

BOOK REVIEW

The Solution Revolution: How Business, Government, and Social Enterprises Are Teaming Up to Solve Society's Toughest Problems

William D. Eggers and Paul Macmillan
(Harvard Business Review Press, 304 pp., \$26.00)

By Jeff Raderstrong

Businesses, government agencies, nonprofits, and consumers alike are now, more than ever, interested in solving seemingly intractable social problems. Over half of all employees want a job where they can create social impact (Net Impact 2012), and almost 90 percent of consumers believe that businesses need to think about society at least as much as traditional business interests (Edelman 2012). To respond to this demand, companies have begun to develop innovative models that create social and financial value, such as TOMS shoes, which donates one pair of shoes for each pair purchased, or Mars, which invested in its coca suppliers to increase yields and improve quality of life (FSG 2013). Governments are also taking a more innovative approach to solving social problems, such as the Obama Administration's White House Office of Social Innovation and Civic Participation; and nonprofits, such as the KIPP charter school network, have grown rapidly in an attempt to reach communities plagued by poverty.

The Solution Revolution: How Business, Government, and Social Enterprises Are Teaming Up to Solve Society's Toughest Problems, by William D. Eggers and Paul Macmillan of Deloitte, puts a useful framework around this recent paradigm shift towards social conscious-

ness and social impact. The book reads smoothly and quickly, and follows the now-standard "pop business book" format: introduce a topic or problem, create a framework to illustrate how to solve said problem or explore it deeper, provide examples on each component of the framework, and then conclude with how readers can implement these lessons learned in their own lives.

Eggers and Macmillan break little new ground with this book, as many of the phenomena discussed and examples given can be found in a variety of books and research on the ever-expanding social sector, including *Philanthrocapitalism*, by Matthew Bishop and Michael Green, which explores high net worth philanthropy; *Impact Investing*, by Jed Emerson and Antony Bugg-Levine, the definitive volume on investing for social and financial returns; *The Networked Nonprofit*, by Beth Kanter and Allison H. Fine, somewhat of a how-to guide for collaboration in nonprofits; and *Building Social Business*, by Nobel laureate Muhammad Yunus, which expands on the idea of using business for social good. Each of these books—and many others—approach their subjects as more or less isolated phenomena in the realm of social change with little credence given to the other developments in social innovation, social justice, and social

change. (Note: While there are many different terms to describe the intersection of government, business, and nonprofit sectors to create social change, such as “Social Economy,” “Impact Economy,” “Social Change Sector,” or in the case of this book, the “Solution Economy,” this review will rely on the term “social sector” to describe this phenomenon.)

The authors’ real contribution to this body of literature is a solid framework that unifies all the disparate parts of the nascent ecosystem for creating more effective social change. This framework, which they deem the “Solution Economy,” has six principle features: “wavemakers,” individuals and organizations which develop solutions to problems; “disruptive technologies,” which enable these wavemakers; “business models that scale” solutions; impact “currencies” to fuel solutions; “public-value exchanges” that connect solution makers to capital; and solution “ecosystems,” which support all actors. Very few authors and researchers have provided such a comprehensive view of the social sector, the closest being the yearly report on “Philanthropy and the Social Economy” from Stanford University’s Lucy Bernholz, which tends to focus more on predictions for the year to come in the social sector rather than exploring its different components.

Eggers and Macmillan are able to generate this comprehensive and critical overview by relying on the “solution” as their unit of analysis. Instead of approaching their research in a sector-focused way—such as first describing businesses focused on social change, then nonprofits, then government agencies—they instead analyze the output of these activities (the solution). They are then able to work backwards and observe the components that enable the creation of that solution. By ignoring the actors’ motivations for these activities (“wanting to give back” or “wanting to make a difference”) and focusing on outcomes produced, the authors remove an ele-

ment of “hype” that often comes when discussing social change. Their approach to describing the framework is methodological and comprehensive.

The introduction sets the tone for the rest of the book by presenting the notion of collaboration. The authors note that to develop new solutions, the traditional boundaries between sectors must blur, allowing for coordination of activities and sharing of resources. Without cross-sector collaboration, it will be difficult for any component of Eggers and Macmillan’s framework to fully operate.

The first component of their framework is the wavemakers, or the individuals and organizations leading the charge to solve society’s major problems. These wavemakers are made up of investors and funders, conveners that connect organizations to help spur collaboration, “multirational multinationals,” large businesses that focus on more than profit alone; innovators with new ideas on how to solve a particular problem; “steady suppliers,” or large organizations that act on behalf of the government; and individual citizens that organize for change.

The chapter dedicated to wavemakers was the broadest of the book because it discussed the full array of actors that work within the social sector. It included discussions on the fundamentals of philanthropy, social enterprise, corporate social responsibility, and global poverty. Examples used in this chapter range from the Omidyar Network—the foundation created by eBay founder Pierre Omidyar—to the annual Clinton Global Initiative conference to the celebrity chef Jamie Oliver.

The second component of the framework is disruptive technologies, which fall into four categories—mobile phones, social media networks, better analytical tools, and cloud computing—and all of which have developed only in the last several years. These technologies make it possible for the wavemakers to create and implement their solutions.

The technologies discussed in this chapter range from mobile banking innovations in rural Africa to US-based recycling incentive programs.

