

Stanford SOCIAL INNOVATION REVIEW

Review

Reverse Innovation

By Vijay Govindarajan & Chris Trimble

Review by Paul van der Boor

Stanford Social Innovation Review
Summer 2012

Copyright © 2012 by Leland Stanford Jr. University
All Rights Reserved

Egypt's No. 1 Net Activist

Review by Micah Sifry

REVOLUTION 2.0: The Power of the People Is Greater Than the People in Power, A Memoir

Wael Ghonim

320 pages, Houghton Mifflin Harcourt, 2012

Last May, when I heard that Wael Ghonim, the Egyptian revolutionary (and Google marketing executive) who had surreptitiously built the “We Are All Khaled Said” Facebook page that helped spark the Jan. 25, 2011, uprising, had signed a \$2.25 million book deal with Houghton Mifflin Harcourt to write a memoir, I cringed a little. Not because I begrudged Ghonim a single penny of his seven-figure advance—which he is donating to Egyptian charities and the families of the Jan. 25 victims. But I worried that the pressure to write a best-seller that could recoup that huge advance might result in a book tailored to American readers accustomed to feel-good stories of individual struggle and success, or one of those “as told to” memoirs written by ghostwriters who are good with words but have little ability to tease out the details of what makes a revolution possible.

Well, my worries were misguided. Ghonim’s new book, *Revolution 2.0*, is a revelation. Go buy it, read it, and then share it with a friend. It is a careful and thoughtful retelling of the roots of Egypt’s uprising and the nuts and bolts of Ghonim’s online organizing, as well as an inspiring illustration of a trend. That is, how a new generation that is growing up networked keeps spawning “free radicals”—people who teach themselves how to use technology to build community, share powerful messages, and ultimately weave movements for social change. Ghonim is just the most famous of a list of net-native activists who have figured out how this Internet thing can tip the scales their way.

Ghonim is quick to admit that the Internet changed his life. In 1998, as he was start-

MICAH L. SIFRY is editorial director of Personal Democracy Media, which produces the annual Personal Democracy Forum and the daily news site techPresident.com, both of which focus on how technology is changing politics, government, and civic life.

ing his studies at Cairo University, he created a website called IslamWay.com, “to help Muslims network with one another.” It was a hub for sharing audio recordings of religious sermons, “featuring a complete range of moderate Islamic opinions.” Two years after its launch, the website had tens of thousands of daily users and was curated by more than 80 volunteers. Ghonim eventually donated it to an American Islamic foundation to maintain. I mention this bit of biographical history for only one reason: It shows that a full decade before Ghonim turned his marketing and organizing skills to challenging the Mubarak regime, he was already an online community organizer.

Ghonim’s first foray into Facebook organizing was to support Mohamed ElBaradei, a former top UN official who became an outspoken critic of Egyptian President Hosni Mubarak. Ghonim created a fan page for ElBaradei that grew to more than 150,000 members, but ElBaradei’s reliance on mainstream media and cautious approach to opposition politics also left Ghonim frustrated by the pace of change.

Then, on June 8, 2010, he writes, “while browsing on Facebook, I saw a shocking image that a friend of mine has posted on my wall.” It was an image of Khaled Said, a 28-year-old who two days earlier was pulled from an Internet cafe and beaten to death by the secret police. Ghonim found himself in tears and decided he could not “stand by passively in the face of such grave injustice.” Instead of publishing the news of Said’s killing on ElBaradei’s Facebook page, which he felt could be seen as exploiting the death for one politician’s gain, he decided to create a new Facebook page devoted to Said.

And here is where Ghonim’s tale starts to get really interesting for Net activists. He quickly discovered that there already was a page called “My Name is Khaled Mohamed Said,” but it was run by political activists whose discourse Ghonim found too confrontational to become mainstream. Instead, Ghonim called his page “We Are All Khaled Said” and started writing in colloqui-

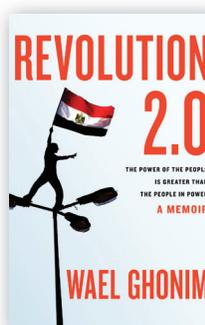
al Arabic, avoiding language that average Egyptians wouldn’t use. Within a single hour, the page had 3,000 followers. By its third day it had 100,000.

