has high potential as it significantly reduces the cost of service delivery by re-engineering the delivery process. This is exemplified by the microfinance industry and organizations like Aravind and Gyan Shala.

Packard Foundation funded MIM to work with Gyan Shala and understand the critical success factors of the model, with a view to understanding whether the model would work in Bihar and have impact on the long term health of women.

The study found other promising models as well, but did not examine them in-depth. These business models reflect only the focus of the study and are not meant to be a comprehensive list of “what works”
Agenda

- Monitor Inclusive Markets

- **Context: Education in India**

- The Gyan Shala Model
In India, 40% of the 361 million school-age children don’t attend schools and 35% are enrolled in government schools.

1 Only recognized private school numbers; the number of unrecognized private schools exceeds this significantly.

Source: CLSA Asia Pacific Markets, Indian Department of Education, Media reports, NGO studies.
Education in India
Public Schools – Education Delivery Outcomes

Poorest education outcomes in public schools are reflected in high drop out rates of students and parental dissatisfaction

Student drop out rates in Government Schools (All India) – 2008

<table>
<thead>
<tr>
<th>Grade 1-4</th>
<th>Grade 5-8</th>
<th>Grade 9-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>16%</td>
<td>43%</td>
<td>68%</td>
</tr>
</tbody>
</table>

Level of Parental Dissatisfaction\(^1\) (%)
(West Bengal), India (2002)

<table>
<thead>
<tr>
<th>With Child Progress</th>
<th>With Teacher</th>
</tr>
</thead>
<tbody>
<tr>
<td>60%</td>
<td>59%</td>
</tr>
</tbody>
</table>

\(^1\)Study in government primary schools in West Bengal
Source: CLSA Asia Pacific Markets, Indian Department of Education, Media reports, NGO studies
While good private schools provide high quality education at high cost, performance of cheaper schools is an issue, posing significant barriers to universalisation of education.

Good quality schools are often ‘high-end’ and unaffordable

Good quality private schools cost Rs. 700/month per child. This would make it ~20% of an average B60 monthly income.¹

Affordable schools for B60 are of poor quality

“... the private schools that poor parents are using instead of govt. schools are of ‘inferior quality’, offering ‘a low-quality service’”
– Oxfam Education Report

Mean Monthly Fee in Pvt. Schools² (Rs.)

<table>
<thead>
<tr>
<th>Class</th>
<th>Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pvt. Unrecognized</td>
<td>180–250</td>
</tr>
<tr>
<td>Pvt. Recognized</td>
<td>250–400</td>
</tr>
<tr>
<td>High-Quality Pvt. School</td>
<td>700</td>
</tr>
</tbody>
</table>

Learning Outcome for Rural Private Schools (2006–07)

<table>
<thead>
<tr>
<th>Category</th>
<th>% Children by Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class III: Can't do Subtraction or More</td>
<td>47%</td>
</tr>
<tr>
<td>Class V: Can't Read Level 2 Text³</td>
<td>30%</td>
</tr>
</tbody>
</table>

¹ Average B60 income (urban) is Rs. 3,500 per month. ² Tuition fee presented, may add up to much more if hidden fees like computer fee, activity fee, etc. are taken into account and High-Quality Private School refers to schools like HPS. ³ Level 2 text refers to “Short” story with 7–10 sentences often Class II textbook and data from ASER 2007

Agenda

- Monitor Inclusive Markets
- Context: Education in India

- **The Gyan Shala Model**
The Gyan Shala Model

Overview

Gyan Shala is an NGO that runs 360, one-room schools which deliver very low cost, high quality education to slum children

Company Overview

• Gyan Shala runs 350+, one-room schools in urban slums of Ahmedabad
• Developed a scalable model to provide consistent quality, low-cost primary schooling
• A not-for-profit organization, it uses a combination of earnings from its own services\(^1\), Government funding\(^2\), and donor funds
• The program has recently been extended to Patna, Bihar, which currently has roughly 15 classrooms

Note: \(^1\) Provides services to Municipal schools like teacher training, educational material, \(^2\) Sarva Shiksha Abhiyaan funds
Source: Gyan Shala Annual Report, Secondary Research, Interviews, Monitor Analysis
The Gyan Shala Model

