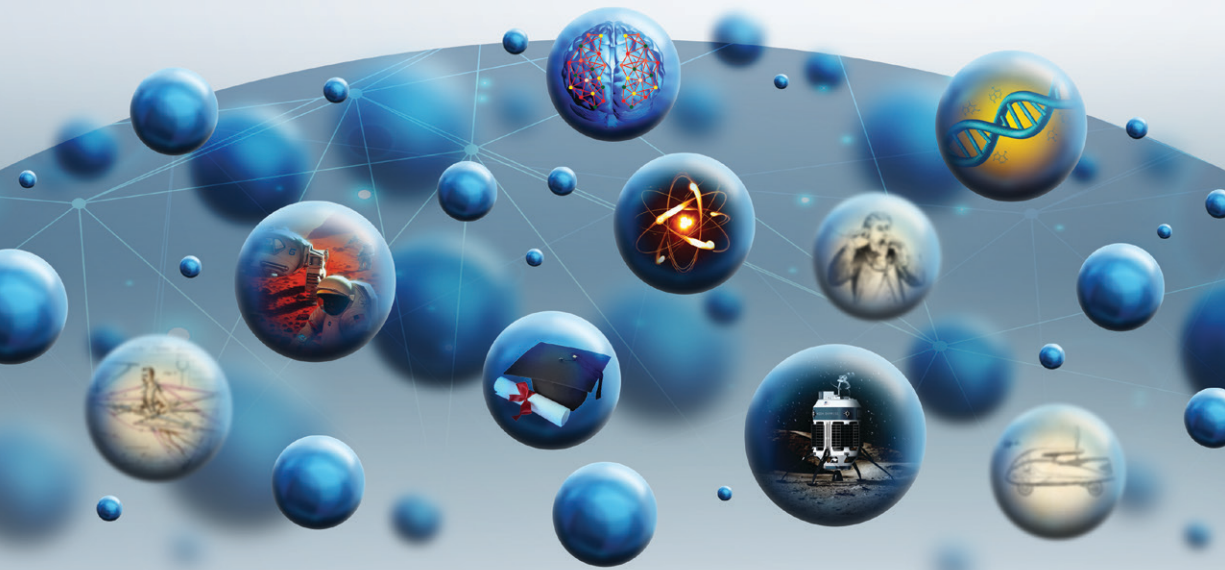


FOREWORD BY
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Moonshots

Creating a World of **Abundance**



Naveen Jain

with John Schroeter



AFTERWORD

Paying it Forward



Billions are wasted on ineffective philanthropy. Philanthropy is decades behind business in applying rigorous thinking to the use of money.



—*Michael Porter*

THERE'S NO QUESTION ABOUT IT, the United States is the most generous country on the planet. In 2016, charitable donations rose to a new high of \$390 billion, with most of that coming from private individuals. That's nearly eight times the amount the US spent on the foreign aid it distributes to some 200 countries every year (the top five of which are all in the Middle East). That's a good thing, because much of the money leaving the Treasury Department's coffers gets laundered through corrupt hands, and more often than not ends up propping up oppressive regimes or creating unproductive and unhealthy dependencies. (Growing up in India, I experienced this outcome firsthand, and it was the direct cause of much of the misery my family suffered.) Even in the best cases, top-down planners and government bureaucrats with little to no accountability mismanage aid funds so badly that we see no evidence that they are really doing any practical good. For example, trillions in aid dollars have flowed into Africa over the past number of decades, but per capita income in Africa has not improved. Indeed, there's not much to show for it, at all.

This is happening because there is a fundamental disconnect between Western ideals and the actual causes of poverty in so many so-called developing countries. These all tend to be “extractive” entities, meaning they are hopelessly corrupt. Extractive institutions—kleptocracies—plunder the aid they receive, denying their citizens the benefit of such aid in favor of lining the pockets of the small circle of elites within the governments. Their incentive structures favor the elites as well, also at the expense of the people. And while these countries may benefit from technological advances, such progress can only be sustained within a dynamic

market environment. But market freedom is the last thing the elites want, because that would undermine the status of their control structures. Consequently, these “developing” countries really have no chance of developing at all.