Ghonim details several strategies he employed to engage page members directly and convince them to become more active. One was to ask people to photograph themselves holding a paper sign saying “Kullena Khaled Said”; hundreds did so, helping personify the movement. Another was to rely on page members to promote protest events, like a series of “Silent Stand” rallies that were designed to be visual evocations, not provocations.

Ghonim’s story eventually moves from the virtual world of Facebook, to the tumultuous days of the Jan. 25 revolution, to his arrest by the secret police. The memoir culminates with the heady night in Tahrir Square when Mubarak finally stepped down from power, touching only glancingly on government efforts to trick and co-opt Ghonim and other members of Egypt’s youth movement, and saying little about the unfinished business that remains.

But even if Ghonim’s (and Egypt’s) story is unfinished, the value of online organizing seems conclusively settled by the events of last year. As he writes in an epilogue, “thanks to modern technology, participatory democracy is becoming a reality. Governments are finding it harder and harder to keep their people isolated from one another, to censor information, and to hide corruption and issue propaganda that goes unchallenged. Slowly but surely, the weapons of mass oppression are becoming extinct.”

At the same time, Ghonim is not a techno-utopian. After a recent talk at Harvard University, I asked him whether activists should trust Facebook, which shut down the Khaled Said page at a critical moment. “I don’t personally trust any tool,” he said. “I trust the people behind the tool.” And that remains the most important lesson of *Revolution 2.0*. Technology is just an enabler. It is what people decide to do with it that matters most. ■



Techno-Optimists Beware

Review by Timothy Ogden

ABUNDANCE: The Future Is Better Than You Think

Peter H. Diamandis & Steven Kotler

400 pages, Free Press, 2012

THE COMING PROSPERITY: How Entrepreneurs Are Transforming the Global Economy

Philip Auerwald

280 pages, Oxford University Press, 2012

The One Laptop per Child (OLPC) project has provided one thing of value to international development: a handy litmus test for whether someone should be taken seriously. As Peter Diamandis and Steven Kotler, authors of *Abundance*,

praise OLPC, despite a complete lack of evidence of positive impact, it is quickly obvious what to expect from the book.

Abundance is techno-utopianism at its worst. The outlook of the book can be summed up by a discussion of the advent of 3-D printers—machines that can form three-dimensional objects much as an inkjet printer forms words. Soon, the authors suggest, “everyone” will have one of these amazing machines. They approvingly quote an innovator of 3-D printing technology: “And once that happens it will change everything. ... Instead of placing an order and waiting 24 hours for your FedEx package, just hit print and get it in minutes.” Although you may be wondering how solving a 1 percent problem will change the world of the billions of people without easy access to electricity, clearly the authors aren’t.

Why? Because no matter what the symptom, the authors see a technological Band-Aid. They describe a future in which something like Google is directly connected to our brains so that when we think of something we don’t know, the answers are instantly supplied to us. Clearly this technology innovation is not working yet, as the authors didn’t automatically learn that they have devastatingly mistaken symptoms for problems. In the few places where they begin to acknowledge that the problems

that keep much of the world disenfranchised, impoverished, and unhealthy are not technological in origin, they quickly explain that we already “know” how to deal with those issues. For instance, we “know” that “community support is the most critical component for any water solution” and “maintenance workers need to be incentivized.” Now that we know these facts, a technology breakthrough is all that’s needed to fix global water problems. I wonder what technology will fix global justice problems now that we know all people are created equal.

Abundance is meant to be an optimistic antidote to the world’s doomsayers, but it left me deeply depressed. If bright and innovative minds are still completely captured by technological fixes to social problems, we have much further to go in solving those problems than I believed.

After throwing *Abundance* across the room, I found Philip Auerwald’s *The Coming Prosperity* a breath of fresh air. Auerwald’s focus is on human beings and the way they solve problems. Technology matters only insofar as it enables the people solving their own problems to outpace the people creating them.

