

# Stanford SOCIAL INNOVATION<sup>Review</sup>

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## ***Books***

### **The Misfit Economy**

By Alexa Clay & Kyra Maya Phillips

Review by Edward T. Walker

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# BOOKS

REVIEWS OF NEW AND NOTABLE TITLES

**ANDREW MEANS** is a cofounder of the Impact Lab, a data science consulting and product development organization that works with social sector clients.

## Tech Is Not the (Only) Answer

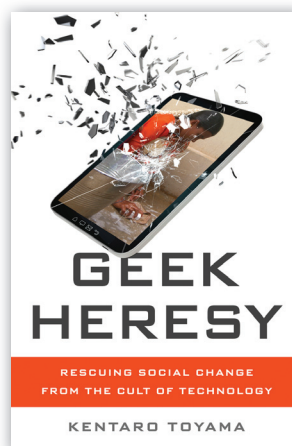
REVIEW BY ANDREW MEANS

**W**e live in an age of technological utopianism. Every time a tech company goes public, it seems, one or more new philanthropists “go public” as well—new benefactors who believe they can save the world by re-directing their technical acumen from business problems to social ones. Underlying this utopianism is a simple conviction: “Talent is universal; opportunity is not.” (So said Megan Smith, who was chief technology officer of the United States at the time, during a talk in 2011.) The solution, according to this way of thinking, is to increase opportunity. Take a kid from an illiterate family in India, for example. If you give her a laptop and get her online, then maybe someday she’ll find a cure for cancer.

In *Geek Heresy*, Kentaro Toyama dismantles the idea that we can solve big social problems if we just apply the right technology to them. He writes from experience with that topic. He was a cofounder and managing director of Microsoft Research India, where he spent years directing the resources of one of the world’s largest technology companies to some of the world’s most pressing challenges.

Today he counters the technological utopians with an observation of his own: “Talent is universal, and opportunity is the nurturing of that talent.” Nurturing talent is messier and more organic than working with 1s and 0s (the raw stuff of technology). It requires nuance and humanity. Most important, perhaps, nurturing is not very scalable.

Scaling is in the DNA of the technologist. Part of what makes digital technology so powerful is that it scales up so easily. Twitter has more than 300 million active users; the user base of Facebook exceeds 1 billion. That kind of scalability doesn’t exist in the social sector. No nonprofit has the market penetration of Twitter or Facebook. Yet technology tempts nonprofit leaders into thinking that



### **GEEK HERESY: Rescuing Social Change From the Cult of Technology**

Kentaro Toyama  
334 pages, Public Affairs

scaling up is the only path forward—that they can reach more people by removing the human factor from their work. *Geek Heresy* offers a critique of that temptation.

In the first part of the book, Toyama tells stories about technological “silver bullets” that missed their target. Putting computers in the hands of poor children (as the much-publicized One Laptop Per Child initiative aimed to do) or installing them in the walls of slum communities (as the Hole-in-the-Wall organization has done in India) hasn’t eliminated poverty. Khan Academy, an online collection of instructional videos, hasn’t eliminated educational inequity. These efforts aren’t necessarily bad, but they focus primarily on using tools—tools that don’t work in isolation.

Ultimately, Toyama isn’t trying to dismantle technological utopianism. He’s trying to dismantle the fetish that many of us have for silver bullets. Too many philanthropists, policymakers, and nonprofit executives are searching for the one intervention or model that would solve this or that big social problem—if only we could implement it properly: If only we had smaller classrooms. If only local entrepreneurs had access to microloans. If only ...

To read a book that points out that there are no silver bullets is refreshing. But it is

also somewhat frustrating. While reading *Geek Heresy*, I found myself looking for Toyama’s version of a silver bullet; “Do these five things for success” or “Follow this framework for better results.”

Toyama doesn’t offer pat solutions of that kind. But in the second part of the book, he presents several examples of people and organizations that have achieved success by embracing the human element of social change. Among these exemplars are Asheshi University, an institution in Ghana that is educating the next generation of African leaders, and Digital Green, an organization that combines video content with in-person facilitators to help the owners of small farms increase their output.

When I look around the social sector, I see two extremes. I see technologists with visions of utopia, and I see organizations that are so resistant to technology that they miss out on significant opportunities to broaden and deepen their impact. What we need, I believe, is a push to integrate technology into the work of social change. In *Geek Heresy*, Toyama nods toward this idea. He writes, for example, about using “packaged interventions to amplify the right human forces.”

At the same time, Toyama highlights the potential adverse effects of technology. In a discussion of education, he writes, “Technology amplifies preexisting differences in wealth and achievement.” Indeed, technology has not been the great equalizer in education that many people have hoped it would be. Khan Academy, for example, is a great tool, but it mainly serves to augment the resources and capacities of those who use it. Students who receive a lot of social and parental support are more likely to use Khan Academy well than those who wake up hungry every day. Technology, as Toyama notes, is an amplifying force: It can amplify effective solutions, and it can amplify entrenched inequalities.

