

Designing a \$300 House

by Vijay Govindarajan

In 2011 I intend to start something big by thinking small. I want to help create a \$300 house. I first proposed the idea (with Christian Sarkar) on HBR's blog network. The response was overwhelming—a revelation. Thoughtful critiques poured in, and inspired volunteers wanted to contribute.



A \$300 house would transform the lives of hundreds of millions of desperately poor citizens. It would turn strangers into neighbors, slums into neighborhoods. Despite the ultra-low price point, it could include basic modern services such as running water and electricity. More important, it would create a community that shared access to computers, cell phones, televisions, water filters, solar panels, and clean-burning stoves. In doing so, it would enable the poor to leapfrog the limits of slums. It would make healthy and safe living possible and a good education achievable.

The idea of regenerating slums is not new. In the past, however, the focus has been on potential solutions from NGOs and governments, on the assumption that the poor can't be customers.

That assumption is wrong. A \$300 house is not charity; it's a challenge for commerce. Not only can the world's poor be relevant customers, but they represent the fastest-growing customer segment. Meeting their needs requires breakthrough innovations that have to scale—something that multinationals know how to do. There are precedents: The Unilever subsidiary Hindustan Lever has transformed the distribution model for rural India, thereby bringing the enormous rural population of that country into the consumer base.

Multinationals cannot solve this problem alone. The poor should be viewed not as passive beneficiaries but as principal actors. Let's place them at the center and create ecosystems—including corporations, NGOs, and governments—that can build ultra-low-cost, high-value housing. We will have succeeded when business views the building of \$300 homes and the servicing of their residents as a mega-opportunity, with billions in profits at stake.

Though a newcomer to affordable housing, I'm not naive about the challenges, such as insecure land tenure, political interference, and the world's schizophrenic attitude toward slums. Here is my agenda for 2011: (1) Build a movement with the help of thought leaders who write for HBR.org and 300house.com, addressing the challenge from every conceivable angle—slum-dweller empowerment, design, urban planning, land rights, finance, infrastructure, government policies, energy, and more. (2) Organize a summit focused on the \$300 aspiration. I urge the best and the brightest—Jimmy Carter, Rahul Gandhi, and Vinod Khosla, among others—to join. (3) Travel to India with experts and executives to meet with slum dwellers and build a prototype in collaboration with them.

When I think about this idea, I think of my daughters. They are incredibly smart, but not necessarily smarter than a young woman living in India's filthiest slum. My daughters have what she does not—the chance to determine their own path. That's what the \$300 house represents to me: not just opening the door to a home, but opening the door to a world of opportunity. I hope you share my passion.

Vijay Govindarajan is the Earl C. Daum 1924 Professor of International Business at Dartmouth's Tuck School.