Programs

Gyan Shala has a number of distinct elements within its operations

Service Description

Key Components of the Gyan Shala program are:

(1) **The flagship program in elementary education** (Class I–III)
   - Charges a nominal fee (Rs. 30/month)
   - Focus on language, mathematics and project work
   - Caters to poor, urban children, who are inadequately served by existing education programs

(2) **A nascent Middle School program** which uses subject-specific teachers for advanced learning

(3) **A large and expanding program of working with government schools** to introduce Gyan Shala practices to improve quality

Teacher training session in Ahmedabad
The Gyan Shala Model
Key Barriers for Schooling in Urban Slums

“Distance from home” and “needed at home to earn money or otherwise” are the key reasons for parents not sending their children to schools

Key Barriers to Schooling in Urban Slums

- **Proximity**
  
  “We cant send the children to a school which is far away. They will not be able to cross the roads and reach safely”

- **Needed at home for work**
  
  “If we send the kids away to school for the full day, who will perform the household chores? I need my daughter to help me with work at home”

- **Cost of education**
  
  “We earn only INR 2000-3000 per month, we cannot afford to send all our four children to school. The government schools are far so I don’t send my children to school”

“When girls from very poor families get a chance to attend school, the burden of work before and after school is a major deterrent. The situation is particularly severe in reference to the girls in 9+ age group — a period when they are catapulted into adult responsibilities. It has important implications on their learning achievements and educational outcomes”

— Ramachandran et. al, (World Bank, 2004)
The Gyan Shala Model
Model of Service Delivery (One-Room Primary School)

Gyan Shala’s business model has distinct features that enables Gyan Shala to provide an effective, standardized, and low-cost education

“Para-Skilling”

• Gyan Shala have re-engineered the role of the headmaster and the teacher into three new roles (see following slide) for greater efficiency and effectiveness

• Created highly standardized interventions such as kits, worksheets and lesson plans to maintain quality. Even seating arrangements are colour coded and rotated to help systematize the learning process and ensure each child gets sufficient attention.

‘No Frills’ Set-Up and Service

• A Gyan Shala school is just one room (or a number of single rooms) rather than a whole building

• Lowered capital cost by renting an existing slum room rather than building a school

• All furniture is basic and standardized

• Classes just 3.5 hours a day (no lunch or other major breaks)

Strong links to the Community

• Community outreach; teachers are involved in recruiting students

• Have schools close to slum areas to minimize distance for both students and teachers, encouraging greater participation from both parties

• Teachers are from the local areas so have closer ties to the students and parents and hence more accountable

Source: LifeSpring Newsletter, Secondary Research, Interviews, Monitor Analysis
The Gyan Shala Model Pedagogy

*The curriculum is delivered through standardized teaching process, which helps deliver high quality learning outcomes through relatively less skilled manpower*

**Typical Pvt. School Organizational structure**

```
State Curriculum
```
```
Head Master / Mistress
```
```
Teacher
```
```
Student
```

**Gyan Shala Organizational structure**

```
State and Gyan Shala Curriculum
```
```
Design-Management Team
```
```
Supervisor (Field Staff)
```
```
Junior Teacher
```
```
Student
```
```
Parents Committees
```
```
Expert team for feedback
```

- Gyan Shala has **re-engineered** the role of the headmaster and the teacher into three new roles
  - **Design and Management** team consists of Office team (curriculum design and administration) and Field work team (mentoring senior teachers and implementation)
  - **Senior teachers** monitor the junior teachers
    - Each senior teacher oversees 8–10 classes a week and spends 3 hours a week on assessing the junior teacher, class performance, etc.
  - **Junior teacher** teaches a class of 30 students; some do two shifts of 3 hours each, per day

Source: Gyan Shala Annual Report, Interviews, Secondary Research, Monitor Analysis
**The Gyan Shala Model**

**Cost Structure**

Gyan Shala’s cost structure is very low, with costs being less than half of that of competitors in the private sector; however, they do receive government funding support.