We shouldn't be surprised, then, that according to Acemoglu and Robinson in *Why Nations Fail*, “... the West spent 2.3 trillion dollars on foreign aid over the last five decades and still had not managed to get 12 cent medicines to children to prevent half of all malaria deaths; or even \$3 to each new mother to prevent 5,000,000 deaths. Foreign aid is actually the main cause of continuing poverty in Africa.” Clearly, agendas other than humanitarian interests are at work when we provide “aid” to such countries. Meanwhile, the horrible conditions persist.

While it's easy to find fault with the gross inefficiencies of governments and bureaucrats, what about the private sector? Are they doing any better? Well, that depends on how you look at it. And by now, you know that entrepreneurs look at such problems through very different lenses. But let us take a look. Charity Navigator is an organization that rates and ranks more than 9,000 charities according to

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a set of fairly rigorous standards, and as you might imagine, the results are all over the map. Certainly people have more confidence in self-directed giving than they have in the government's ability to distribute funds effectively, but this is not always so clear.

But let's cut to the chase here. The vast majority of philanthropic and foreign aid dollars goes to compensate for—or is it to maintain?—the effects of *scarcity-driven economies*.

Even in the context of charitable giving, what we're dealing with is the global deployment of an unsustainable model that relies upon a redistribution and consumption of wealth that can only deliver ever-diminishing returns—particularly for those it is intended to help. In short, like everything else that operates within the constraints of a scarcity-driven economy, we're doing it wrong.

The greatest philanthropic movement—the one we've not yet seen—is the one that overthrows the scourge and tyranny of scarcity. Everything else flows from this single construct. Everything. If entrepreneurs can mobilize to create an econ-

omy of *abundance*, then the majority of problems that the philanthropic organizations and NGOs can only treat as “chronic conditions” simply evaporate. That would be the ultimate moonshot, wouldn’t it?

We come full circle, then, to the inherent evil of scarcity. And once again, we see that the teleology of the economics that rules it is completely divorced from ethics. Economics simply does not regard the purpose and value of human flourishing. It has no concern for justice, but rather simply operates like the law of gravity. Economics has no conscience.

What does all this mean for philanthropy? What can it mean to the entrepreneur? It means that we have before us an astounding opportunity for true, effective problem-solving progress on a grand, global—and *human*—scale. It also means a complete and radical rethinking of the very nature of philanthropy itself. And it must be rethought, because as long as we continue to think of issues as social or philanthropic problems, they will never get solved. Even after sinking trillions of dollars into the effort.



Philanthropy should never be about giving money. Rather, it should be about solving a problem. While well-meaning, the idea of writing a check and calling it “philanthropy” is extremely short-sighted and, unfortunately, extremely pervasive. So we must challenge the basis of philanthropy at its core. But this will not be easy. As John Maynard Keynes said, “The difficulty lies not so much in developing new ideas as in escaping from old ones.” And ideas about philanthropy—especially the bad ideas—are very old and very deeply rooted.

There’s another problem here. We have many well-intentioned people who, through charitable giving, really seek only to increase their own well-being. “Don’t feel like you have enough money?” their advisors say. “Give to someone less fortunate.” “Be a river, not a reservoir.” “Giving is sure to put you in a more abundant and appreciative frame of mind, so give generously.” Of course this all sounds positive and life-affirming. *But it does nothing to solve the big problems in the world.* Such giving can never move the needle. Yes, it makes the giver feel good, but self-help that masquerades as philanthropy is no philanthropy at all.