Auerwald’s term for people who solve problems is a familiar and dear one to readers of this magazine: entrepreneur. His main concern is that entrepreneurs, a term he uses quite expansively, are not receiving enough attention from policymakers, economists, political scientists, and philanthropists. These groups all come in for criticism for their habits of patting entrepreneurs

on the head before getting back to the serious business of picking winners and driving policy from the top down.

Ultimately though, he argues, this habit is irrelevant. The world’s entrepreneurs are now numerous enough, free enough, and, yes, have access to sufficient technology, to innovate and succeed in spite of the powers that be. Auerwald writes not to convince the powerful and influential at the top of the pyramid to change as much as to inform them that they are no longer relevant—and that’s good news for everyone.

This is a message that needs to be delivered. Unfortunately, *The Coming Prosperity* doesn’t do the best job of delivering it. The book wavers between popular and academic modes, between personal anecdote and global sweep, between explaining the deficiencies of current elites and telling them they don’t matter. As a result, chapters tend to ramble and it’s easy to lose the plot. The best way to read the book is probably to read the last page of each chapter first. Then you’ll be in a better position to appreciate the many interesting anecdotes and data.

Despite its weaknesses in execution, Auerwald’s fundamentally humble message is both cheering and worth hearing. You and I don’t have the answers to the world’s problems, and we don’t need to. There are now enough smart people in every corner of the world with access to the ideas, tools, and resources necessary to ensure the coming of a new and truly global prosperity no matter what the 1 percent or anyone else does. I’m a skeptic by nature and by no means convinced by Auerwald, but I’m more hopeful than I was before picking up the book. Maybe the failures of *Abundance*’s authors to appreciate what it truly takes to solve problems simply don’t matter after all. ■

The Emerging Market Era

Review by Paul van der Boor

REVERSE INNOVATION: Create Far From Home, Win Everywhere

Vijay Govindarajan & Chris Trimble

256 pages, Harvard Business Review Press

What would you do if you were CEO of General Electric and found out that a company product, a state-of-the-art electrocardiogram developed and manufactured in

India, was nowhere to be seen in that country’s rural doctors’ offices? What if you were in a similar position at Procter & Gamble and learned that your feminine care product was being rejected by Mexican women while achieving record-breaking US sales?

The term “reverse innovation” was coined by Dartmouth College business

PAUL VAN DER BOOR is a PhD student in the engineering and public policy department of Carnegie Mellon University and is the co-founder of e-luma and Luma Light, social enterprises devoted to rural electrification in Sierra Leone.

TIMOTHY OGDEN is executive partner of Sona Partners, editor-in-chief of *Philanthropy Action*, and a regular blogger for the *Stanford Social Innovation Review*.

professor Vijay Govindarajan and GE CEO Jeffrey Immelt to describe innovations that go in the opposite direction of what traditionally has been observed. Until recently, innovation seemed to be reserved for industrialized nations. *Reverse Innovation*, co-authored by Govindarajan and Dartmouth colleague Chris Trimble, digs deep into the work of corporations at the frontier of emerging markets and offers guidance and understanding of this rising phenomenon.

Govindarajan and Trimble could not have timed their book better. Tales of innovation from emerging markets are now reported daily—from Kenya’s mobile banking miracle M-Pesa to Tata Motors’ ultra low-cost Nano. We have transitioned from a time when emerging markets were ignored completely by multinational corporations, to a period when firms turned their attention toward the “bottom billion” as a group of potential consumers, to a new era in which innovation flows from these regions. The authors

tell detailed stories that leave you convinced of a rising trend in innovation from this previously ignored market.

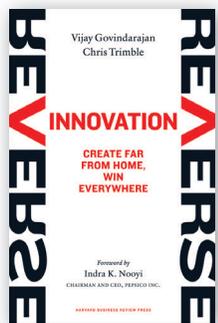
At the book’s core are the intricacies and struggles faced by Western firms that were the first to experiment in and successfully enter emerging markets. One example shows how GE realized that the electrocardiograms it was manufacturing were too expensive, were not portable enough, didn’t have batteries, and were too complicated to maintain. After turning the design process upside down, GE eventually produced the

MAC400, whose product line has now been deployed in the rest of GE Healthcare markets. (This is a story Govindarajan knows intimately, as he spearheaded GE’s energy and health care innovation efforts from 2008 to 2010.)