### Monthly fee Comparison for Primary Schooling Options

<table>
<thead>
<tr>
<th>School Type</th>
<th>Rs. per month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gyan Shala</td>
<td>500–900</td>
</tr>
<tr>
<td>Govt. School¹</td>
<td>500</td>
</tr>
<tr>
<td>B60 Pvt. School</td>
<td>180–250</td>
</tr>
<tr>
<td>Quality Pvt. School</td>
<td>300–400</td>
</tr>
</tbody>
</table>

¹Government schools are free
²Average school surplus (profit) is 25%–30% of the revenue and school fee per student is often more than the tuition fee. So, assume Rs. 250 tuition fee as the cost per child per month at a private school
³Worksheets and learning aids are provided by GS,
⁴Others include fee concessions, unofficial payments, Typical B60 private school is often a private recognized / unrecognized school operating in urban slums and an average monthly fee of Rs.150/child

### Cost Comparison of a Typical B60 Pvt. School vs. Gyan Shala

<table>
<thead>
<tr>
<th>Category</th>
<th>Gyan Shala</th>
<th>B60 Pvt. School</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary — Teacher</td>
<td>125</td>
<td>250</td>
</tr>
<tr>
<td>Salary — Field Staff</td>
<td>30</td>
<td>0</td>
</tr>
<tr>
<td>Salary — Design and Management Staff</td>
<td>11</td>
<td>53</td>
</tr>
<tr>
<td>Salary — Admin</td>
<td>20</td>
<td>23</td>
</tr>
<tr>
<td>Salary — Design and Management Staff</td>
<td>6</td>
<td>33</td>
</tr>
<tr>
<td>Office Expenditure</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Staff Training</td>
<td>32</td>
<td>9</td>
</tr>
<tr>
<td>Course Material²</td>
<td>50</td>
<td>0</td>
</tr>
<tr>
<td>Field Work</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Others³</td>
<td>3</td>
<td>0</td>
</tr>
</tbody>
</table>

Note: ¹Government schools are free ²Average school surplus (profit) is 25%–30% of the revenue and school fee per student is often more than the tuition fee. So, assume Rs. 250 tuition fee as the cost per child per month at a private school ³Worksheets and learning aids are provided by GS, ⁴Others include fee concessions, unofficial payments, Typical B60 private school is often a private recognized / unrecognized school operating in urban slums and an average monthly fee of Rs.150/child

Source: GS Annual Report 2007, Private Schools Serving the Poor WP: A Study from Delhi and Private Schools for the Poor – Case Study from India by Tooley & Dixon, Interviews, Secondary Research, Monitor Analysis, Linden Complement of Substitutes? Effect of Technology on Student Achievement(2008)
The Gyan Shala Model
Learning Outcomes

A study on Gyan Shala and comparable public school student performance shows GS has high quality learning outcomes

Gyan Shala vs. Public School Student Performance (% of correct answers in indicated subject)

Source: GS Annual Report, Linden Complement of Substitute? Effect of Technology on Student Achievement(2008), Secondary Research, Monitor Analysis
The Gyan Shala Model
Customer Feedback

A typical Gyan Shala family in Ahmedabad earns Rs. 2–8k per month and would have sent their children to a government school, if at all – these customers are usually extremely satisfied with Gyan Shala.

Urban India Income Pyramid (2004–05)

- Typical Customer: Jayaben’s household income is Rs. 3k per month
  - Earns through manual labour while her husband loads lorries

  “In the government school the teachers beat the students and send them on errands. The teachers don’t teach”

  “Most Government schools are 2–3 km away and we need to accompany our children. We prefer Gyan Shala as it’s close-by. Also, since joining GS, we feel our children have started learning”

  “For this sort of education we are willing to pay even more than the Rs. 30 that Gyan Shala asks”

1 Monthly Household Expenditure
Source: Interviews, Secondary Research, Monitor Analysis
The Gyan Shala Model
Evolution

Gyan Shala has grown from being a single geography, single program school to being a multi-program (Including training) school with presence across Ahmedabad and Patna

