

Review

The Quintessential Entrepreneur

By Vikram Akula

Review Jonathan C. Lewis

Stanford Social Innovation Review
Winter 2011

Copyright © 2011 by Leland Stanford Jr. University
All Rights Reserved

When Good Is Just Not Good Enough

Review by Jane Wales

THE IMAGINATIONS OF UNREASONABLE MEN: Inspiration, Vision, and Purpose in the Quest to End Malaria

Bill Shore
320 pages, PublicAffairs,
2010

The eradication of malaria is an “audacious goal,” according to Melinda Gates. “But to aspire to anything less is just far too timid a goal for the age we’re in. It’s a

waste of the world’s talent and intelligence, and it’s wrong and unfair to the people who are suffering from this disease.” These words, uttered in 2007 by one of the world’s more admired philanthropists, sum up the spirit of Bill Shore’s latest book, *The Imaginations of Unreasonable Men*.

An unabashed enthusiast for technology and social innovation, Shore contrasts a clinician’s obligation to treat individual patients’ symptoms with the work of medical research teams whose mission is to find the cure that can eradicate malaria. It is the approach of this latter group that he argues philanthropists should embrace, urging them to leverage markets to achieve their aim. “When we focus on the one rather than the many, on the symptom rather than the cause, on what we can accomplish on our own rather than on what needs to be accomplished by the broader community, we neglect our greatest opportunities to do the greatest good,” he writes.

Shore points to the success of low-tech preventive measures, such as the distribution of bed nets. But he notes that malaria continues to take its toll, with the World Health Organization (WHO) reporting 243 million cases and 863,000 deaths from malaria in 2009. Between 300 million and 500 million people are infected with malaria

each year, and although adults usually survive, approximately 3,000 African children die from malaria each day. Almost 50 million of the world’s poor have died of malaria in the past 15 years. The economic toll in Africa is believed to be billions of dollars per year. Despite these shattering statistics, Shore tells us that global spending on malaria is less than \$2 billion per year.

But although there has never been a vaccine for a parasitic virus such as malaria, a small number of people are seeking to create one. The WHO is currently tracking 35 vaccine development efforts. Shore tells the stories of many of these inspirational scientists and those who provided the support for their quest.

Shore’s book starts with the source of its inspiration: a young girl he met in Ytebon, Ethiopia, who later died unnecessarily of malaria. This experience set him off in search of an answer to the daunting challenges that malaria presents. What he found were bold innovators—“unreasonable men”—who are dedicating their lives to developing the first vaccine.

Among those he describes is Steve Hoffman, whose innovation, entrepreneurship, leadership, and willingness to do whatever it takes to save children from malaria have brought him many steps closer to the disease’s eradication. Hoffman is seeking to develop a vaccine through extracting parasites from the salivary glands of malaria-infected mosquitoes—a technique previously dismissed by his peers. Sanaria, his private biotech firm, is the only company in the world that is focusing entirely on malaria vaccine development, according to Shore. Through his attempt to bring an existing solution to scale, Hoffman is combining science, philanthropy, and market economics—a model that Shore argues removes “the market gaps that so often undermine social solutions.”

But strategy is not the sole focus of the book. Shore describes the spirit, attitude, and character that drive the scientists he meets, appealing to the inventor in all of us. He summons the reader to stretch further,

to imagine new solutions, to take seemingly unreasonable risks to address the sources of daily dangers faced by the poor. Shore outlines what he calls the critical “character qualities” of those who seek to tackle the dangers faced by politically and economically marginalized populations around the world. He notes that the invisible hand of the market will not alone solve the endemic problems they face. Finding solutions requires “irrational self-confidence” and “a willingness to take risks that often seem unreasonable right up until the moment they succeed.”

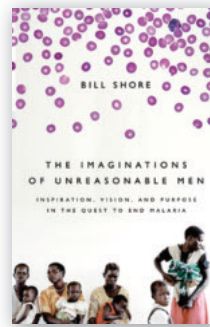
At the heart of Shore’s analysis of necessary qualities, strategies, and risk taking is an emphasis on the importance of innovation. He cites some of the most successful social innovations, including Wendy Kopp’s Teach for America and Victoria

Hale’s OneWorld Health, among others. Shore argues that these triumphs begin with a belief that anything is possible, and anything less is simply a “failure of imagination.”

At times the author seems infatuated with the world of scientific discovery and technology innovation, wowed by the bold curiosity of a profession that perseveres and won’t take no for an answer. But his central message flows naturally from his energizing and at times breathless enthusiasm. When faced with bone-chilling statistics, “unreasonable” risk taking is the only reasonable response.