Again, the concept is pervasive. Even on the entrepreneurial side of the equation we have people who have taken to calling themselves “social entrepreneurs.” What does it mean if I think of myself as a social entrepreneur? It means, quite bluntly, that I am a shitty entrepreneur. If I were a good entrepreneur I wouldn’t

need a qualifier. So when you write a check to someone who calls himself a social entrepreneur, you can be sure that your money is going to a person who really does not know how to run, let alone scale, a business that solves problems.

This is not to disparage the act of doing a small good. If you want to do a small good in the world, then by all means, support or create a nonprofit. If, on the other hand, you want to do a *large* good in the world, then you've got to go the route of for-profit—for the simple reason that if an initiative is not profitable, then it is not financially viable.

Somehow a notion has taken hold that the objectives of nonprofit and for-profit are mutually exclusive, or at least that they operate in non-overlapping spheres. There's no reason why this should be so. First, let me state unequivocally that an entrepreneur should never be ashamed of a business that is profitable. Profit is the engine that does *good*. As we noted earlier, doing good and doing well are in no way in conflict. In fact, they go together, hand in hand. As such, philanthropic organizations would do well to imitate the practices of business, because it is their philanthropic mindset that is attenuating the gains they could actually otherwise be making in fulfilling their missions. To drive philanthropy at tremendous scale, to develop long-term economic vitality through giving, we must apply the same models for success in our philanthropic endeavors as we do in business.

I can't help but wonder sometimes if an organization is at the service of its mission, or if the mission is at the service of the organization! Why should philanthropies *not* be thinking in terms of scale and innovation and disruption and self-sustaining development? If we really want to impact the lives of millions or even billions of people, then helping them boost themselves out of poverty is the best way to make a lasting positive difference. But we have to do things differently; we have to fundamentally change the philanthropy paradigm—even if it means obviating the need for the philanthropic model itself that, like the healthcare system, treats chronic symptoms rather than cures underlying causes. As Martin Luther King, Jr. pointed out, while philanthropy may be commendable, it must not cause the philanthropist to overlook the circumstances that make philanthropy necessary in the first place!

As a lifelong entrepreneur, I look at philanthropic organizations in the same way as any other business venture. Much like today's startups that accept VC money but never turn a profit, a philanthropic venture that does not create a self-monetizing, sustainable financial model will ultimately fail. And that doesn't help anybody. On the other hand, if you approach global challenges with an entrepreneurial mindset, then you begin to think about solutions in very different ways; you begin to see the possibilities of impacting a billion people rather than affecting

a few hundred thousand or even a million people. And that lifts everybody.

Think about this. John Hope Bryant observed that 84 percent of all tax revenue in the state of California is paid by 15 percent of California taxpayers. Is that a problem or an opportunity? The entrepreneur sees in this a massive opportunity to develop another 85 percent of Californians who could be “contributing more, doing more, aspiring more, and adding more to California’s bottom line.” Think what that could do! It would be utterly transformative. We could change the world from within our own borders! And if we can’t do that in the amazingly resource-rich state of California, how is it that we believe we can accomplish any meaningful development goals in third world countries run by corrupt governments?! It’s mind-boggling, really.

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As I point out the inconsistencies of thought in philanthropy, I do not wish to depreciate the amazing work done around the world by passionate people who are willing to both live and die for the sake of their missions. There is no question that they bring massive relief to millions of people in distress as a result of famine, disease, natural disasters, and political crises. The world is a far better place because of them, and thank God for them. My central point, though—and my challenge to would-be moonshot entrepreneurs—is to point to the enormous but untapped opportunities to address the *underlying causes* of distress. This can only be accomplished through the combination of technology developments and entrepreneurial creativity driven by a mindset of possibility. Otherwise we’re only perpetually treating symptoms. The central problem with most philanthropic organizations is that they are fundamentally organized to treat the chronic symptoms that arise from an economy built on scarcity.

