



PAUL POLAK REVOLUTIONS TO END POVERTY

"WE NEED REVOLUTIONS IN DESIGN AND BIG
BUSINESS TO END POVERTY"

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Dear Friends,

As usual, I've been kept busy these past several months! Here are a few updates as to what I've been up to...

SPRING HEALTH

I'm very excited to report that Ball Aerospace and Technologies, Inc. is helping to develop a photovoltaic, 2 kilowatt water pump for my new company, Spring Health. These pumps will compete with the current diesel water pumps by cutting costs by 80% and reducing carbon emissions while transforming the incomes and lives of small farms across the developing world. We have learned a lot from the beta test and currently are proud to announce that 20,000 people across 35 villages in Orissa, India are benefitting from Spring Health's design. Furthermore, we've defined every task required in order to roll out a block of 50 new villages receiving solar water pumps every month. Within the first three months, we project we will be able to realize this goal of adding 50 new villages a month to Spring Health's clientele. Lastly, great news! We have closed the investment of Spring Health led by the Rianta Group and will be on our way to creating sustainable, impactful, and long-lasting change to those living on less than \$2 per day!

THE BUSINESS SOLUTION TO POVERTY

I'm delighted to report that I have a new book coming out in September co-authored with Mal Warwick called *The Business Solution to Poverty*. *The Business Solution to Poverty* is a natural outgrowth from my first book, *Out of Poverty*, and

Innovation

- VIDEO: World Economic Forum 2013

- VIDEO: "Paul's Corner": Q&A

Media

[Forbes](#)

[San Francisco Chronicle](#)

[Huffington Post](#)

[Next Billion](#)

[Q&A: Paul Polak, author of Out of Poverty](#)

[Social Story: Spring Health](#)



At [SOCAP](#) October 2012 on The Business Solution to Poverty

provides the practical design steps to create new frontier multinationals, each designed to reach a hundred million, \$2-per-day customers, achieve \$10 billion in annual sales, and generate sufficient profits to attract international commercial investment. I'm very excited about this new book.

SUNWATER CROWDFUNDING CAMPAIGN

Lastly, with the help of a great team including Ball Aerospace volunteers, we are rolling out an **Indiegogo** campaign starting **TODAY, Wednesday, May 8**. The project is called SunWater and we currently have an initial proof of concept prototype that will help rural villages harness the sun's sustainable energy to irrigate their crops, thereby creating thousands of jobs and lifting millions of people out of poverty. Be sure to check out the site and help us make it to the \$50,000 mark by clicking [here!](#)

Hope all is well and wishing you the best!

Cheers,

Paul

Q&A: Paul Polak, author of Out of Poverty

Article by Christina Hernandez Sherwood, July 30, 2012, CBS Interactive



[Compostmodern 13](#)

In March, Paul gave a fireside Q & A chat in San Francisco at the annual conference.



[Unreasonable Institute](#) interviews Paul Polak



Paul speaks at [Design for Social Innovation](#)



Multinational companies are — at their own peril — ignoring a major market, according to [Paul Polak](#). They're missing out on more than two billion customers who wouldn't just increase their profits, but could ensure their long-term survival. Who are these consumers? They're people living on less than \$2 a day — and they make up about 40 percent of the world's customers.

Thirty years after starting a business selling products that helped small farmers in developing countries grow their crop yield, Polak is now launching global companies aimed at changing the lives of hundreds

[WEF Lima 2013](#)

Paul went to Lima for the World Economic Forum in April 2013



Q & A Corner

click on a question to link to the video answer

[Question #1: Are For-Profits More Efficient for Social Benefit than Social Enterprises?](#)

[Question #2: What are your favorite failures?](#)

[Question #3: What are your thoughts on making wheelchairs for the bottom of the pyramid?](#)

Submit your questions to:
outofpovertyteam@gmail.com

of millions of poor people worldwide. His projects range from developing a factory for producing an affordable coal alternative to teaching students to design products for the “other 90 percent,” people living on \$600 a year or less. I spoke with Polak last week. Below are excerpts from our interview.

In your TED talk, you said we need a revolution in the way products are designed, priced, marketed and delivered. What would that look like? Are we seeing any of these changes yet?

All of Western design and Western businesses focus virtually all their attention on the richest 10 percent of the world’s customers. The other 90 percent are pretty much ignored. In business terms, that’s a new growth market opportunity. This population starts at an income of about \$600 a year. There are encouraging beginnings of markets serving that population. One very clear example is mobile phones. That’s a purely commercial, new movement and it has reached virtually every person. Even someone on \$1 or \$2 has access to a cell phone, whether or not they can afford to buy one. That’s a whole new market.