Furthermore, this eagerness for taking on intractable problems has been a hallmark of Shore’s professional life. He founded the national nonprofit Share Our Strength in 1984 in response to the Ethiopian famine and to concern about hunger in the United States. Shore’s previous career in politics, along with his passion for philanthropy and innovation, is the source of his view that we can indeed find solutions to society’s largest problems.

He has practiced what he preaches. And the motivator for much of his work is captured in the book’s mantra: “Good is not good enough.” ■



JANE WALES is vice president of philanthropy and society at the Aspen Institute, founding CEO of the Global Philanthropy Forum, and CEO of the World Affairs Council of Northern California. Previously, Wales served as special assistant to the president and senior director of the National Security Council in the Clinton administration, as well as associate director of the White House Office of Science and Technology Policy.

Climate Speculations

Review by James L. Sweeney

**CLIMATOPOLIS:
How Our Cities
Will Thrive in the
Hotter Future**

Matthew E. Kahn
274 pages, Basic Books,
2010

As the world begins to confront the mounting challenges of greenhouse gas emissions and global climate change, there are two broad categories of responses. Most frequently advocated are mitigation strategies in which emissions of harmful greenhouse gases are reduced. Less frequently discussed are adaptation strategies, in which people, animals, and plants adapt to changing climatic conditions. It is this latter class, specifically adaptation within cities, that Matthew Kahn describes in his thought-provoking book *Climatopolis*.

Kahn speculates that competition among cities and individual entrepreneurs will lead to fundamental changes in the structure and functioning of cities. Some cities will be well positioned to naturally reduce the very real risks associated with climate change, and others will be poorly situated. All else equal, the former will thrive and the latter will shrink as people vote with their feet. But it is not simply the natural advantages and disadvantages of cities that will speed or slow their growth. Leadership actions in those cities—some motivated by city leaders and others demanded by their residents—may be even more fundamental in determining how cities fare.

An objective evaluation of this approach can help assess which cities will thrive and which will falter with climate change. But such an evaluation remains speculative, because most human decisions about urban adaptation to climate change have not yet been made. And these decisions will change—positively or negatively—the consequences brought about by climate change.

Kahn is no stranger to speculation, and sure enough, speculation pervades his book. But it is speculation informed by deep understanding of the dynamics of cities and the economic forces that motivate inven-

tion, innovation, investment, and change.

Kahn's book is not utopian. He recognizes that many consequences of climate change remain unknowable. He points out that enlightened institutions are failing to implement adaptations to reduce future climate change risks. One reason is that the consequences of global climate change will evolve slowly enough that many institutions can wait to adapt later. And with profound uncertainty about future patterns of climate change, most people don't know whether particular adaptations will be desirable. They can analyze; they can speculate; but most cannot be certain that particular changes will be worth the cost. City leaders also underestimate the real risks or have incentives to hide such risks. *Climatopolis* points at but does not sort out these possible reasons for lack of institutional change.

One of Kahn's focuses is municipal corruption, particularly in developing countries. Corruption takes resources from cities that could be used to make necessary changes.

And corruption reduces adaptation, because decisions by corrupt officials are not generally motivated by best long-term outcomes. Even non-corrupt governments can get in the way of adaptation. Regulation can mask market signals needed to motivate individuals and corporations to reduce overall climate risks. For example, buildings constructed in areas that may flood as the sea level rises should face higher insurance premiums than those constructed on higher ground. Such price variations would give market signals that motivate appropriate adaptation. Yet governments may label such differ-

entiation as price gouging, and blunt price variations. Elected governmental members may be too absorbed with the short-term consequences of their actions to focus on the fate of their cities. Their cities will not adapt prospectively to climate change either.

The subtitle of Kahn's book is *How Our Cities Will Thrive in the Hotter Future*. They may in fact thrive. But *Climatopolis* provides



Philanthropedia helps donors make
smarter donation decisions.
Consult hundreds of expert reviews & give better!



Expertise on Demand - New Service Released:
Donors can now access our database of 1500+
experts to get personalized philanthropy advice.

Contact us today to learn more about Expertise on Demand, to
join our expert network, or to help make this resource available
to your audience: eod@myphilanthropedia.org

www.myphilanthropedia.org

 **PHILANTHROPEDIA**
COME TOGETHER. GIVE BETTER.

JAMES L. SWEENEY, a professor of management science and engineering at Stanford University, directs the Precourt Energy Efficiency Center and is a senior fellow of the Hoover Institution, the Stanford Institute for Economic Policy Research, and the Freeman Spogli Institute for International Studies.

plenty of reasons why many cities will not thrive. And the specific adaptations, although not the general process of innovation and adaptation, are highly speculative—not only in their form but also in their consequences. Appropriately, Kahn provides encouragement for readers to develop their own speculations about how individual cities may flourish or falter with climate change.