Technology is a necessary component of social change. It would be wrong for anyone to conclude otherwise from reading *Geek Heresy*. In fact, we need more and better technology in the social sector. But technology,

although it's necessary, is not sufficient. My hope is that technological utopians—perhaps inspired by this book—will spend more time learning about the real constraints and opportunities that exist in the social sector. By the same token, I hope that social innovators will learn to embrace technology as a tool that can extend their work. ■

## The Insight of Outsiders

REVIEW BY EDWARD T. WALKER

Over the past decade, scholars and journalists have begun to study social movement activists, corporate reformers, and other unconventional innovators in order to improve our understanding of how change happens within institutions. In part, this trend reflects shifts in the world of organizational practice—the decline of traditional employment and the rise of the “gig economy,” the expansion of shareholder activism, the upending of incumbent industry leaders by insurgent start-ups, and so forth. In this context, the idea of examining institutional change from the vantage point of “outsider” figures has proven to be quite persuasive.

Yet this approach, despite its explanatory power, has its limits. *The Misfit Economy*, by Alexa Clay and Kyra Maya Phillips, illustrates both the insights that we can glean from studying outsiders and the problems that result when we transfer ideas and practices from one social space to another without paying sufficient attention to contextual differences.

Clay is a cofounder of the League of Intrapreneurs, a group that supports change agents in business. Phillips, a former journalist, cofounded the Point People, a network of thinkers and entrepreneurs who pursue systemic social change. To develop this book, they conducted in-depth examinations of 30 cases in which outsiders—“misfits,” as the authors call them—were able to “pioneer an unusual, creative, or alternative way of

working.” To qualify for inclusion in the book, the authors explain, an “innovation had to lead to some kind of disruption—to the transformation of an attitude, norm, or organizational practice.” The cases span various regions, time periods, and fields of activity. Some of them (computer hackers, antiviolence activists) are familiar and commonly associated with economic or social innovation. Others (Somali pirates, Chinese producers of knockoff merchandise) are familiar but counterintuitive. Still others (the Latin Kings street gang, a camel milk entrepreneur, and even a Harvard University professor turned alien-abduction believer) are obscure or have a dubious link to innovation as people conventionally understand it.

Clay and Phillips organize the book into three parts. They start by offering an explanation of what they mean by “misfits.” Then, in the core of the book, they provide a detailed look at five strategies that misfits tend to follow: hustling, copying, hacking, provoking, and pivoting. Finally, they explore lessons that we can take from outsiders about the practice of economic and social innovation.

Several merits of *The Misfit Economy* are worth noting. First, it offers useful insights into the way that innovation can occur on the fringes of established institutions. Clay and Phillips, for example, write thought-provokingly about “gray market” practices that lead to transformation within the legitimate economy. Second, the book



### THE MISFIT ECONOMY: Lessons in Creativity From Pirates, Hackers, Gangsters, and Other Informal Entrepreneurs

Alexa Clay & Kyra Maya Phillips  
248 pages, Simon & Schuster

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delivers helpful lessons on how to generate change *within* an established organization or field. Of particular note here is the case of David Berdish, an executive at Ford Motor Company who has been working to improve his firm's sustainability and human rights record. Third, the book holds insights for both economic entrepreneurs and social entrepreneurs. Indeed, its overall framing raises interesting questions about the boundary between the economic and social spheres.

Yet that framing also generates one of the book's most critical flaws. Clay and Phillips make the implicit assumption that innovation strategies that emerge from the social sector will also apply to the business sector (and vice versa). That's often true, and investigating such cross-sector approaches can be highly informative. But not all misfits are the same. Most problematically, the authors deploy W.E.B. Du Bois's concept of “double consciousness”—the idea that African-Americans must view themselves “through the eyes of others” (as Du Bois put it)—as a principle that relates to all outsiders. In doing so, Clay and Phillips imply that misfit innovators experience marginality in a way that is analogous to racial discrimination. Throughout the book, moreover, the authors loosely compare the work of committed social activists to that of business entrepreneurs. (“Rosa Parks challenged norms around segregation by refusing to give up her seat on the bus. Coco Chanel pushed the boundaries of women's fashion and never hesitated to speak her mind,” they write.) These examples illustrate the importance of attending carefully to divergent social and economic contexts.

Another limitation of the book concerns its bewildering range of cases. Those cases will grip readers' attention, to be sure, but the downside of featuring so many different kinds of innovators is that they become misfits of a different sort: In many instances, it's not clear how they fit into the authors' overall vision. This diversity of examples will also make it hard for readers to draw conclusions about which innovation strategies are most effective. Compounding this

problem is one that social scientists call “sampling on the dependent variable”: Clay and Phillips have little to say about cases in which outsider-driven efforts fail. Investigating such cases might have revealed telling differences between successful and unsuccessful entrepreneurs.

