

Books

The Business Solution to Poverty: Designing Products and Services for Three Billion New Customers

By Paul Polak & Mal Warwick

Review by Tina Sciabica

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BOOKS

REVIEWS OF NEW AND NOTABLE TITLES

A Get-Rich Way to Help the Poor

REVIEWED BY TINA SCIABICA

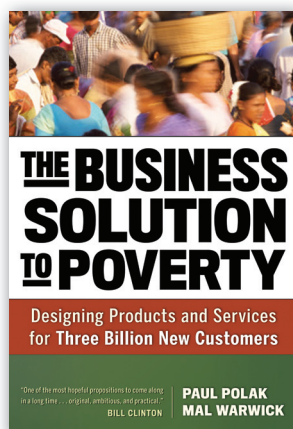
Those of us who work in the field of poverty alleviation understand the immense challenge that we face. We have spent billions of dollars in areas such as education, health care, and microfinance, and we have improved the lives of countless people. Despite our success, however, nearly 3 billion people still live in poverty. Many nonprofits are having real impact, but few of them have the resources to do so on a truly global scale.

In *The Business Solution to Poverty*, Paul Polak and Mal Warwick present an alternative to relying primarily on the work of nonprofits. “Conventional approaches to end poverty have largely failed, and as Einstein taught us, to continue believing they’ll succeed would be madness,” the authors argue. The solution, they write, is to encourage businesspeople to “tap the mainstream capital markets to fund large-scale, global enterprises that address the basic needs of these 2.7 billion people.”

Polak and Warwick offer a compelling, step-by-step guide for those who want to pursue that alternative. In the book, they advocate an approach that they call “zero-based design”: Rather than adapt an existing product to make it more affordable, assume that no product currently on the market can meet the needs of the bottom 2.7 billion. “[D]etermine what poor people themselves believe will best meet their needs,” the authors write. If you haven’t talked with at least 100 customers about what they need, don’t even think about designing a solution for them.

Polak and Warwick lay out eight guidelines to follow if you want to design products that will truly alleviate poverty on a global scale. A few of them are especially noteworthy.

Design for scale from the outset | Focus from the start on bringing your product to millions—or even billions—of people. In doing



THE BUSINESS SOLUTION TO POVERTY: Designing Products and Services for Three Billion New Customers

Paul Polak and Mal Warwick
264 pages, Berrett-Koehler

so, you will naturally design a production process that allows for assembly-line replication.

Plan for last-mile distribution | To get your product into the hands of the poor, develop a strategy based on radical decentralization. Employ local people at local wages, and create a distribution network that reaches into even the most remote village.

Create aspirational branding | Recognize that the poor are discriminating buyers. Avoid traditional marketing techniques, and instead focus on using local media—Bollywood films, telenovelas, street theater—to build brand awareness.

To illustrate these guidelines, Polak and Warwick offer concrete examples of “ruthlessly affordable” products—from low-cost drip-irrigation devices to safe drinking-water systems. Many of the featured products are ones that Polak has launched, either through his nonprofit organization, IDE, or through one of his for-profit ventures, D-Rev and Windhorse International. (Warwick has an equally relevant background. He is former chairman of Social Venture Network and a co-founder of Business for Social Responsibility.)

Early in the book, the authors issue a warning: If you want to benefit from this bonanza of bottom-of-the-pyramid consumerism, be prepared to go big. If you can’t sell

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100 million of your product or service in the first 10 years, then “don’t bother,” they write. That position seems unduly extreme. Setting the bar so high means that a product with the potential to reach, say, 10 million people in 10 years might never be developed—which would be a terrible loss. What’s more, the “don’t bother” principle means that multinational corporations might be the only entities with adequate resources to invest in product development at the required scale.