Kahn characterizes his book as optimistic. It may be. But one is left with a profound sense of not knowing how severe the consequences of climate change will be for any particular city or region of the world. Adaptation ultimately may be insufficient to solve most problems caused by global climate change. And adaptation is definitely not free; typically it requires many costly investments. Even the best adaptation to global climate change will be very costly to the world's cities.

A careful read of *Climatopolis* is an invitation *not* to rely solely on urban adaptation. As the author argues, adaptation should not be the sole strategy to deal with global climate change. Mitigation is still crucial. Yet the U.S. government continues to shun economic incentives, such as carbon taxes or carbon markets, needed for aggressive mitigation.

My advice: Read the book with an open but critical mind. Reading and reflection should stimulate your own speculations about urban adaptation in the face of climate change. And your mind will be nicely stretched, whatever you ultimately conclude about Kahn's speculations. ■

The Quintessential Entrepreneur

Review by Jonathan C. Lewis

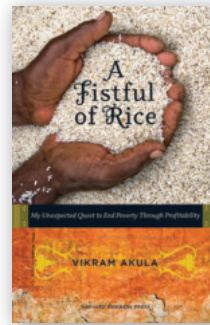
A FISTFUL OF RICE: My Unexpected Quest to End Poverty Through Profitability
Vikram Akula
208 pages, Harvard Business Review Press, 2010

A Fistful of Rice by Vikram Akula is not a book. At a mere 208 pages, it is a fat pamphlet. The operative adage might be “don’t judge a book by its size,” because a book is better judged by the accomplishments of its author and the social enterprise he founded—in this case, SKS Microfinance. In 1998, after six months of lending, SKS, at the time a nongovernmental organization, had 165 borrowers.

Today, the for-profit company serves nearly 6 million Indians with microloans.

For both author and reader, an autobiography is always fraught with danger. Typically, chapters brim with Twitter-like personal life details and self-analysis topped off by self-justifications. On the other hand, a good autobiographer teaches by example. For readers of these pages, an autobiography should proffer insights into social entrepreneurship, of which *A Fistful of Rice* contains a few:

- Don’t expect to go it alone. Borrow and synthesize ideas from others. My favorite example in the book is when SKS models its loan officer-training program on McDonald’s Hamburger University. Another is borrowing Coca-Cola’s product standardization as a model for designing microloans.
- Personal toughness matters. To attain his goal of a sufficient “level of discipline” and reliability to build trust among local villagers, Akula says he is forced to harden his heart. In his own words, “sometimes, being firm with destitute, even desperate, people felt cruel rather than strategic.”
- Learn by doing. The book is replete with examples of trial and error learning. Like every social entrepreneur, Akula is constantly testing and retesting ideas, processes, and procedures.
- Self-sacrifice is normative. In the heady world of policy and investment conferences, it is easy to forget the incredible tenacity and endurance demanded of a social entrepreneur in the developing world. In the early days of SKS, Akula and his two co-workers began every day at 7 a.m. and worked until 11 p.m. The living conditions were often less than basic.
- Personal courage and values count. At the very outset, local politicians and gangsters demanded bribes from Akula, and at one point they threatened him with death. Whatever refined Western values you hold dear, Akula’s memoir warns they will be tested in this field.
- Some management problems are never solved. In the case of SKS, peaceful coexistence with leftist rebels in SKS’s service areas remains an ongoing challenge.



The book opens with Akula’s moment of epiphany. He is in his 20s, a first-generation Indian American on a Fulbright Scholarship in a remote Indian hamlet talking with a solitary, desperately poor woman. “I looked closely at her,” he writes. “Life had beaten her down, but it hadn’t beaten the hope out of her. This, I thought, was exactly the kind of person we should be lending to.” But his aid organization was out of funds. Akula resolves “a new mission: to solve the problem of how to make microloans available on a mass scale.”

This kind of epiphany is nearly universal for social entrepreneurs, reinforcing that their work is less about money and profits, and always deeply personal. If you care about your work, the poverty reduction mission, and your community, then it hurts when colleagues let you down, your social enterprise stumbles, funding is denied, or other hurdles materialize.

The most poignant parts of *A Fistful of Rice* convey the author’s reverence for Muhammad Yunus, at whose Grameen Bank Akula studied. Fast-forward to the spring of 2010. SKS becomes the second microfinance institution to sell shares of the company to the public, prompting Yunus to make this derisive comment in *Microfinance Focus*: “The concern is that when you put an IPO, you are promising your investors that there is a lot of money to be made and this is a wrong message. Poor people should not be shown as an opportunity to make money out of.”