Eggers and Macmillan next discuss business models that scale. These are the organizational models the wavemakers, enabled by their disruptive technologies, use to solve problems. The four discussed in the book—franchises, platforms, “freemiums,” and citizen-sourcing—are relatively straight-forward and known to anyone with a cursory understanding of the modern business tech landscape. What is missing from the discussion of this component is a justification for why the authors chose these four business models and not others. For example, the “buy one give one” model, where a business donates a product for each item sold to a needy individual or community, has emerged as an established model for social impact (Marquis and Park 2014). However, this model was not included in their discussion and, based on the information given, the reader cannot determine why it was left out of their framework.

The fourth component of their framework is currencies. These are the new types of inputs that wavemakers use to fuel their organizations and solve problems. The currencies discussed in this chapter fall into five abstract resource categories: credits, social impact, citizen capital, data, and reputation. Some of the examples used in this section are featured prominently in the news, such as carbon credits, while others are less familiar, such as time banks where individuals perform volunteer tasks in exchange for “time-dollars” that can be used to purchase other services. Other examples, like those in the “reputation” category, which centers on the need for an organization or individual to have good social standing, are relatable to any type of market, social or otherwise.

These currencies are traded on public value exchanges, the next

framework component discussed, which facilitate the production of solutions. The public value exchanges would not exist without the digital disruptive technologies discussed earlier and include innovations like “crowdfunding,” or online platforms that pool together small amounts of money from a large number of individuals to fund solutions. Other types of exchanges include “pay-for-success” contracts where government funders or investors pay for a solution if it meets a certain set of outcomes.

The last piece of Eggers and Macmillan’s framework is ecosystems. This component ties everything together: ecosystems are where wavemakers connect around a single goal to share ideas and models that solve a problem. The book provides examples of ecosystems in education, affordable housing, and human trafficking. The final section brings the narrative back to the introduction with a discussion of the need for collaboration. The authors show that without coordination and convergence, it is very difficult for the actors within the social sector to solve any of the “big, hairy, audacious problems” (Eggers and Macmillan 2013, 169).

The book concludes, as many pop business books do, with a how-to guide for implementing the framework in the reader’s own life. The authors implore readers to create “[their] own solution revolution” through actions like buying sustainable products, serving unmet needs, and looking at problems in different ways (2013, 201). Much of the advice given in this section is actually more applicable for an organization than an individual and would have little use for the average consumer. But, this minor failing of a how-to guide is forgivable, as the subject matter of the book is more complex and abstract than the average pop business book.

Their description of the framework and advice on implementation suffers from a problem that plagues most discussions on the social sector: lack of

clear definitions. This causes some minor confusion while the authors discuss their examples. For example, in their wave-maker section, focused on the individuals creating solutions, they provide a separate definition for “social enterprise” and “market innovator.” Social enterprises, according to Eggers and Macmillan, are organizations that are primarily motivated by mission but use the market to create change. Market innovators are driven primarily by profit but want to disrupt the status quo to encourage socially responsible products and serve new market areas. The authors’ social enterprise example is a coffee shop that employs disadvantaged youth—a standard model for social enterprise. Their market innovator example is a mobile banking company for the rural poor. But, one could imagine a disadvantaged youth-employing coffee shop that attempts to disrupt the market for employment. Indeed, Robert Egger, of no relation to the book’s author and founder of DC Central Kitchen, which uses a similar model to the coffee shop discussed in the book, has pushed hard to change the status quo for employing the formerly incarcerated. And, one could envision a mobile banking service incorporated as a nonprofit not driven by financial returns. This contradiction, while minor, makes the reader question the authors’ underlying framework.

Beyond contradicting terms, lack of clarity around definitions may result in the reader being misled. In their section on public-value exchanges, the authors define the concept of “social return on investment” (SROI), broadly defined as a quantifiable social impact stemming from a financial investment (2013, 119). In fact, SROI is a specific concept developed by the Roberts Enterprise Development Fund that focuses on overall societal costs saved by a program (REDF 2009), and it is not as general a concept as the authors make it seem here.

This concern is certainly a nit-pick and will not create problems for

most lay readers. But, other passages rely on terms that can create misleading or deceptive conclusions. In one section, the authors refer to a for-profit educational business model as “by definition sustainable” because of its revenue source (Eggers and Macmillan 2013, 87). In fact, many for-profit, for-impact businesses fail, and some can cause more harm than good, as seen in recent extortion cases in the microfinance field. In another section, the authors contrast the social sector in the UK and France, implying that France’s social sector is not as robust because of its reliance on government services. This conclusion runs counter to the overall message of the book: that governments, nonprofits, and businesses should work together to solve social problems.

These semantic problems would be cleared up mostly or completely if the authors were able to delve deeper into their methodology behind the framework. As the book is written now, there is little justification for the construction of the framework besides the examples provided. Explaining the logic behind the development of the framework would strengthen the integrity of the book even further and provide readers with a way to dig deeper into the lessons the authors learned through their research. Doing so would be unconventional for a pop business book and probably make it less readable by a general audience, in turn detracting from its value as an accessible overview of the social sector. But, a deeper exploration would help provide more appropriate next steps for the solution revolution the authors want to create.

The Solution Revolution is an excellent primer for anyone interested in joining the ranks of the social sector. But, it is only a beginning. Each chapter itself could be a book, with specific process recommendations to harness the lessons learned from the examples presented. A deeper description of the methodology behind the book’s development would provide readers with a way to reflect on how

these phenomena relate to their own work and find insights the authors may not have considered. This book can be used as a starting point, a unification document that aligns all actors working for social change.

But, there is still much work to be done to usher in a true solution revolution.

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