Book Review:

THE BUSINESS SOLUTION TO POVERTY: DESIGNING PRODUCTS & SERVICES FOR THREE BILLION NEW CUSTOMERS

Rika Fatimah PL

Faculty of Economics and Business
Universitas Gadjah Mada
(rikafatimahpl@ugm.ac.id)

Business, in the hands of Paul Polak (winner of the world's "27 Brave Thinkers" award along with Steve Jobs & Barack Obama) and Mal Warwick (founder and chairman of MalWarwickDonordigital, and one of three partners in One World Football Project LLC), is beautifully described, not only as conventional commercial activities but also a movement to act in a global perspective. Making or intending to make profits is the nature of business. Profit is another word in business for *generating more money than you spent*. In contrast, poverty is like a different side of the coin for business. As Polak & Warwick said "Poor people themselves tell us that the main reason they are poor is that they *don't have enough money*". Before opening the book, and only having read the title, the reader should instantly be provoked to think 'how come?' Even more of a contradiction is the sub-title of "…designing products and services for three billion new customers" so the next question is 'who are these new customers? The poor? They don't have money? Doing business for those who don't have money? This is how Polak & Warwick successfully play around with the reader's attention from the very beginning, even before the reader opens the first page of the book!

Flawless story telling is how this book is presented, both with its clear description of the 'cast' and the 'scene'. Polak & Warwick, the authors, initiate personal moments of truth for their readers through a story of how business can be a powerful way of solving the issue of poverty. The preface of the book is by indicated

reader as one of the cast in the story. Entrepreneur or investor, executive at a major transnational corporation, eyewitness to severe poverty, development practitioner, designer of products and services, teacher or student in a graduate or undergraduate course, philanthropist or impact investor, concerned citizen, and those who simply want a better understanding of what life is like in poor countries are the 'cast' that will play their own parts in the book. Next, after the introduction of the cast, three major 'scenes' (parts of the book) are "Only Business Can End Poverty"; "Zero-Based Design and the Bottom Billions", and "Opportunities Abound". Researchers, policy makers, and the common reader can literally drown in the first scene. Industry players, innovators, and investors would be likely to pass over the first scene and jump into the second and third scenes.

The first scene can be referred to as where the ideas of the business power movement are illustrated. Here, for a book reviewer who comes from one of the poor countries (as referred to in this book), is daring how developed countries, such as where the authors come from, felt the need to describe what 'poor' is really like. Apart of the Global South having richer resources such as its diversity in cultures, strong community values, local wisdom, rich in natural resources, and other things compared to those in the Global North (the "West"), the authors' efforts seem to try to influence readers on how those 'other rich' step aside. Furthermore, it also clearly shows how the authors set the boundaries by having the sub-topic of "The Poor are Very Different from

You and Me". How is this, if in the United States, the author clearly expresses "…where virtually all the 'poor' live in homes with running water, electricity, indoor plumbing, and refrigerators, and many own cars, color TV sets, smart phones,…"? How the authors bring the new jargon of the 'Global South' as a term that transcends geography and refers to the generally less-developed, low income countries typically classified as 'developing nations', 'underdeveloped countries', and 'emerging nations'….". How the authors aim for the 2.7 billion who live on $2 as *the new customers*. Locations given for these 'new' customers are concentrated in just four areas. First is the Indian subcontinent (including India, Pakistan, Bangladesh, Nepal, Bhutan, and Sri Lanka) with an estimated 900 million poor people. Next with 700 million more is Southeast Asia (Myanmar, Vietnam, Laos, Cambodia, Thailand, Malaysia, Indonesia, Papua New Guinea, and the Philippines). Another 500 million in sub-Saharan African countries and 300 million in China make the sum of the four areas 2.4 billion new customers, while the rest are distributed around the globe. It is a global approach in redefining poor people.

The value of this book is in how the authors describe *the one who should be the problem solver is most of the time the problem maker*, "…a nightmare of clashing bureaucratic and political agendas, and the nominal subjects of their (governments) concerns, the poor, are usually forgotten". Moreover, in the first scene of this book is a significant portrayal of Indonesia nowadays, as a warning for what *might also be happening in other developing countries*. A wake up call for "An Once Upon A Time" in Indonesia's current situation is well portrayed in Chapter 3. It seems Indonesia is now in 'a fairy tale story' and the hope is it will urgently wake up and catch up to the situation nowadays. Most of the things that the author uses for illustration are based on a *global empirical base* or namely 'the past is history it already happened' and ironically 'is *now happening*' under the current new government. Empirically, classical efforts that have been tried by governments, philanthropists and stakeholder-centered management

