

2009

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# MONITOR INCLUSIVE MARKETS

CATALYZING MARKET BASED SOLUTIONS  
FOR SOCIAL CHANGE



## Gyan Shala

### *Introduction to the Gyan Shala Model*

**11<sup>th</sup> September 2009**

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This document provides an outline of a presentation and is incomplete without the accompanying oral commentary and discussion.

# Agenda

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- **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...***

## ***Corporates***

- ***Growth Strategies***
- ***Leadership & Innovation***
- ***Private Equity Funds***

## ***Governments***

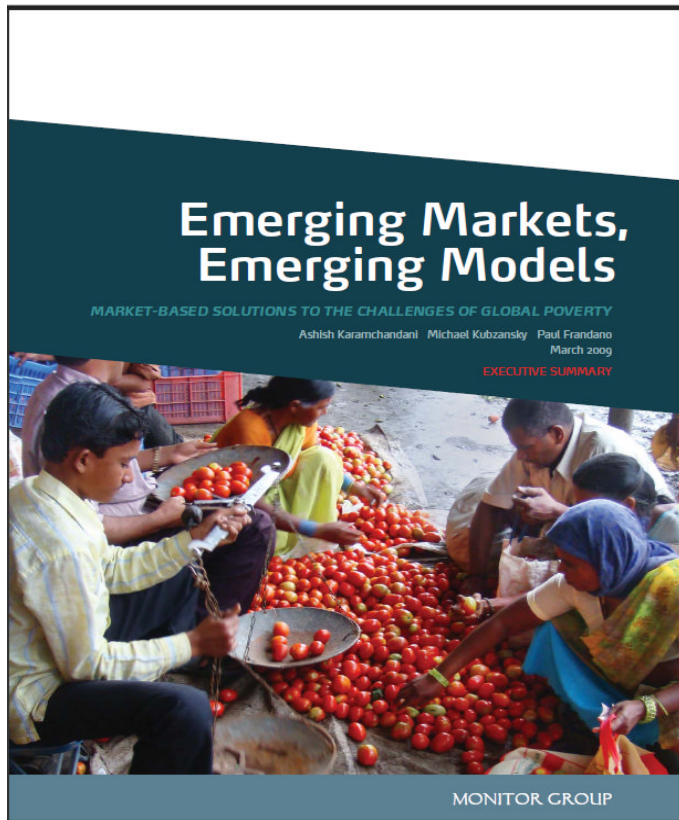
- ***City Strategies***
- ***Cluster Development***
- ***Country Competitiveness***

## ***Non Profits***

- ***Social Venture Funds***
- ***Impact Investing***
- ***Education Ecosystem***