Do we really want multinationals to become the primary player in the poverty alleviation game? Polak and Warwick acknowledge the limits of such an approach. “A brilliant rich-country executive—or even an upper-class executive from the global South—may be totally out of his or her element working with poor people,” they write. But a company that enters this market, they argue, will have a social mission that differentiates it from most multinationals. That’s not a convincing argument, given the authors’ overall focus on the tremendous profits that await such companies.

The authors also downplay the importance of shifting the social and cultural norms that make poverty so intractable. Consider the norms that affect women, in particular. Because of age-old gender expectations, much of the world’s population remains illiterate and ill-equipped to earn a living or to help educate their children. Products designed to increase the incomes of the poor will have some impact on poverty levels, but they won’t change the norms that keep girls out of school and women confined to their homes. Nonprofits, civil society organizations, and governments are making real progress in this area.

The chance to make further progress is what motivates me in my own work. The best “solution to poverty,” in my view, will involve a combination of nonprofit work and business enterprise. Perhaps in the next edition of this book, the authors will explore how people in both sectors can work together to tackle the challenge of poverty.

Polak and Warwick, to their credit, have proven that businesses can generate sizable

profits by meeting the needs of the poor. Let's hope that this book finds its way into the hands of CEOs who will seize this opportunity—not only because it will make money, but also because it's the right thing to do. In both of those fronts, the authors show, the opportunity “is simply too big to overlook.” ■

Saviors at City Hall?

REVIEWED BY MILTON FRIESEN

City residents may well shudder (or laugh) at the thought of their beleaguered mayor at the helm of a global order. The work of getting garbage picked up, taxes collected, streets cleaned, and wastewater treated is more than enough for most municipal chiefs to handle.

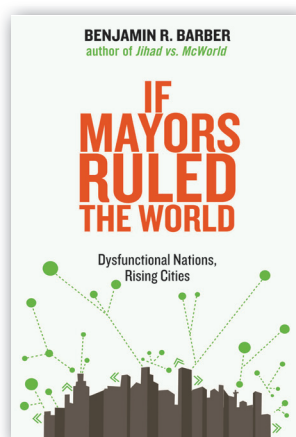
Yet it is precisely this “get it done” attitude that makes municipal leadership so vital. Benjamin Barber, a senior research scholar at the City University of New York, argues that the twelve mayors featured in his book *If Mayors Ruled the World* are all stars of global scope. Each of them has achieved that status by confronting a deeply ingrained social problem: Leoluca Orlando of Palermo took on the Mafia and survived to see the tables turn on local organized crime. Teddy Kollek of Jerusalem successfully navigated the religious tensions that define his city. Sheila Dikshit of Delhi overcame severe infrastructure problems in her city (and longstanding gender bias in her society) to move her community from cynicism to hope.

What these dozen mayors have in common, Barber argues, is a profound sense of interdependence. The idea of collaborating to tackle real problems in a context where effectiveness trumps ideology is replacing the dysfunctional idea of national sovereignty. “Today, after a long history of regional success, the nation-state is failing us on a global scale,” Barber writes. “It was the perfect political recipe for the liberty and

independence of autonomous peoples and nations. It is utterly unsuited to interdependence. The city, always the human habitat of first resort, has in today's globalizing world once again become democracy's best hope.”

Barber contends that supra-national bodies such as the United Nations, the G8, and the G20 are ineffective because member nations fight to remain sovereign and ideologically distinct, even as they face crises that demand collaboration and pragmatic problem-solving. Mayors around the world, by contrast, must deal with the relentless, day-to-day challenge of keeping their communities intact, often amid truly difficult conditions. Barber isn't suggesting that one morning we will wake up and find that nation-states have disappeared. Rather, he argues that failures at the nation-state level have left gaps that coordinated city leadership is well suited to fill.