On the whole, *The Misfit Economy* makes for lively reading. Although it lacks a strong guiding vision and a sharp analytic approach, leaders and scholars will be able to apply their own conceptual frameworks productively to the cases that Clay and Phillips describe. ■

## Lending Out Wisdom

REVIEW BY JONATHAN C. LEWIS

**I** have learned to ask hard questions, and to go get answers for myself firsthand,” Jessica Jackley writes in *Clay Water Brick*. “I know now that it is always worth getting closer to the people I want to understand, so I can hear their truths from them directly. I know not to wait for permission to explore or learn or do the things I’m passionate about.”

If the measure of a successful book is its capacity to make you think harder about your place in the world, then *Clay Water Brick* counts as a success. It’s a case study in social entrepreneurship, and it’s of special interest because Jackley is a cofounder of Kiva, a much-respected online microfinance platform. Along with Grameen Bank, Kiva popularized microfinance in the United States as an effective tool for both poverty alleviation and women’s empowerment. By recounting the twists and turns of her story, Jackley presents us with the raw material that we need to ask our own “hard questions.”

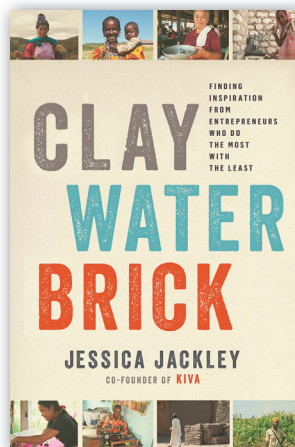
Jackley grew up in an environment that she likens to “a modern Norman Rockwell painting”: “Everyone around me looked healthy and well fed,” she writes. At an early age, when most kids are finger-painting, Jackley precociously worried about her soul. “I felt anger, sadness, fear, guilt, even shame about my

own relative wealth and privilege as a white, middle-class American kid,” she recalls.

When she was five and a half years old, a Sunday school teacher introduced her to the problem of poverty by quoting Jesus: “What you do for the least of these you do for me.” The prospect of becoming a “cosmic helper” who would aid the poor inspired Jackley as a girl, she recalls. But another saying of Jesus troubled her: “The poor will always be with us.” She recoiled from that idea. “Why would God make poor people stay poor forever? ...” she asks. “And what did this mean for me? Were my plans to help the poor destined to be inadequate? Was Jesus setting me up to fail?”

The quest to prove Jesus’ fatalism wrong has occupied the rest of Jackley’s life, and it fills the balance of her book. In that quest, Jackley has drawn inspiration not only from role models like Nobel laureate Muhammad Yunus, founder of Grameen Bank, but also from Kiva’s borrowers—from clay-brick makers, seamstresses, vegetable sellers, and others who embody the entrepreneurial spirit. Entrepreneurialism, she asserts, is the most effective economic development strategy.

Why do some people—like Jackley—become not just entrepreneurs but social entrepreneurs? What is it that fosters empathy and a passion for social justice? This book isn’t about philosophy or ethics, so Jackley isn’t particularly reflective about those questions. Instead, she focuses on



### CLAY WATER BRICK: Finding Inspiration From Entrepreneurs Who Do the Most With the Least

Jessica Jackley  
191 pages, Spiegel & Grau

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sharing her journey—her effort to lead a meaningful life and to seek her own way,

Jackley, for example, is clear-headed about following her own path. When Kiva was in its infancy, a “well-known tech company” that was engaged in a corporate social responsibility initiative proposed to finance \$10 million in microloans using the Kiva platform. Jackley turned down the offer. “Taking that \$10 million and simply dumping it into the system would have led us to drift from our core mission,” she writes. “In fact, the potential cost of taking that money would have been to turn away up to four hundred thousand individual lenders (if they each loaned \$25).”

To explain this seemingly counter-intuitive decision, Jackley notes that Kiva’s animating vision has always focused on establishing “connections” between people. On one side of each of those connections are people with cash (lenders); on the other side are entrepreneurs in need of cash (borrowers). For Kiva, in short, Internet-based micro-lending is a means to an end—a tool of mass education in the service of global citizenship.

That was news to me. I had assumed that the mission of Kiva was simply, or primarily, about poverty alleviation. Jackley’s advice to her fellow social entrepreneurs about the need to stay on mission is wise. But I wonder how the lending public would have reacted if Kiva, in its formative years, had widely publicized its rejection of \$10 million. I also wonder how an impoverished mother in the developing world who is struggling to start a business or to pay a medical bill would react to this information. Jackley, however, is silent on how she has balanced the countervailing forces that have buffeted her career.

Toward the end of *Clay Water Brick*, Jackley voices a sentiment that should resonate with every social entrepreneur: “Once in a while I still feel overwhelmed, and the great rift between the people I want to serve and myself seems vast, no matter what I do.” Jackley’s story, as told in this book, offers a response to that feeling of despair. It can be summed up in two words: resilience and resolve. ■