Akula takes great pains to argue the opposite case. Indeed, the point of the book is that private investment capital is allowing SKS to reach millions of needy microborrowers in an ethical way. He distances SKS from the lending policies and practices of the controversial Mexican microlender Banco Compartamos, noting: “There’s a big difference between charging the highest interest rate you think the market will bear, as Compartamos has done, and charging rates that allow for continued expansion without pushing the market to its limit. ... We don’t

JONATHAN C. LEWIS founded MicroCredit Enterprises in 2005 and today serves as its chair on a pro bono basis. He is also the founder and CEO of the Opportunity Collaboration and a contributing blogger at *The Huffington Post*.

believe in either the Grameen approach or the Compartamos approach.”

Because the SKS IPO postdates the book’s publication, the informed reader will want to investigate the facts to see if they square with the author’s views. A May 17, 2010, *Microfinance Focus* article details the complexity of SKS Microfinance’s growth, documenting that Akula developed a speculative social venture with available capital financing. To my knowledge, there are no extant charges that SKS Microfinance has exploited the poor on the road to profits.

To assail SKS’s financial backers for making a risky bet, and then for realizing financial returns from that very social investment, seems simplistic. Instead of criticizing the social investors, foundations, and donors who put their investment capital at risk in a socially responsible way, we should applaud them.

In the end, Akula reveals himself to be the quintessential entrepreneur: pragmatic, persistent, a bit pushy, and—as he himself admits—egotistically overconfident. This, it turns out, is a winning combination. ■

Food Solutions

Review by Janine Yorio

THE COMING FAMINE: The Global Food Crisis and What We Can Do to Avoid It

Julian Cribb
248 pages, University of California Press, 2010

Although most would agree that the world’s population is growing, no such consensus exists on the topic of an impending food crisis. Rather, there are two sides to this debate: Those who worry that the world does not have enough natural resources to feed the growing population, and those who dismiss the argument as alarmist. Julian Cribb’s *The Coming Famine* takes the position that a global food shortage is inevitable if the human race does not soon rethink the way it eats, farms, and fishes.

Setting aside the inevitable comparisons to Thomas Malthus,

Although most would agree that the world’s population is growing, no such consensus exists on the topic of an impending food crisis.

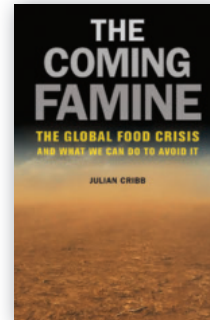
Rather, there are two

sides to this debate: Those who worry that the world does not have enough natural re-

sources to feed the growing population, and those who dismiss the argument as alarmist. Julian Cribb’s *The Coming Famine* takes the position that a global food shortage is inevitable if the human race does not soon rethink the way it eats, farms, and fishes.

Setting aside the inevitable comparisons to Thomas Malthus,

JANINE YORIO is the founder of NewSeed Advisors, a New York City-based investment bank that focuses on the sustainable agriculture industry and hosts the Agriculture 2.0 conferences.

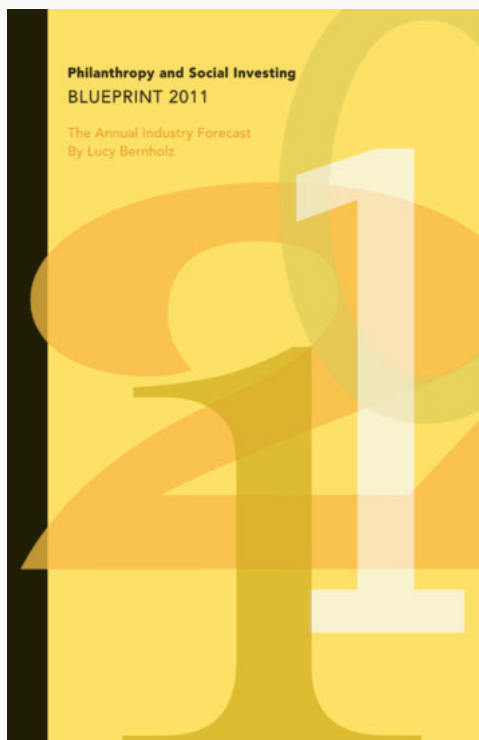


whose predictions about famine proved to be vastly overstated, Cribb’s book, without a doubt, is alarmist. The message he hammers home: “The coming famine is a planetary emergency,” which should not be ignored.