(companies that operate in a socially and environmentally responsible manner) for over a decade have not had much success in solving the poverty issues, as indicated by the fact that there are more poor people today, about 2.7 billion, compared to 60 years ago when there were about 2.6 billion. Most conventional approaches did everything but help poor people get out of poverty. Four reasons for the failure to improve the lot of the poor are now being seen in Indonesia. These four are the ideas for an economic method, community development, microcredit, and social enterprise. Economic methods can be seen as indirect methods by making improvements around the poor but not for the poor themselves. Economic development seems to consider that if GDP is growing, then building infrastructure, transferring massive amounts of foreign aid, and exporting rich-nation goods and services will eventually improve things for the poor. Community development, as run by NGOs, mostly faces fund raising problems and programs on offer to the poor *still treat poor people as objects of pity rather than to lift up the poor from inside-out of each individual poor person to dignity*. Microcredit practices tend to be misused, the poor who apply for loans do so not to use them to build up their businesses, but for consumption spending. Social enterprises operate in a small and scattered manner, therefore are unable to make a significant impact to end or reduce poverty.

Having portrayed all the above in the first scene of the book, it then roles out hope that a new approach described in the second scene might provide Indonesia and other Global South nations with a solution to their poverty. In the perspective of industrial management, what the authors bring is not an innovative way. The authors were too optimistic in using **'*designing products and services*'** as the sub-title of the book. The lack of a technical approach, variability and production processes are discussed in detail. Even though the authors claim to see industrial management in the perspective of its social aspect, the 'design' process is not presented as one would have expected. Moreover, the authors also suggest that measurement is a

less significant activity for SMEs to conduct, when such measurement processes are done with a view to 'cost' rather than 'investment for continuous improvement'. One of the important aspects in designing new products or services is measurement. Some progress or failure or impact is needed to control, as well as monitor, as continuous feedback for improvement. Failure to execute measurement is like walking on water — no 'foot print' is left for anyone to follow! However, in proposing a new approach to implement business solutions to poverty, *the zero-design based approach*, the authors explicitly refer to measurement through repeated pilot tests which are needed to close the gap between the new products and services designed for prospective customers. Especially, the new customers are those whose buying power as an expensive matter for them. In addition, the authors perspectives of businesses which can stand on their own to solve global poverty is a contradiction, since humans are generally regarded as social creatures. It is natural for humans to seek a group rather than try to survive alone. Even though the authors demonstrate that the zero-design based approach should be successful if done in collaboration with the poor directly, but without collaboration with governments, philanthropists and stakeholder-centered management. If the zero-design based approach can project success to solve global poverty, logically how about if it was then expanded for collaboration not only with the poor, but also with all elements in society? Should that not have a greater impact and produce a sustainable solution to poverty?

Despite minor improvements in this book, how the new perspective of *marketing and brand awareness for poor people is surely an innovative point of view*. Conventional marketing and brand awareness is aimed mostly at wealthy people. Rarely are efforts made to grab the attention of poor people, because their buying power is limited or non-existent. However, when the authors describe how the bottom pyramid of markets work, where sellers aim for new customers who need to be handled differently from conventional ones, the zero-design based

approach splits into six aspects. The first is about the company's goal, meaning conventional business practices need to be let go of, and start to listen to the new customers. Next is designing for scale by aiming not for 10, 50 or a 100 sales per month, but 100 million per month. The third aspect is designing for a generous profit margin. The margin can be referred to as a good ratio of debt to equity; positive cash flow or a good amount of free cash flow. Next is pursuing ruthless affordability by fulfilling customers' needs by investing in the cheapest and easiest production processes for the products and services. The fifth aspect of zero-design is designing for last-mile distribution by having the employees decentralized to bring the products and services as close to the remote areas where the poor live as possible. The last one is incorporating inspirational branding. In other words, to forget conventional branding awareness and move to a local and cultural approach. The cultural approach includes such things as folk-songs, theatre performances in the local language, customary local colours and logos, and other similar ideas. The reason to apply this cultural approach is because many of the poor are illiterate, with no means of communication such as the internet, telephone, television or other means, and insufficient infrastructure to link to outsiders, many of whom may not speak the indigenous language.

I would like to recommend this book to policy makers, researchers, young entrepreneurs, future investors and government staff. Especially for those who live in the global south, it is a valuable contribution by Polak & Warwick to share the awareness that developing countries can be developed more quickly if business can be utilized as a movement to overcome poverty. It would be ideal if the Global South themselves realized that not only the power of business, but also the human factor (almost three billion people), with local wisdom and natural resources which can all be used to move out poverty once and forever. Especially for Indonesia, it's a wake up call from 'the once upon a time' moment. Learning from the global empirical evidence and not implementing the 'same failure' in the

future, should strategically place Indonesia as one of the significant players in *Business Power Movement for Poverty!*