# Monitor Inclusive Markets in India

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



**Identifying and refining business models at scale**

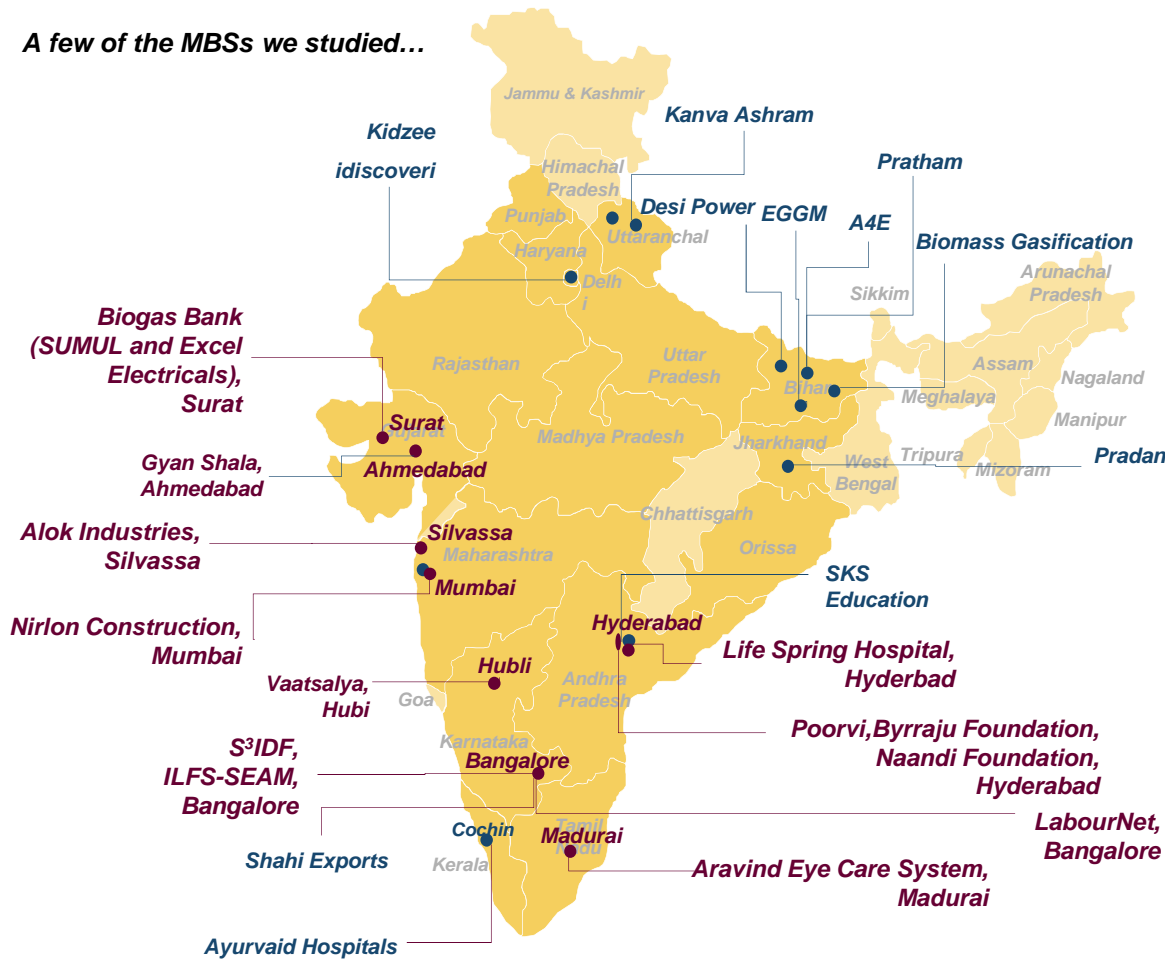


**Making the market for low income housing in India**

# 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](http://www.mim.monitor.com))**



# Innovation Through Market Based Solutions

## It's All About the Business Model

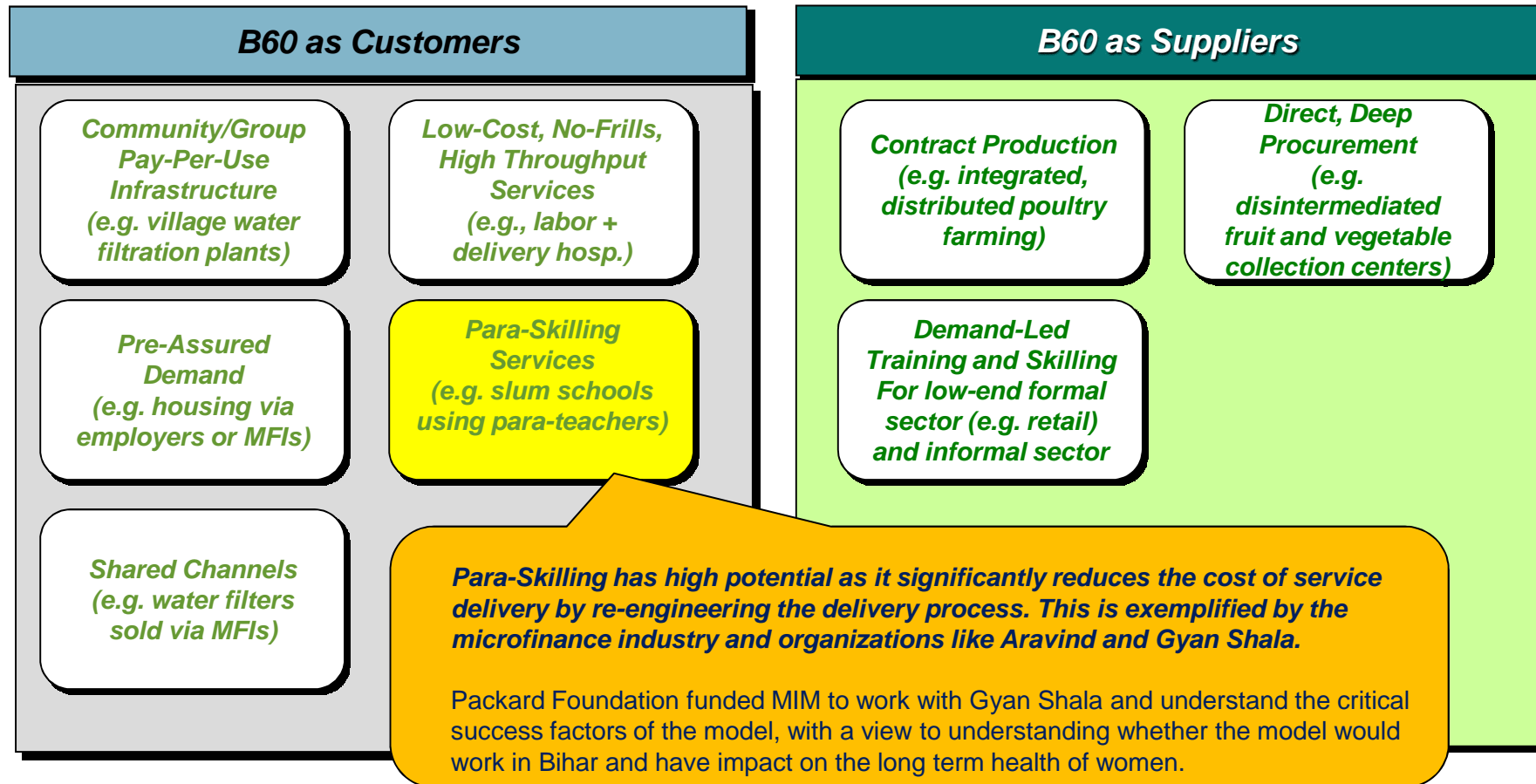


- Needs of the customer and physical and social context are different; thus traditional formal sector business models often do not work
- **MFI example:** Traditional individual bank loan product not accessible to the poor, informal moneylenders too high cost
  - Small loan size, short tenure
  - Group 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