To some readers, the title of the book will seem outrageous. But Barber demonstrates that many mayors are already playing an important leadership role in world affairs. They are, for instance, working to mitigate the problems that come in the wake of national posturing on climate change, security, and immigration. Cities don't have the luxury of waiting for the G8 or the G20 to solve those problems. So they are forming new institutions of their own—for example, the C40, an international network of cities that collaborate to address climate change. Similar networks are emerging to tackle crime, economic inequality, and other issues that city-dwellers face daily. “As a tactic



**IF MAYORS RULED THE WORLD:
Dysfunctional Nations, Rising Cities**

Benjamin R. Barber
432 pages, Yale University Press

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of the relatively powerless,” Barber notes, “mitigation gets things done, permitting progress toward networking and informal cross-border governance to continue.”

Social innovators will find that many of Barber's ideas resonate with them. They know what it means to do more with less by discovering new combinations of existing resources. They also know how to engage with people who are different from them, and with ideas that don't align perfectly with their own. Cities, in fact, are simply a larger instantiation of the webs of interdependence that social innovators often use to solve problems.

Barber doesn't hold cities in an idealistic light, and he notes the contradictions that mark their economic, political, and educational systems. Many city governments focus on protecting the interests of a powerful elite. (Think of Palermo during the period when the Mafia ran it.) Cities can also be brutally uncaring places for those at the grinding edge of the local economic engine. And yet, Barber suggests, cities are at the forefront of efforts to narrow such gaps in power and wealth. “Formal equality,” he contends, “is unlikely to yield equal opportunity unless people can live, ride, work, learn, and play together in cities whose neighborhoods are voluntary communities rather than walled ghettos.”

Nation-states still function today, and cities aren't going to change that. What can change, however, is the role that cities play in connecting their citizens to structures of global governance. Barber puts forth a detailed proposal for a global parliament of mayors that would complement supra-national bodies and promote strategies to improve global collaboration. Some people will worry that the enormous differences between cities in size, influence, and money would slant the already deeply tilted table of world power in favor of a few megacities. Others might note that if centralized nation-states don't crush Barber's envisioned parliament, then the sheer logistical complexity of representing an estimated one million local political entities probably will. Realizing Barber's lofty vision isn't impossible, and we ought to explore his solution as other

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solutions fall short. But let's not forget that the climb will be bracingly difficult.

The reality is that mayors don't *rule* the world. But they do *run* the world—or much of it, anyway. If they continue to advance new forms of collaboration and to harness the innovative capacity in their people, they may yet reshape the landscape of global governance. ■

A Man of His Time

REVIEW BY TERESA ODENDAHL

About a decade ago, my youngest daughter and I went to hear Lester Brown speak. Brown, a great orator, warned a large audience about the risks of global warming and species extinction. He made a lasting impression but offered little insight into what we could do in our everyday lives to solve those problems—except, perhaps, find ways to conserve energy. Meanwhile, he was preaching to the converted at a time when public opinion polls showed that relatively few Americans took climate change seriously.

Brown is an icon of several movements: the green revolution, population control, sustainable development, and environmental conservation. He founded two think tanks, the Worldwatch Institute and the Earth Policy Institute; he is the recipient of a MacArthur “genius” award; and he has written more than two dozen books. His most recent work, *Breaking New Ground*, is a memoir that also includes predictions and proposals for the future. For the most part, though, that policy material reflects the author's long-held ideas and goals. Rather than breaking new ground, Brown is tilling old fields. The book—rather like that speech—is a fascinating testament both to a life well lived and to an agenda that remains woefully unfinished.

The focus of Brown's career has been on presenting opinion leaders and high-level policymakers with careful research and evidence-based solutions to world problems. It's essentially a top-down approach.

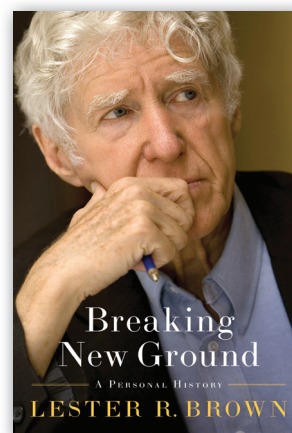
TERESA ODENDAHL is executive director and CEO of Global Greengrants Fund, an organization that promotes environmental activism by providing small grants to local projects and grassroots campaigns in emerging economies.