The section on Deere & Company is just as captivating, detailing how an organization can learn that its high-quality products are may be unsuited for new global markets.

Deere’s high-end tractors have, in the authors’ words, “tires taller than an NBA center, loads of high-tech gadgetry, and fully enclosed air-conditioned cabins big enough to have friends in for lunch.” These specs were at odds with the tractors Indian farmers sought: ones that could clock 10 times as many hours and be used to “carry friends and family to the movies, markets, and other social events.” Deere’s team pressed the reset button and successfully applied smart design practices to produce a new utility tractor called Kish for the Indian market—and did so in record time.

Although some of the stories in *Reverse Innovation* may seem familiar, most were not widely reported and offer far more detail than the usual newspaper article. The book also provides a useful addendum in a “Reverse Innovation Playbook,” which spells out nine rules that enable successful innovation in emerging markets. The playbook is a first of its kind and the closest thing available to a 10 commandments for reverse innovation. Two examples of rules are “To capture growth in emerging mar-



Working Together to Reduce Poverty and Build Prosperity

2012 Conference
June 6–8

MYSTIC LAKE CASINO HOTEL
Prior Lake, Minnesota

*Owned and operated by
the Shakopee Mdewakanton
Sioux (Dakota) Community*



grassrootsandgroundwork.org

SHARING WHAT WORKS



Northwest Area
Foundation

kets, you must innovate, not simply export” and “Move people, power, and money to where the growth is—the developing world.” For those hungry for detailed steps to becoming practitioners, the authors also provide a “Reverse Innovation Toolkit.” It is an ideal diagnostic tool for those brave enough to seek out reverse innovation in their own organizations.

Although the book provides compelling evidence of innovation in emerging markets, it leaves one wondering about the role of local firms. The examples in *Reverse Innovation* are all large Western firms. Is the conclusion that these firms are learning how to interpret and act on the needs of poor consumers? Will innovation be truly reversed only when firms in India, China, or Mexico take the lead in innovation, as has happened with Tata or G-Cash in the Philippines? Maybe it is just a matter of time.

That said, *Reverse Innovation* is a must read for anyone seeking to participate in emerging markets, be they CEOs of multinationals, leaders of NGOs, or government policy makers. ■

Sustainability and Self-Interest

Review by *Matthew E. Kahn*

ZERONAUTS: Breaking the Sustainability Barrier
John Elkington
 304 pages, Routledge, 2012

John Elkington is an optimist. In his new book, Elkington, an authority on corporate responsibility and coiner of the term “triple bottom line,” argues that a new set of entrepreneurs in business, government, and universities are stepping up and taking actions that will help us to reinvent capitalism, combat climate change, and reduce our exposure to toxics.

Let’s start with the definition he provides early in the book.

ZERONAUT, *n.* 1. An inventor, innovator, entrepreneur, intrapreneur, investor, manager, or educator who promotes wealth creation while driving adverse environmental, social, and economic impacts toward zero. 2. Someone who finds, investigates, and develops breakthrough, footprint-shrinking solutions for the growing

MATTHEW E. KAHN is professor of economics at UCLA and author of *Climatopolis: How Our Cities Will Thrive in a Hotter Future*.

tensions between demography, consumerist lifestyles, and sustainability. 3. Political leader or policymaker who helps to create the regulatory frameworks and incentives needed to drive related “1-Earth” solutions to scale.

Although Darth Vader would not aspire to join this club, many other people would like to be part of the solution. In a world of 7 billion people, there are a huge number of potential producers of game-changing ideas. Some work on discovering medical breakthroughs, while others focus on creating Facebook-like Internet startup companies. How do such ambitious, talented people choose which hard problems to work on? Put simply, when would the profit motive alone—without any virtuous Zeronauts—be sufficient to give us the “green capitalism” that Elkington argues is on the horizon?