**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

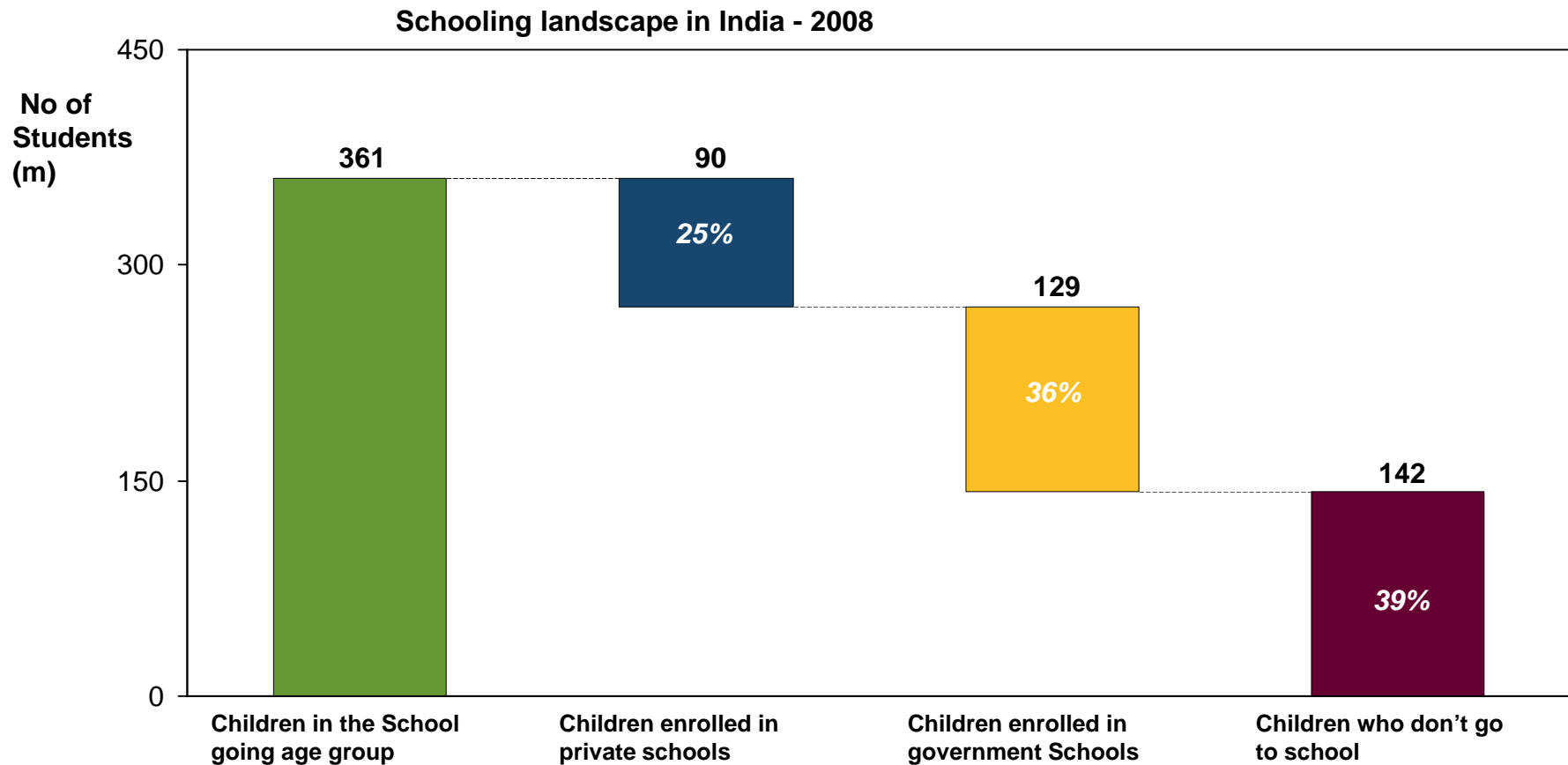
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- Monitor Inclusive Markets
- **Context: Education in India**
- The Gyan Shala Model