In describing the work of the think tanks that he founded, for example, Brown seldom refers to collaboration with other groups. Nor does he discuss the need for a broad political strategy. Instead, he highlights the number of media hits that his groups have received. “By the mid-1990s, ... nothing we published was ignored. This is why Worldwatch became the most widely cited research institute in the world,” he writes. Brown, in short, is the product of an era when reasoned analysis and political leadership garnered wide respect.

Brown grew up on a farm during the Great Depression, and he was the first person in his family to earn a college degree. For many years, he ran a successful tomato farm in New Jersey. But in 1959, he left that business to join the US Department of Agriculture as an analyst. In 1965, Brown went to work in the New Delhi mission of the US Agency for International Development, and he credits the six months that he spent in India with broadening his perspective on global issues.

A pivotal moment came soon after he arrived in New Delhi. After reading local Indian newspapers and talking with people at cocktail receptions, Brown was able to determine that India was experiencing a countrywide drought and would not meet its public five-year crop projections. Famine was imminent. He sent an urgent cable on the situation that wended its way to President Lyndon B. Johnson. “I knew what India had to do,” Brown recalls. Apparently, LBJ thought so, too. The president asked Brown to draft a diplomatic agreement that tied US grain shipments to a commitment by the Indian government to intensify agricultural practices in that country. “For the United States, this was one of our finest moments,” Brown writes. “And not just because millions of lives were saved, but because LBJ saw a rare opportunity to restructure India's agriculture.”

Brown had no qualms about strong-arming other countries in this way. He maintained that the Western model of commercial agriculture was superior to traditional models, and he did not seem to believe that the Indians (or, later, the Chinese) could find their own solutions to the challenge of food



**BREAKING NEW GROUND:
A Personal History**

Lester R. Brown
224 pages, W. W. Norton

production. In the book, he does not discuss indigenous farming practices that feed people without harming the land. Nor does he write about the mass industrialization of agriculture, the use of harmful pesticides, and other aspects of the Western model that contribute to global warming.

Breaking New Ground does not address the core elements of environmental activism today: online organizing, global-scale efforts by groups such as 350.org, and increasing collaboration between environmental and human rights movements. And Brown refers only in passing to grassroots efforts such as the Sierra Club's Beyond Coal Campaign.

Throughout his life, Brown has operated mainly as an expert analyst, not as an activist. An exception to that rule occurred when he pushed the Cosmos Club in Washington, DC, to admit women. That was, he writes, “the most intense political campaign of my life.” (Curiously, Brown never uses gender analysis in his call for population control. We know that increasing women's access to education is the surest way to decrease birth rates.)

In 2003, Brown launched the Plan B initiative to promote population control, poverty elimination, and drastically reduced carbon emissions, among other goals. Those goals are essential to the survival of human beings and of the planet. Unfortunately, Brown—like the US environmental movement in general—no longer holds the ear of the world's media and policy-making elite.

Brown, for his part, still believes that deploying facts, figures, and accurate analysis will lead to change. I so wish he were right. ■

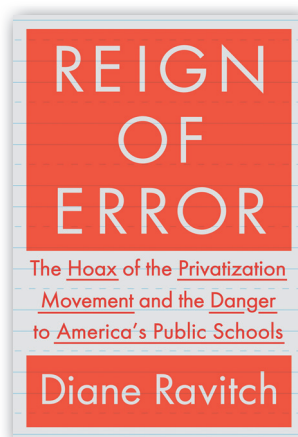
Stories out of School

REVIEW BY MARA SAPON-SHEVIN

Consider a few stories from a recent week: Friends of mine pulled their seven-year-old daughter out of public school after two weeks of constant tears (mostly the child's, sometimes the parents') that were a consequence of daily testing. A kindergarten teacher I know had her block corner, her dress-up corner, and all of her toys removed from her classroom because they were no longer part of her school's prescribed curriculum. And a group of teachers in training at my university returned from field placements and described watching veteran teachers discard their elaborate, creative lesson plans because an evaluator from a standardized curriculum publisher was coming to their school.