We need a revolution in how businesses design, price, market and deliver their products because on \$2 a day customers can’t afford the cost of products designed for wealthy customers. The design process is based on what I call the ruthless pursuit of affordability. That doesn’t mean you make shoddy products. You change the design criteria. You have to change the distribution pattern. Many people who live on \$2 a day live in small villages. There’s a real challenge in creating last mile supply chain. We have to create whole new distribution and marketing systems to reach these populations. It’s a vast new market. You can’t just take products that are popular for wealthy customers and make cosmetic changes to them and sell them to poor customers. You have to create a new product line with new criteria that are attractive to poor customers. But if you do, there vast new profits.

You say treating the world’s poor as potential customers can help businesses with their bottom line. So why don’t companies do this?

The first misperception is that you can’t make money in emerging

markets. There have been a lot of examples that you can. Secondly, many businesses don't have a clue how to design products that would be affordable enough to be attractive to the other 90 percent and have the features those customers value. Third, most multinationals don't have a clue how to distribute to small rural villages in a way that is economically profitable. Those are three of the biggest reasons why businesses aren't investing in this space. But there are lots of examples of major profitability in emerging markets.

What are some specific opportunities for businesses that want to reach the other 90 percent?

Big companies are realizing they can't continue to operate under the assumption of unlimited access to energy and world resources. The energy is not in unlimited supply. There's an increasing realization of carbon emissions having a negative effect on the environment through climate change.

Here's an example: coal currently contributes 40 percent to carbon emissions globally. There are six billions tons of coal consumed each year. At the same time, the planet produces four billion tons of agricultural waste products like peanut shells. If we could harness one billion tons of agricultural waste and add another billion tons of invasive plant, making electricity could be transformed by using various versions of compressed biomass. The problem is that a lot of that biomass is at scattered, rural locations. One opportunity is new technology European firms are investing in called torrefaction. The plants European utilities are designing start at \$10 million. You can design the plants for much less [because the torrefaction] process is not that complicated. One of the companies I started is designing a \$10,000 torrefaction plant with a four kilometer collection radius. One of these plants will produce five to seven tons of marketable coal replacement. You could essentially lower global carbon emissions by 10 to 15 percent by taking advantage of agricultural waste and invasive plant and converting them into a coal replacement. Each of these village enterprises that makes a biomass coal replacement might cost \$10,000 to \$20,000 and generate income at the village of \$700 a day. It would be transformative for poverty. It would create new employment. It would create more affordable energy sources. It

would make a positive impact on global carbon emissions.

That's one example. There are many others like that. Nobody has tried to build a \$10,000 torrefaction plant. We're in the R&D phase of building and testing that plant in India. If that works, I'm forming a global company that will spread that approach all over the world. I'm in the process of creating four global companies, each of which has the capacity of reaching 100 million \$2 a day customers generating \$10 billion a year in sales and making an impact on world economies and the environment. I'm doing that to demonstrate that profitability and serving \$2 a day customers at scale is not only feasible. It's necessary for the survival of many of the existing global companies.

If you follow those three steps, my experience is that practical solutions that make a big impact just fall into your lap.

To read the full article, click [here!](#)

Welcome new volunteer!

We have some exciting news from the Out of Poverty Team... a new intern! Derrick Burnett joined the team in January to fill the Executive Assistant role to Paul Polak. He is a student at New York University in New York studying accounting and global business with a minor in social entrepreneurship. He, too, has conducted research regarding bringing clean water to those living on less than \$2 a day and is extremely excited to learn from Paul's vast experiences and resources. Currently, he is studying abroad in Madrid, Spain for the semester in hopes of mastering Spanish. We're happy to have him on board!

Former President Bill Clinton Surprises iDE!

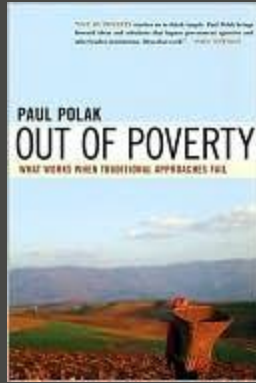


On Tuesday, December 4th, 2012, International Development Enterprises (iDE) hosted a special luncheon to celebrate its 30th anniversary of creating income and livelihood opportunities for poor, rural households around the world. To everyone's surprise, former President Bill Clinton made a guest appearance and gave a speech praising the work of iDE. To read more about Bill Clinton's visit to the iDE luncheon, please [click here](#). To learn more about iDE, please [click here](#).

Paul Polak is the founder of International Development Enterprises and currently serves on the Board of Directors.

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[Buy the Book](#)



To schedule a speaking engagement contact Larry Leson
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