Moreover, most nonprofits measure success by such metrics as dollars raised, membership growth, people served, administrative costs, and distribution ratios. While obviously important, these metrics have nothing to do with determining the actual success of an organization in fulfilling its mission. And their mission statements don’t help. For example, we often find such lofty statements as, “Affirming the dignity and worth of individuals and families living in some of the world’s poorest communities.” What, exactly, does that mean? How do you measure digni-

ty and worth? What problem are they solving? What self-sustaining solutions are they creating? How do they define success? None of these things are clear.

A big part of the problem is that success, like many things in life, suffers from a poor definition. As an entrepreneur, I measure philanthropic success in very different and very specific terms—terms that translate directly to mission outcomes, financial sustainability, and, no less importantly, personal formation. I'd like to close us out here, on that last point, because when you get this right, you'll never have to worry about the others.



There's a great story from Thomas Merton, a Trappist monk who, despite his best efforts to shun worldly success, was unable to contain the sheer force of his talent and intellect. "A few years ago," he said, "a man who was compiling a book entitled *Success* wrote and asked me to contribute a statement on how I got to be a success. I replied indignantly that I was not able to consider myself a success in any terms that had meaning to me. I swore I had spent my life strenuously avoiding success. If it so happened that I had once written a bestseller, this was a pure accident, due to inattention and naïvete and I would take very good care never to do the same again. If I had a message to my contemporaries, I said, it was surely this: Be anything you like, be madmen, drunks, and bastards of every shape and form, but at all costs avoid one thing: *success*. I heard no more from him and I am not aware that my reply was published with the other testimonials."

I'm sure it wasn't! But this story does bring us very directly to the question of success, what it means, how we measure it, how you know when you've achieved it. In any event, I can tell you that there is great danger in defining success in purely financial terms, which, as people learn every day, is one of the world's greatest deceptions.

No doubt Merton would have appreciated the thoughts of G.K. Chesterton, who wrote, "Among the rich you will never find a really generous man even by accident. They may give their money away, but they will never give *themselves* away; they are egotistic, secretive, dry as old bones. To be smart enough to get all that money you must be dull enough to want it."

Well, okay then! With that, though, I'd like to reframe this sentiment in the context of my own experience. The simple fact is that God has been incredibly kind to my family. I owe a tremendous debt to the many people who helped me become who I am. I've also learned that the only way to pay back is to pay *forward*, and hopefully, along the way, inspire a few entrepreneurs to help other entrepreneurs

with the most valuable of all resources: their time. Indeed, giving of one's self is the greatest gift that anyone can give to another human being. It took a very humbling event in my life to learn this.

About 15 years ago I received a call from a woman who told me that her husband, who was in an ICU, wanted to talk to me. I thought to myself, oh boy, now I've got to listen to this sob story about medical bills piling up and so on, so I interrupted her to say, "Ma'am, we have a foundation to help with situations like this. We'll be more than happy to take care of all your husband's medical bills if you'll just email me the details." But again, she insisted that her husband be permitted to speak with me. And again, I said, "Ma'am, I'm really, really busy, but I promise that if you will just send me the information, we'll take care of everything for you." She would not be put off. "Can't you just spend two minutes talking to him?" she pleaded. At this point, I thought that it might just be easier to talk with him and be done with it. So I had her put him on the line. "Sir," I asked, "what is it that I can do for you?" After a long pause, he began to speak. "I just want you to know," he said, "how proud I am of you."

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I came to America in 1982, landing in Flemington, New Jersey. I rented an old farmhouse along with six other people, sharing a \$500 beater of a car among us. I found a minimum wage job, and life was great. It really was. Coming from an Indian slum to such "lavish" living was something I actually never could have imagined. Then October came and the snow began to fall. And fall. Snow was an utterly new experience for me, and I was not prepared for it. I had no warm clothes or boots, and the only shoes I did have had holes in them. Suddenly India wasn't looking so bad. I was actually thinking of going back home when I met a man who was working at Burroughs (now Unisys). When I told him of my plans, he pleaded with me to reconsider, suggesting that I go to Silicon Valley instead. "You're a bright guy," he told me. "We could really use you in this country. You've got talent. Let me make a few calls and set up a few interviews for you—I know you'll succeed there." And with that, I did indeed make the move to Silicon Valley,

and grew into a wonderful career in technology.