Surely Cribb, in researching this book, is aware that writers before him have sounded a false alarm on the same topic and have miscalculated the timing of a world famine. But he does not refute their arguments. Rather, he believes that we are approaching a hungry time “for the simple reason that

the world has never been so populous or its resources so fragile.”

I agree with Cribb that a major problem is brewing, one that if ignored will be disastrous. My life’s work is devoted to preventing the very food shortages that he predicts. And I, too, believe that the human population will create serious strains on the current food production system, and that broad changes must occur to head it off. But I see the possible solutions differently.



How can I cut through the hype to focus on what really matters for philanthropy and social investing in 2011?

What industry issues do I need to understand to achieve my social goals in the coming year?

Which buzzwords are just buzz and which ones represent meaningful trends?

Find the answers to these and other key questions in this second annual industry analysis of philanthropy and social investing.

Lucy Bernholz was named a “philanthropy game changer” by *The Huffington Post*. *Fast Company* called her blog on the business of giving, *philanthropy2173.com*, “best-in-class.” Put her insights to work for you with *Philanthropy and Social Investing: Blueprint 2011*.

Blueprint 2011 will be “hot off the press” on December 1, 2010. After December 1, find our banner ad at the bottom of the *ssireview.org* website to access a special 20% discount for *SSIR* subscribers (offer expires 3/31/2011). Contact us at 2011@blueprintrd.com for bulk copies and information on the companion seminar series.



Foreshadowing the situation that will arise when shortages occur, Cribb points out that many of the hungriest parts of the world tend to be the most war-torn. "Food ... is a powerful peacekeeper," writes Cribb. "We either eat—or we fight." In his view, there is more at stake than chubby Americans dropping a few dress sizes. What we face is all-out warfare, even in places where people historically have been both well fed and peaceful.

To stave off this calamity, Cribb urges consumers to waste less, to consider food sources, and to develop small farms, which he calls "smallholdings." Cribb believes that technology holds some solutions, although he is disheartened by "paralyzing complacency and neglect of agricultural science and technology." Spending on agricultural technology research has, in fact, dwindled since the 1970s, and as a result crop yields have not seen the double-digit increases that they had during the Green Revolution. Cribb argues that "the world's food supply is not sufficiently secure that we can afford to turn our back on any technology that may help to address these issues in a safe

and sustainable fashion," and I wholeheartedly agree. Although much of the world is stable in terms of food, many of the gains are tenuous at best, and the quest for new technological solutions must continue.

Yet I disagree with Cribb's designation of who should catalyze this research. Although he suggests that governments should invest more in "sustainable agricultural research and development," I feel strongly that the solutions will come from the private sector and collaborations among profit-driven entrepreneurs, much as recent environmental solutions have come from companies focused on clean energy and fuel-efficient automobiles. Venture capital investors are already hunting for companies that can solve the food system's complex problems. Meanwhile, research initiatives driven by the U.S. Department of Agriculture tend to support the tried-and-true, the multinational agribusiness companies that have both improved global food security and perpetuated dependence on petrochemicals, pesticides, and phosphate-based fertilizers. I prefer to place my bets on small companies, univer-

sity spinouts, and farmers, to commercialize resource-efficient ways of producing food without destroying the planet.

Still, I applaud Cribb for rolling up his sleeves and recapping the strongest arguments for the coming famine. In doing so, he has created an excellent—almost encyclopedic—primer on the topic of global agriculture reform. But if you are looking for a new angle, you will not find it in *The Coming Famine*. There is no new information, no new theory here. Instead, Cribb uses the book's 248 pages to catalog the most prevalent arguments for a food crisis, most of which have been in circulation for a decade.

If you are looking for an entertaining read, this is not your book, either. Cribb's writing is fluent but dry; there are few anecdotes to make this pill easier to swallow. As a result, his book may find its way into the hands of academics and public policy wonks, but it is unlikely to reach an audience big enough to catalyze grassroots change. Perhaps Cribb will inspire Malcolm Gladwell or Michael Pollan to tackle the same topic with a mass-market audience in mind. ■

Stanford SOCIAL INNOVATION REVIEW

new!

keep
current
with
**SSIR
Live!**

Missed any of our **SSIR Live!** webinars? No problem, you can now listen to them at your convenience. Each webinar is archived at www.ssireview.org/webinars, and your pay-per-view registration includes unlimited access for one year from the original recording—plus downloadable slides.

- Ten Nonprofit Funding Models
- The Nonprofit Starvation Cycle
- Working Wikily: Social Networks for Social Change
- Catalytic Philanthropy: A New Approach in Uncertain Times
- From Nonprofit Partnerships to Mergers: How to Restructure for Success

hot topics & powerful ideas