None of these anecdotes would surprise Diane Ravitch. In her new book, *Reign of Error*, she brilliantly describes each of these distortions of the relationships that connect teachers, students, parents, and teacher educators. Her own history as a professional educator adds weight to her critique: She received appointments to public office from Presidents George H.W. Bush and Bill Clinton, and she was a member of the National Assessment Governing Board. She was an early and vocal supporter of the charter school movement and the legislation known as No Child Left Behind—both of which she now criticizes strongly. Her involvement with the other side of the education debate and her “turnaround” story enable her to speak with insider knowledge and from a broad perspective.

Ravitch issues a powerful and alarming message about the fate of public education in the United States. “This essential institution, responsible for producing a democratic citizenry and tasked with providing equality of educational opportunity, is at risk,” she writes. Corporate “reformers” (one might say “deformers”) who profit enormously from the



REIGN OF ERROR: The Hoax of the Privatization Movement and the Danger to America's Public Schools

Diane Ravitch
416 pages, Knopf

creation of privatized education are depriving vast numbers of students of a rich, full education. The very essence of our democracy—our understanding of who we are and how we provide for our children—is in jeopardy.

How did we get here? It's important to examine the *narratives*—the stories we hear again and again, the headlines that scream at us—that have shaped our understanding and allowed us to accept policies that result in profit for a few and lost opportunity for many. If (as we're told) our schools are failing, teachers are to blame, competition is the answer, and poverty doesn't matter, then all we have to do is get rid of “bad teachers,” apply “market discipline” to our schools, and “raise standards.” We don't have to think about the impact that poverty and racial segregation have on students and families.

In chapter after chapter, Ravitch skewers each of those claims about the supposed failure of public education and then describes the corresponding reality. She shows that schools aren't failing, that the achievement gap hasn't gotten worse, that high school graduation rates are at an all-time high, that test scores are not the best tool for identifying good teachers, and that charter schools on average are no more innovative or successful than traditional public schools.

Ravitch presents compelling evidence that the two major causes of the crisis in public education are poverty and racial segregation. Many educational policymakers and many founders of for-profit schools tell us that poverty doesn't matter. But children

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who lack access to decent food, housing, health care, and other resources come to school at a serious disadvantage. How could poverty *not* matter? All the other narratives of school “reform” function as distractions that disengage us from the real work—the hard work—of changing our educational system and our society. Schools must change, but they cannot fix the structural problems caused by inequality and injustice.

Ravitch proposes 11 solutions that will help to repair and restore public education. Some of them are school-based, and many people will find them relatively uncontroversial: providing early-childhood education; ensuring a full, rich curriculum; reducing class sizes; eliminating high-stakes testing; preserving democratic control over public schools; and treating teachers, principals, and superintendents as professional educators. But these more-palatable solutions leave unchanged the core problems that Ravitch says we must address. So she proposes additional solutions: providing adequate prenatal care, offering wrap-around medical and social services, and confronting racial segregation and poverty.

A deeper, more honest conversation about this topic would focus on whether we actually *want* public education to work. Reducing structural inequality would require those with power and privilege to give some of it up. And there's the rub. Many people who espouse “quality education for all” benefit from our stratified, segregated, inequitable educational system, and they are unlikely to support real social change.

Missing from this volume but essential to our understanding of the issue are the voices of real teachers, real parents, real students. All across the country—from ongoing protests in Madison, Wis., to parent groups that opt out of standardized testing, to the creation of the Bad Ass Teachers' Association—people are rising up and saying “No” to the destruction of all that they value about schools. Along with the important story that Ravitch tells, we need to hear the stories of those who are finding ways to push for equity-based education. ■