# Education in India Landscape

*In India, 40% of the 361 million school-age children don't attend schools and 35% are enrolled in government schools*

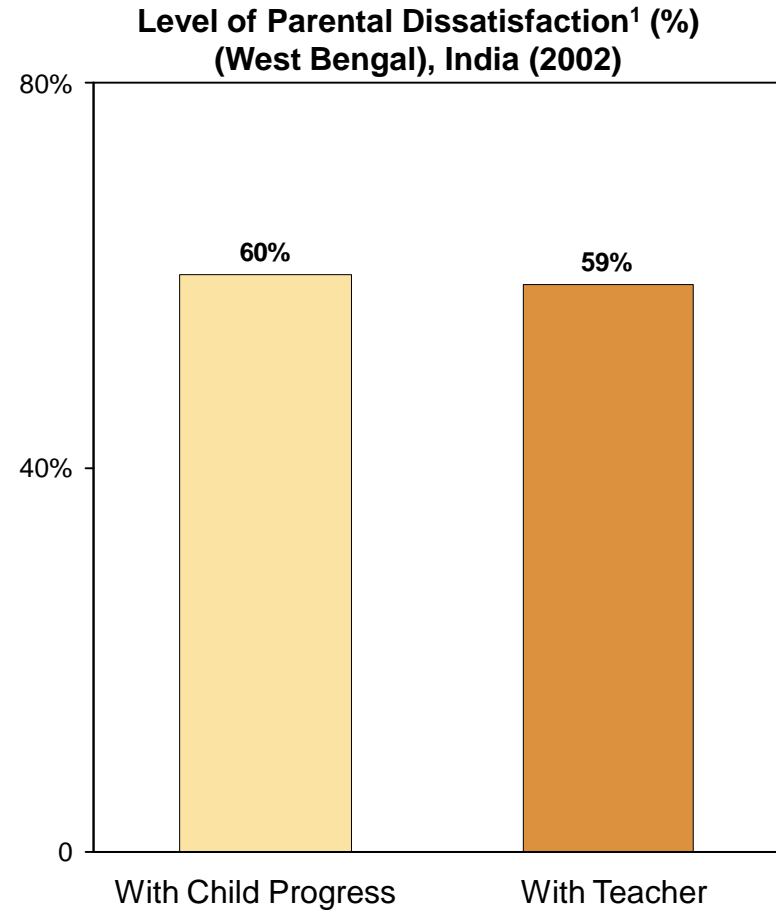
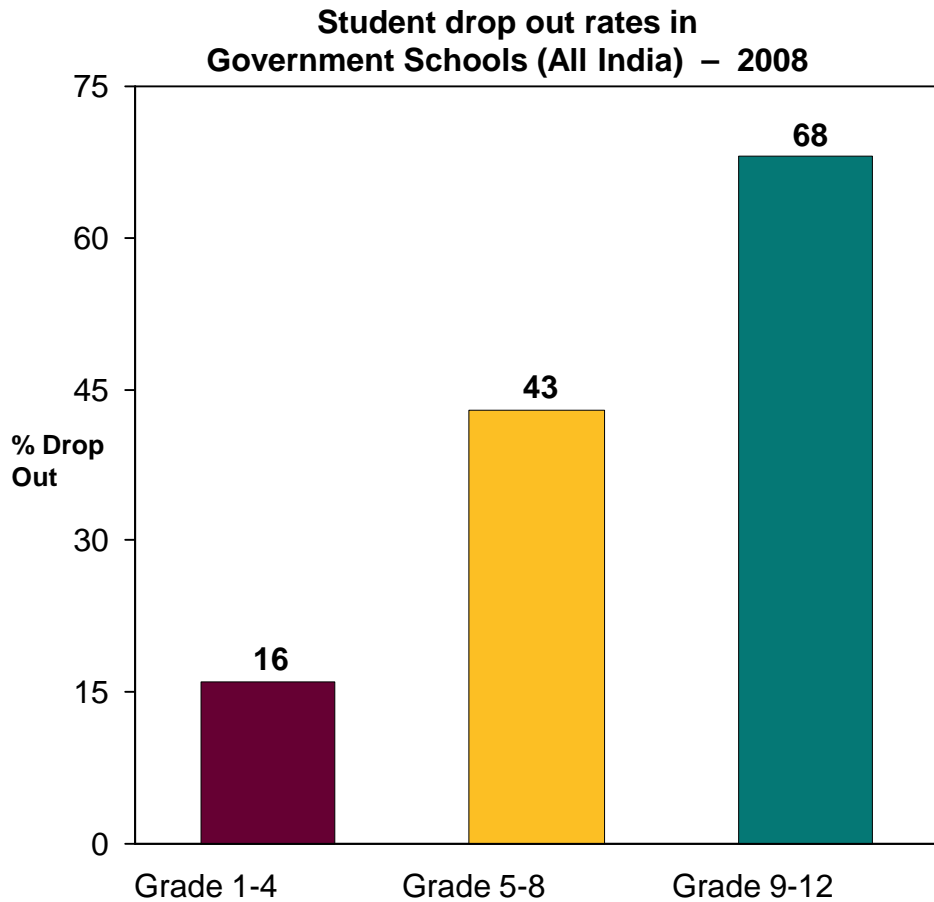