Consider the challenge of male baldness. As a 46-year-old man without much hair, I have thought about this issue. If I were the only bald man in the world, then no for-profit drug company would spend a cent researching a solution to my problem. But when millions of people have this problem,

NONPROFIT MANAGEMENT INSTITUTE

NEW SKILLS FOR A COMPLEX WORLD



SEPTEMBER 11-12, 2012 | STANFORD UNIVERSITY | WWW.SSIREVIEW.ORG/NPINSTITUTE

“I’m leaving with several new ideas—I feel reinvigorated and ready to take action.”

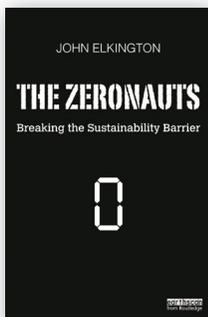
- 2011 Attendee

Stanford SOCIAL INNOVATION REVIEW



there is huge aggregate demand and a jackpot for the company that can develop a solution (i.e., Rogaine). Old-fashioned capitalist price signals direct this entrepreneurial activity. Although some efforts will fail, some firm will succeed, and millions of men will smile again. This example highlights that anticipated desperation creates a profit opportunity and then triggers efforts to find a solution.

So what's the difference between baldness cures and innovations that enhance sustainability? Elkington argues that status quo capitalism lacks imagination and ambition. Zeronauts, he writes, "aim to get our competitive juices flowing with a 'Race to Zero' framing of their initiatives—whether it applies to toxics, greenhouse gases, or poverty. They start from the assumption that there is a fundamental design fault in capitalism—both in its prevailing paradigm and in the linked mindsets, behaviors, cultures, economic formulae, business models, and technologies."



As a University of Chicago-trained economist, I see no "design fault" in capitalism. Instead, I see un-priced externalities. Despite the fact that the US House of Representatives passed in June 2009 the American Clean Energy and Security Act that would have introduced incentives and regulations

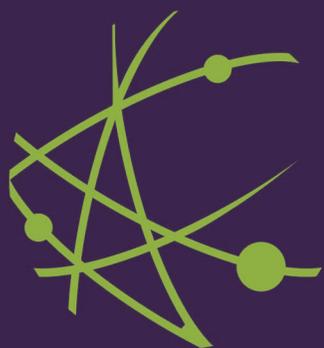
for de-carbonizing the economy, the Senate chose not to vote on this legislation and President Obama did not resuscitate it. In the absence of federal legislation, auto manufacturers and power plants have little incentive to economize on greenhouse gas production. Higher fossil fuel prices would nudge them to do so, but the recent discovery of vast

amounts of accessible natural gas in the United States and Canada suggests that "peak oil" may be far away. We would not need to celebrate the rise of the Zeronauts if the United States had introduced carbon pricing.

Elkington is 100 percent correct to focus on experimentation and to celebrate the power of game-changing ideas. The Zero-

nauts will succeed in achieving large-scale sustainability improvements in cases where there is a market price signaling scarcity. For example, if consumers face higher prices for resources such as water and electricity, this would stimulate more entrepreneurial activity focused on economizing on these resources. But I am pessimistic that the Zeronauts will succeed in de-carbonizing our economy. In the absence of carbon pricing and in a growing world economy, global greenhouse gas emissions will rise. Can the Zeronauts figure out how to convince China not to burn its coal endowment? Anticipating that the answer is "no," I published my 2010 book, *Climatopolis*, in which I optimistically argue that profit-seeking entrepreneurs will figure out many new strategies to help us adapt to climate change.

Elkington's book is a valuable contribution at the intersection of business and sustainability. He is right to emphasize that human ingenuity, passion, and experimentation will play a crucial role in helping us to avoid the nightmare scenarios predicted for the 21st century and beyond. ■



OPPORTUNITY COLLABORATION

convene / connect / create

"An impressive, even exhilarating, time for intensive discussions with social activists and fellow funders from all over the world. The retreat setting and engaged format promotes tangible social investments and actionable decision-making for my foundation."

— Ronald D. Cordes, President
Cordes Family Foundation

Opportunity Collaboration is a four-day strategic and problem-solving retreat for nonprofit leaders, for-profit social entrepreneurs, funders and social investors.

www.OpportunityCollaboration.net

POVERTY ALLEVIATION UN-CONFERENCE

**OCTOBER
2012**

•
**IXTAPA,
MEXICO**