

# Even if You're in the 1% Club, Why You Should be Concerned About Poverty

Michael Wong 22 April 2015

At first glance, if you happen to be part of this fortunate stratosphere (e.g. At the beginning of 2015, Oxfam International projected that the top 1% of the world's wealthiest population will overtake that of the other 99 percent of people in 2016), poverty elimination might be just one of the many worthy endeavors that come across your radar. Still, as the following Q&A explains; there are two major reasons why poverty should be a concern for all, even for the 1% club. Fortunately there are practical actions that you can take to combat poverty's challenges. Robert Romasco is a Board Member of Amalgamated Bank and was the recent President of AARP (2012-2014), the 39-million member association. A graduate of the Harvard Business School, Rob held a variety of executive C-Suite positions including SVP at QVC, EVP/Chief Marketing Officer of CIGNA, and President/CEO of J.C.Penney's \$1.3 billion insurance division.

**Q. As a prior resident of Philadelphia's Main Line neighborhoods, I can't imagine that poverty was high on your radar; what changed your mind set?**

A. As President of AARP, while visiting all 50 states and meeting thousands of Americans, I learned while about 20% of folks are doing okay, the other 80% are struggling to make it to Friday; having enough money to get their families through the week. It's one thing to write a personal check for a worthy cause but it's a whole other matter meeting face-to-face with people and their families who suffered job loss, houses were underwater, and savings were depleted or wiped out. They were taking lower paying and second jobs to make ends meet, scrambling to pay for kids' educations, and often caring for parents.

**Q. Still, many free-enterprise proponents might state that people should be accountable for their own destiny and the 1% club have worked hard for their family and their own good fortunes. Given this position, why should this group be concerned about poverty versus other equally important social enterprise efforts?**

A. Well aside from the moral/compassion argument, (most of us are troubled as 1 in 9 people do not have enough to eat and more than a billion people still live on less than \$1.25/day) there are two business arguments to consider. We are at the nexus of three significant developments --- the inexorable aging of society globally, the underutilization of productive economies (estimates suggest the US is still 5-10% below "full economic capacity") and technology enabled accelerated global

flow of capital, capabilities, and aspirations. First, America's rapidly growing older population (those who are 50+ years old) are expected to be 35% of the overall by 2020, up from about 27% in 2002. It's not simply the size of the aging cohort, but the length, (those who are 65 are increasingly likely to live to 85 or beyond). This dynamic, having never happened before, represents a sizable multidimensional market. Even with 10% of "50+" living in poverty, AARP and Oxford Associates research estimates \$7.1 Trillion of economic activity today, projected to grow 4 times faster than that of the 25-50 age group over the next 20 years. These aging demographic trends extend beyond the US with countries like Japan where the 65+ population, today 25%, is projected to hit 40% in another 50 years. China's 65+ population, 90 million in 2000, will swell to over 300 million, nearly the size of the entire United States! A common challenge for these nations is how to support such elderly populations. For example, America's social security system, which has kept more Americans out of poverty than any other, faces a financial challenge in 2033.

**Q. So business-oriented entities have an attractive demographic business opportunity but the full potential is being hindered by poverty, and underutilization of human capital. What are some options (be they business focused or socially oriented) to solve these challenges?**

A. For baby boomers who are trying to figure new

income-generating career paths, they should consider AARP's Life Reimagined site (<http://lifereimagined.aarp.org/>), and dive into the intellectual capital/networking that is being offered in both on-line and face-to-face connections. For example, The Life Reimagined Institute is working with Google to explore how technology continues to accelerate the pace of societal change and help enable people to unlock their true potential. Second, for those folks with more of a social perspective, individuals can immediately take action and go to the AARP website, (<http://www.aarp.org/experience-corps/experience-corps-volunteer/experience-corps-volunteer-sign-up/>), type in their zip-code and be quickly connected as potential tutors to help address education needs. These volunteer efforts support long-term workforce development goals by reducing the odds of future generations joining the poverty-stricken ranks.

**Q. What are your closing take-away messages for the PSIJ audience?**

A. Sustainable economic vitality is necessary to alleviate poverty. Individual responsibility and collective action can make a difference. The aging profile represents an opportunity to contribute with new business opportunities and a substantial experienced workforce that is still engaged. A critical success factor is to be willing to change and reinvent oneself. Individually, know that you are not alone in this challenge. Concurrently, business

leaders will need to understand that economic success (both personally and institutionally) depends on a “stakeholder” (customers, employees, communities, as well as shareholders) approach versus only shareholders. We are all in this together. As John Hancock said at the Declaration of Independence signing “...If we don’t hang together, we will surely all hang (fail) separately.”

## **Author Bio**

**Michael Wong is a Board Member of the Harvard Business School Healthcare Alumni Association. He has over 25 years of sales, marketing and strategy consulting experience working directly for Apple Computer, AstraZeneca, IBM, and Merck. His insights have been shared in publications including the Harvard Business Review, MIT Sloan Management Review, Philadelphia Social Innovations Journal, and PM360. Mike can be reached at [mwong@mba1990.hbs.edu](mailto:mwong@mba1990.hbs.edu).**