<sup>1</sup> Only recognized private school numbers; the number of unrecognized private schools exceeds this significantly  
 Source: CLSA Asia Pacific Markets, Indian Department of Education, Media reports, NGO studies

# Education in India

## Public Schools – Education Delivery Outcomes

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



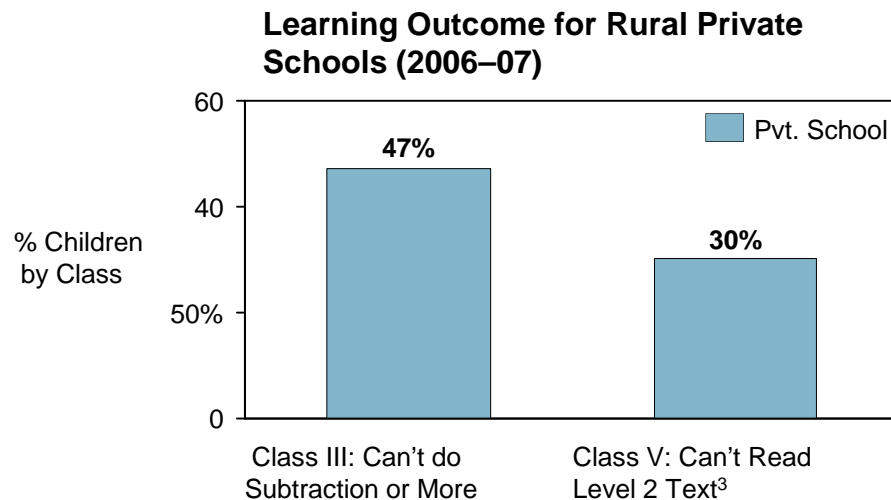
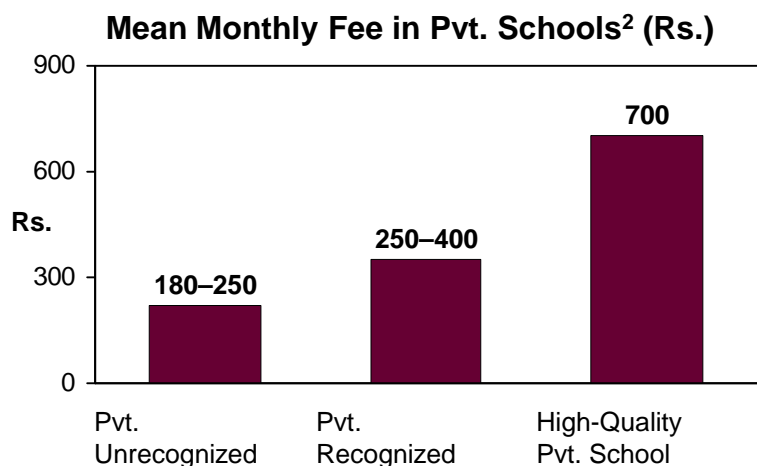
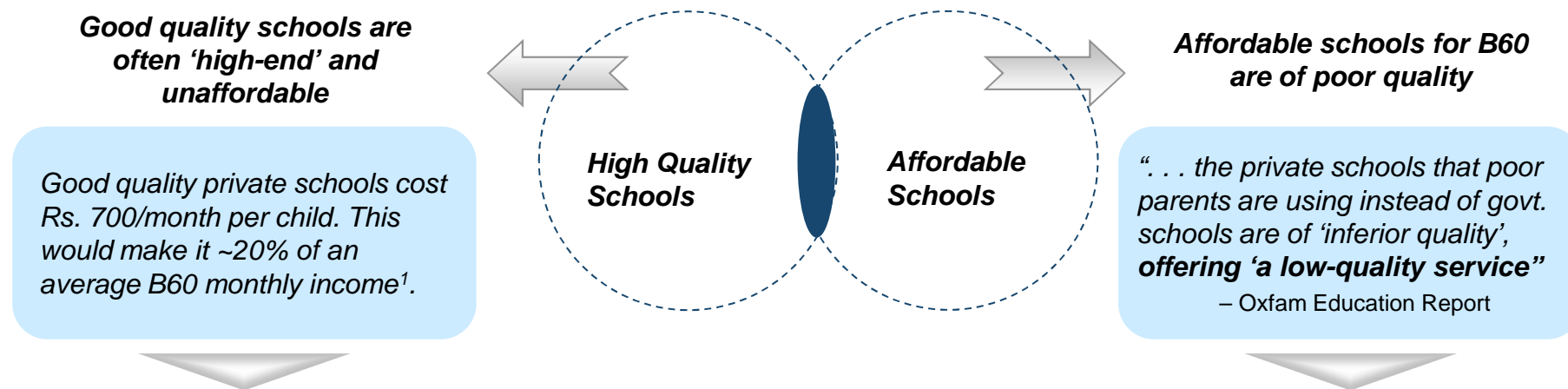
<sup>1</sup>Study in government primary schools in West Bengal