Gyan Shala Evolution – 2001-2009

<table>
<thead>
<tr>
<th>Year</th>
<th>Primary Schools</th>
<th>AMC</th>
<th>Middle Schools</th>
<th>Rural Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>275</td>
<td>832</td>
<td>832</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>832</td>
<td>832</td>
<td>1,176</td>
<td>1,078</td>
</tr>
<tr>
<td>2003</td>
<td>2,254</td>
<td>1,078</td>
<td>1,248</td>
<td>1,104</td>
</tr>
<tr>
<td>2004</td>
<td>2,952</td>
<td>1,176</td>
<td>2,370</td>
<td>1,704</td>
</tr>
<tr>
<td>2005</td>
<td>4,536</td>
<td>2,952</td>
<td>4,745</td>
<td>2,166</td>
</tr>
<tr>
<td>2006</td>
<td>6,728</td>
<td>4,536</td>
<td>6,982</td>
<td>1,983</td>
</tr>
<tr>
<td>2007</td>
<td>10,861</td>
<td>6,728</td>
<td>10,861</td>
<td>1,682</td>
</tr>
<tr>
<td>2008</td>
<td>11,535</td>
<td>10,861</td>
<td>11,535</td>
<td>3,632</td>
</tr>
<tr>
<td>2009</td>
<td>17,291</td>
<td>11,535</td>
<td>17,291</td>
<td>8,402</td>
</tr>
</tbody>
</table>

CAGR:
- Primary Schools: 53.1%
- AMC: 101.5%
- Middle Schools: 116.7%

1 These teachers are not hired by Gyan Shala. They are only trained to teach in the government schools; 2 CAGR computed between year of start of the program and 2009

Source: Gyan Shala Management Discussion, Gyan Shala records

BZR-BAF-Gyan Shala-NL
The Gyan Shala Model
Scalability

Gyan Shala believes that each unit not be scaled up beyond a level where the D&M team can stay regularly in touch with teachers. This is critical to ensure quality of education.

- The scalability of the model depends on
  - The **span of control** at various levels of the organization
  - Tight feedback mechanisms between different levels

- The optimal size of management team (**field senior supervisors**) is 10
  - Based on execution requirements and their interaction with the design team

- Hence, given the key ratios, the unit is scalable to **15,000 students**

Source: Discussion with Gyan Shala Management Team, Monitor Analysis
The Gyan Shala Model
Teacher Profiles & Recruitment Process

In order to scale quickly, Gyan Shala needs an efficient and effective teacher recruitment mechanism; they pick teachers based on attitude rather than qualifications

Educational Background of Gyan Shala Teachers

- **Post. Grad**: 5%
- **Graduate**: 25%
- **Primary**: 14%
- **Higher**: 56%

**Teacher Recruitment & Training**

- After the **target communities** have been identified, the supervisors conduct a **recruiting drive** in the community
- An **aptitude test** is then administered to the interested and eligible candidates (the candidates must have passed at least grade XII to take the test)
- Shortlisted candidates (post aptitude test) are given **training for 12 days** on Gyan Shala curriculum & Gyan Shala principles/ values
- Based on the **performance** of the candidates in the training program and their **attitude**, teachers are selected
- The teachers are given **training in curriculum** on a monthly basis by supervisors, and the supervisors also visit 8-10 class room sessions every week to give inputs to teachers

Source: Survey Administered to 235 teachers of Gyan Shala, Monitor Analysis
The Gyan Shala Model
Teachers: Job Satisfaction

Teacher job satisfaction appears to be high and attendance and turnover rates are similar to government schools

- Teacher job satisfaction appears to be high in Gyan Shala run schools
  - They feel that they are treated with respect
  - The company always pays compensation on time
  - Shorter class duration helps the teachers to juggle other personal and professional commitments with their teaching responsibility

Source: Gyan Shala Annual report 2006-07; Gyan Shala documents and internal reports; Market Research; Monitor Analysis
The Gyan Shala Model
Constraints and Challenges Going Forward

Monitor believes that The Gyan Shala model works well at the primary school level and has a lot of potential to deliver high quality, low cost learning at scale.

However, there are a number of high level challenges/constraints Gyan Shala faces:

- A scalable model has been developed for the primary school level, but different middle and high school models will need to be innovated if Gyan Shala are to provide a full educational program

- The government program is scaling very effectively and holds great promise, but does not deliver the same quality of results as the Gyan Shala run schools

- Government co-operation is fundamental to Gyan Shala’s operations, but it is not guaranteed over time, and it is not systemic at a state or national level

- With the current business model and growth philosophy, donor funding is needed to sustain and grow Gyan Shala’s operations

- Gyan Shala’s staff is currently made up of very effective implementers, but going forward, as programs expand, there will be a need for a strategic management team