A short time later, an engineer friend of mine had just sold his company and took me out to lunch to celebrate. When he told me that he had made \$100,000 on the deal, it sent my mind racing. I thought then that if I could someday make \$100,000, I'd be set for life! It so happened that a few years later, I got married and took a job at Microsoft. This was in the late 1980s, just before Microsoft's stock took off. In my *first month* there, my options were already worth \$100,000! Incredible. Six months later, the options were worth over a million dollars. But I still didn't have a house or a car, because I wasn't yet able to exercise those options. It's funny then how the

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mind starts to work. At that point I began to believe that I would need not \$100,000 or \$1 million, but \$5 million in order to make a good living. The point is, it doesn't really matter what you earn; it is never enough. There is always a reason why whatever you have is too little—even following the phenomenal success we later had at InfoSpace. When I had nothing, the very idea of \$100,000 was sheer mind-blowing fantasy. But human need and greed constantly and insatiably multiply. As you start to move up

in life, you always think there is something better. And then, just as Chesterton called it, you become dull, ungrateful, dry as old bones.



“You may not recall,” the man continued from his bed in the ICU, his weak voice straining, “but when you were ready to go back to India, I told you to stay in this country. And I've been watching your progress ever since. I'm just so proud of what you have done in life, and I want you to know that. I'm so happy that you made the decision to stay here.”

Now, have you ever had one of those moments in life when you feel the blood draining from your face? I thought to myself, *oh no, this can't be true*. “I am so sorry,” I said. “I had no idea. Is there anything I can do for you? Anything at all?” He answered no, that he was just fine.

This brief conversation changed my life forever. There are so many people who helped me, and not only do I not remember them, but worse, *they don't need my*

help. I learned in that moment that you cannot pay back—you can only pay forward. As a consequence of that unexpected event, I resolved to answer every single person who comes to me for help. And when they come to the same realization that they can't pay it back either, that they too will pay it forward. Who knows how it might pay off?

This experience also reoriented my thinking to working on the really big problems that need solving—energy, healthcare, education—in short, flipping the scarcity model on its head to create a world of health and abundance. In my mind, there is simply no greater object for philanthropy. What's more, these new ways of thinking had the added effect of redefining my whole concept of success.

I've learned in more ways than one that success is not measured by how much money one has in the bank, but by how many lives one is able to impact. In life, of course, we all struggle and strive to make progress. So when, then, can one know that success has been achieved? Money is certainly an indicator, but it is not the proper end. The ultimate mark of a life well spent—a *truly successful life*—has nothing to do with money and everything to do with spirit. And as we've seen, a full spirit can be far more difficult to attain than a fat bank account. It is also an infinitely more powerful resource. But there's one crucial aspect of this spirit formation that runs counterintuitive to achieving something as audacious as a moonshot.

You'll know you've reached the true measure of success the day you become truly humble. It's the day you stop needing to prove to the world—or to yourself—that you've accomplished something meaningful.

As an entrepreneur, of course you want to work for yourself, you want to make some good money. There's nothing wrong with that. But if you really want to work for yourself, then think first about others. If you work to make other people successful, you will most certainly also become successful.

In this sense, there is a massive difference between becoming successful and becoming *significant*. How do you become significant? You actually have within you the seeds of significance already. Altruism is baked into your genes. If you ever happen to commit an act of generosity, blame your DNA! So you have a head start. All that's left, then, is the proper formation of the entrepreneurial mindset of possibility that sets the abundant life in motion. But above all, the great entrepreneur must first be a great humanitarian. Love is the source and meaning of life. To do good, to live a life of significance, we also need courage and creativity in equal measure.

I pray that everyone will choose to live a life of significance, to “open the mysterious shutters of the impossible.” It's what you were born to do. You and our collective future—a *future of abundance*—depend on it.