Source: CLSA Asia Pacific Markets, Indian Department of Education, Media reports, NGO studies

# Education in India

## Private Schools Performance

*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*



<sup>1</sup> Average B60 income (urban) is Rs. 3,500 per month, <sup>2</sup> 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, <sup>3</sup> Level 2 text refers to "Short" story with 7–10 sentences often Class II textbook and data from ASER 2007

Source: UN Statistics, ASER 2007, Private Schools Serving the Poor: A Study from Delhi by Tooley, Oxfam Education Report by Watkins (2000), Secondary Research, Monitor Analysis

## Agenda

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- 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<sup>1</sup>, Government funding<sup>2</sup>, and donor funds*
- *The program has recently been extended to Patna, Bihar, which currently has roughly 15 classrooms*



*Note: <sup>1</sup> Provides services to Municipal schools like teacher training, educational material, <sup>2</sup> 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 a 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

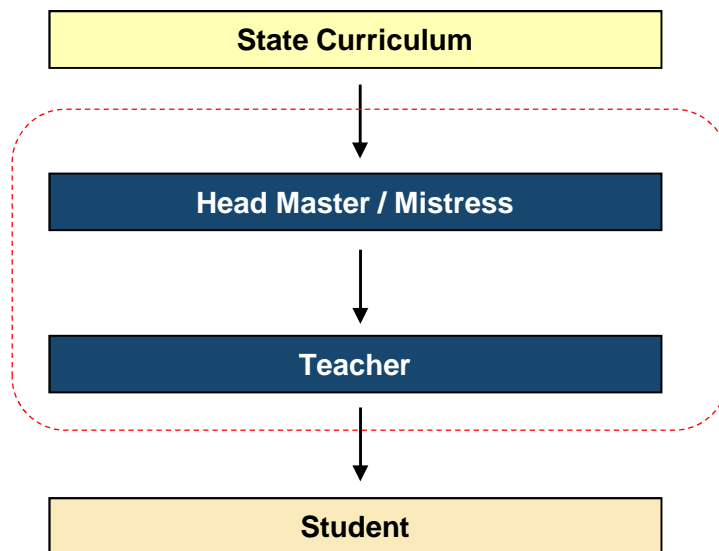


# The Gyan Shala Model

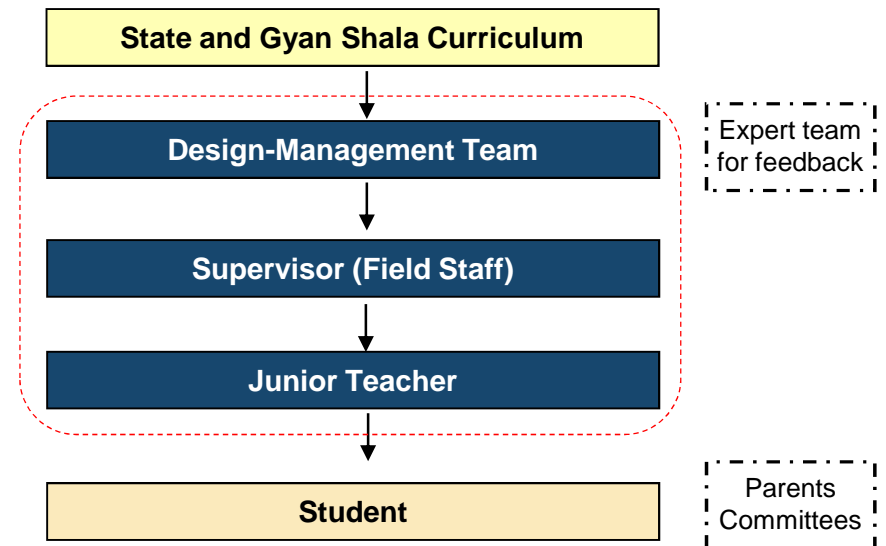
## Pedagogy

*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



### Gyan Shala Organizational structure



- 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

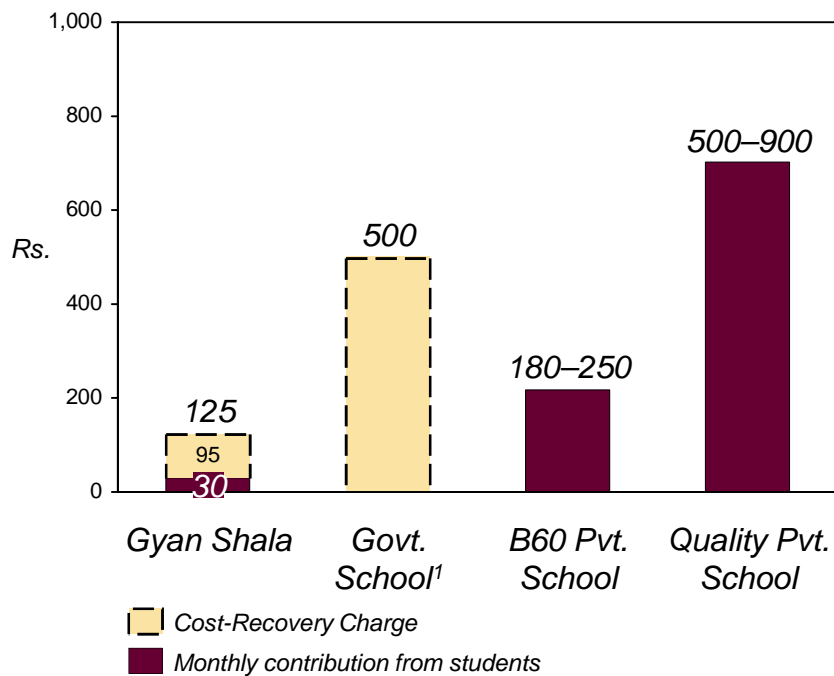


# The Gyan Shala Model

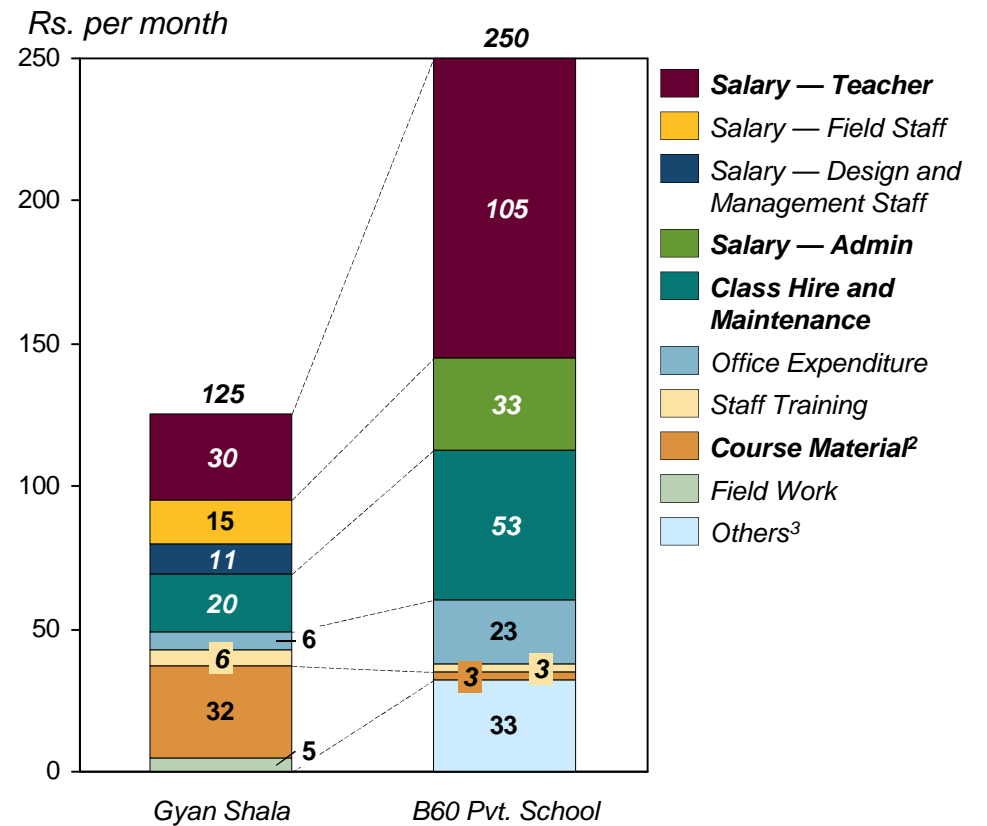
## Cost Structure

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**



**Cost Comparison of a Typical B60 Pvt. School vs. Gyan Shala<sup>1</sup>**



Note: <sup>1</sup> Government schools are free <sup>1</sup> Average 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 <sup>2</sup> Worksheets and learning aids are provided by GS. <sup>3</sup> Others 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 Substitute? Effect of Technology on Student Achievement(2008)



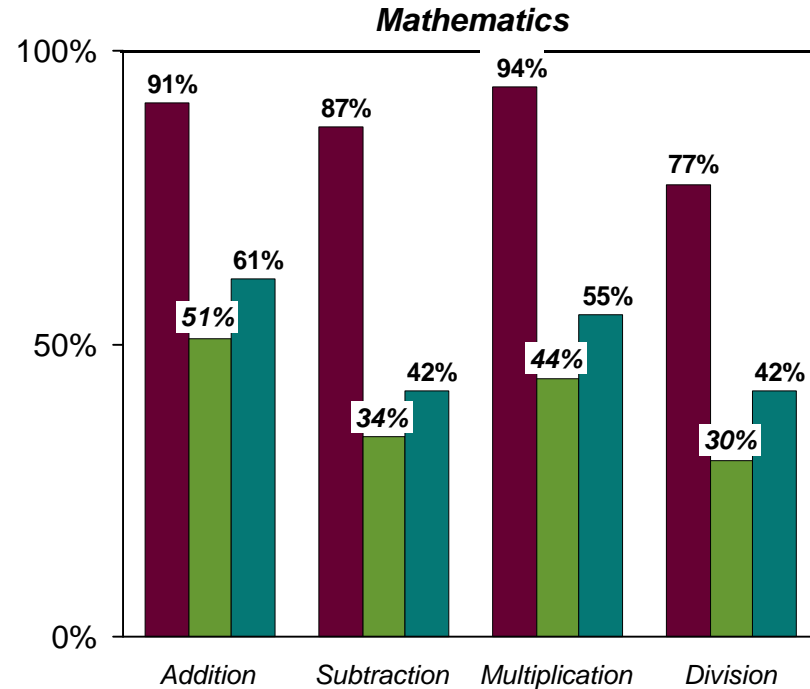
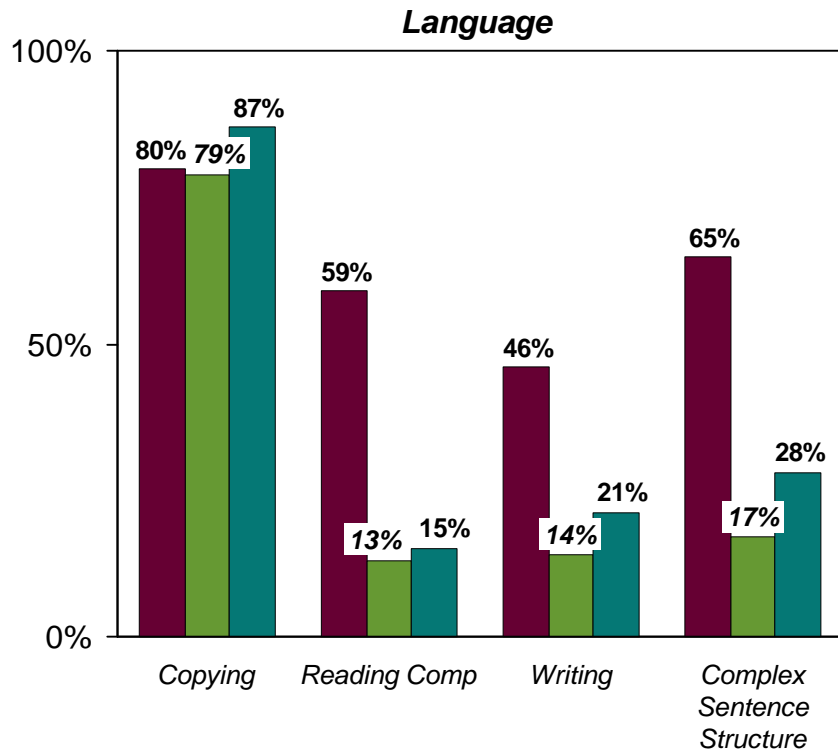
# The Gyan Shala Model

## 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)

- GS Class III
- Vadodara Public (best in area) Class III
- Vadodara Public (best in area) Class IV



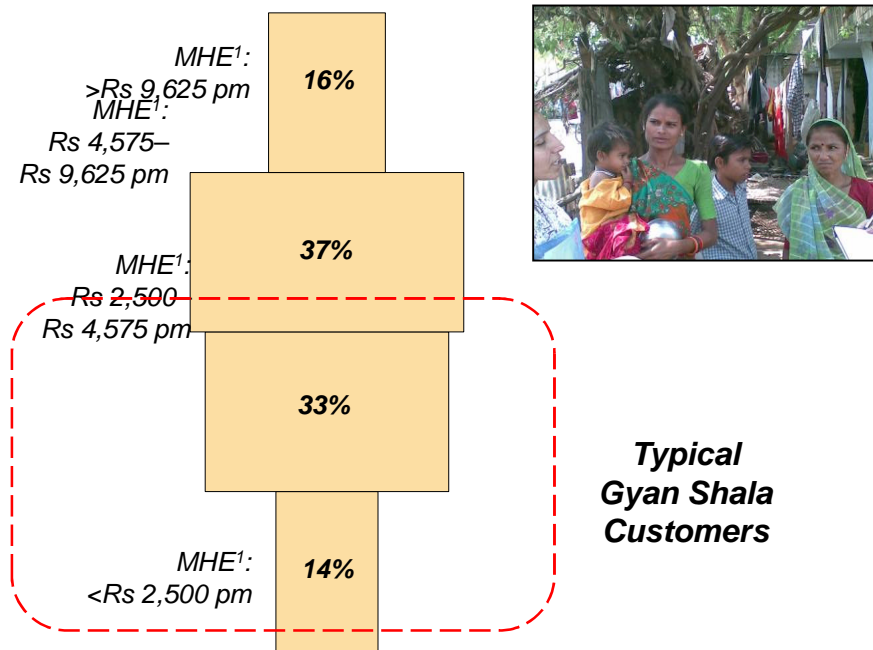
Source: GS Annual Report, Linden Complement of Substitute? Effect of Technology on Student Achievement(2008), Secondary Research, Monitor Analysis



## 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)



### Customer Satisfaction with Gyan Shala is High

- **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”**

<sup>1</sup> Monthly Household Expenditure

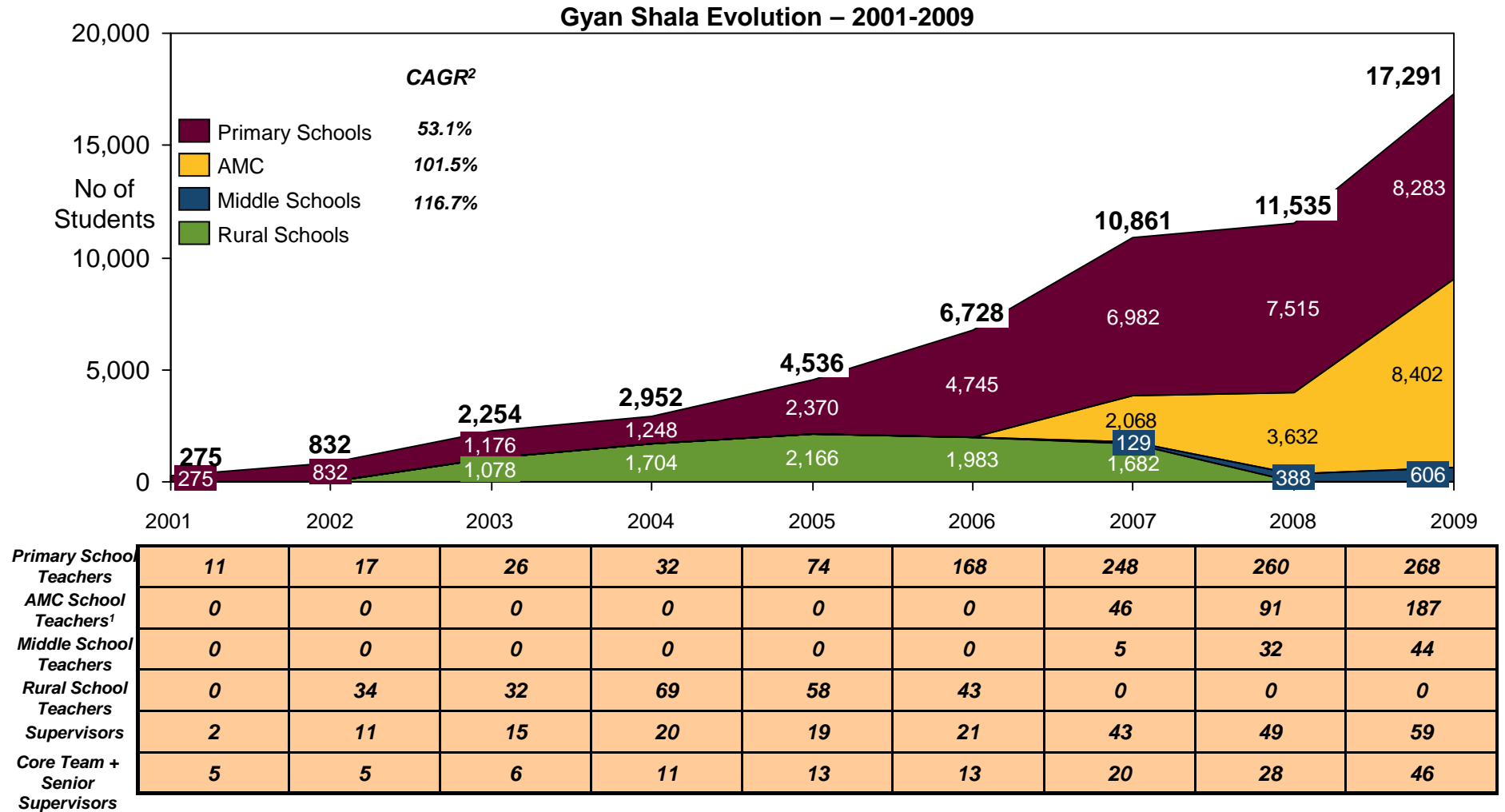
Source: Interviews, Secondary Research, Monitor Analysis





# 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*



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

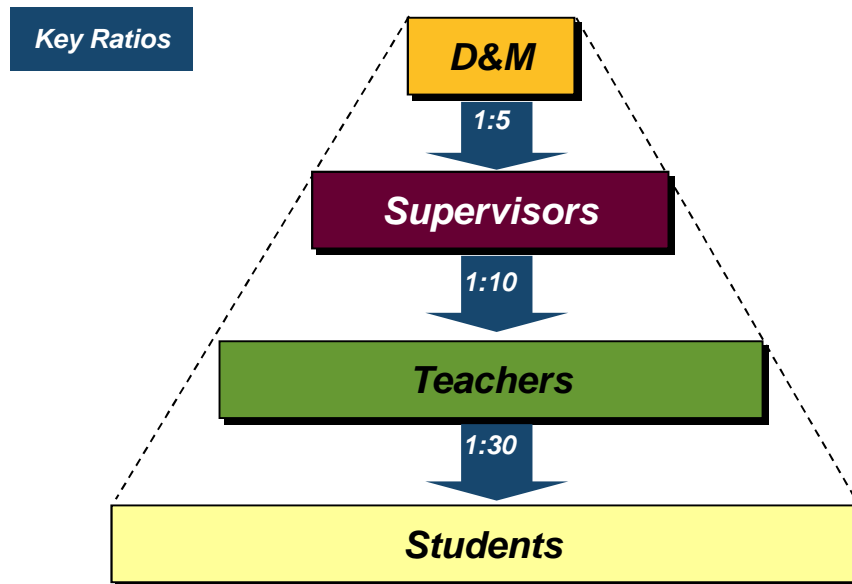
Source: Gyan Shala Management Discussion, Gyan Shala records  
BZR-BAF-Gyan Shala-NL



# 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**



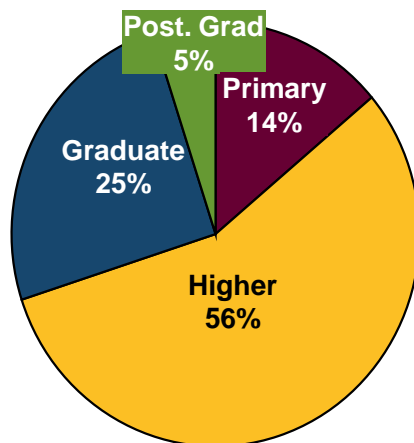
# The Gyan Shala Model

## 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*

### Teacher Recruitment & Training

**Educational Background of Gyan Shala Teachers**



- 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



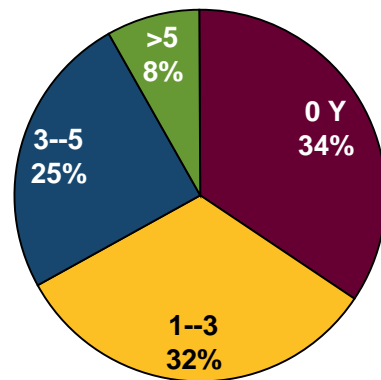
# The Gyan Shala Model

## 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

**Prior Work Experience (yrs)**



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

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*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**