

How For-Profit Businesses Can Empower the Poor

Mason Wartman 19 October 2016

"We have this history of impossible solutions for insoluble problems."

– Will Eisner

According to the most recent Census, 6-7 percent of people in America live in deep poverty.¹ In Philadelphia, more than 12 percent of people live in deep poverty. A family of four living in deep poverty takes in approximately \$12,000 per year.

These statistics are powerful, but they obscure the true cost—the human cost—of poverty. Every day, Rosa's Fresh Pizza sees upwards of 100 homeless people receive free food. We rarely have incidents of trouble, as our homeless visitors understand they have to act respectfully and appropriately to continue to receive free pizza. On one snowy day in February, an older man, a regular, friendly homeless visitor, came to the counter to inform us that a homeless woman was taking a lot of napkins. They started arguing and we gave them the option to settle down or leave.

The woman turned to me and pleaded to be left alone. She said something that I will never forget. "I'm a

homeless woman," she said. "I need napkins. What's the big deal? It's none of his business." I thought it was strange to reference her gender, but I let it pass. The group left Rosa's continuing to argue. Halfway down the street a fight broke out between the two. The woman's boyfriend got involved, pulled the hood over the head of the older man and started punching him. Fortunately, the police were in the area and quickly broke up the fight. No one was hurt.

But it got me thinking, what happened to incite such violence? A couple days later, I asked the woman's boyfriend if everything was okay. What did she need so many napkins for? He said that at night, on the street, there was no toilet paper, so she needed napkins.

In other words, this fight broke about over a few pennies' worth of toilet paper.

When a person is mired in deep poverty, his focus is on basic survival, on scraping by. Adults in deep poverty have access to few resources to improve their lives and are often forced to sacrifice the opportunity for long-term improvement in favor of immediate returns. Children raised in deep poverty are simply not afforded basic opportunities such as decent healthcare and a useful education. The lack of such opportunities hinders their development and restricts them for the rest of their lives. Without basic knowledge or resources they are condemned to perpetuate this cycle of poverty.

To truly end this cycle, we as a country must do our part. We must continue along our history of innovation. Today, I want to make the case for Rosa's seemingly impossible solution to be implemented across the country for the insoluble problem of eradicating hunger.

We currently rely on a strange patchwork of government and nonprofit organizations to provide much-needed resources to those in desperate need. It is better than nothing, but it is grossly insufficient. To truly eliminate deep poverty—to elevate those affected by deep poverty to a more productive position in society—for-profit businesses have to step up, like Rosa's has done, and afford people in need access to the products and services they produce.

Our program has met with a very positive reception because it is one of the most efficient solutions for alleviating hunger. There are no additional administrative expenses. Just as we use a cash register and a computer to account for and analyze our sales and performance of our business, we use it to track the pay-it-forward program. There are no additional distribution expenses. Homeless people are visiting our restaurant for the food when they are nearby; we do not transport the food or the recipients elsewhere. There is no additional investment in capital equipment or extra ongoing expenses; we simply use assets and resources already employed in the restaurant's daily activities.

Our pay-it-forward program is also extremely effective. It might be one of the most effective means of feeding people in need. We have little food waste because we only make food as needed for both paying customers and homeless visitors. We never speculate on volume and thus never find ourselves with too much or too little food. Lastly, recipients rarely abuse our charity. Our pizza cannot be converted to cash for nefarious purposes. Because we give one slice at a time, but allow unlimited visits, our program feeds even the hungriest visitors but cannot be abused by those looking to quickly get away with a lot of free food. In short, it is difficult for the recipients of donations to make bad decisions and to pervert the intentions our charity.

Our pay-it-forward program succeeds because it is easy for customers or donors to participate. This crucial aspect of our work stems from the program's efficiency and efficacy. This high level of customer participation is replicable across a myriad of industries that address basic needs. Thus, the infrastructure for "charitable capitalism" already exists. To me, that is a great source of hope.

For instance, what if the CVS down the street from Rosa's adopted a program similar to our pay-it-forward program? I speak with a lot of homeless in the area. It should come as no surprise that when many of them have nothing, and have nothing to lose, they steal. CVS is an easy, faceless corporation they can target without guilt. They steal items from CVS either for their own use, or to sell them for

pennies on the dollar. These crimes of poverty are pathetic, but sadly they are common throughout America.

Rosa's offers a solution. We see a great deal of homeless people come through our doors, yet our rate of theft is extremely low. Furthermore, Rosa's is actually helping the homeless with each visit while simultaneously making a profit. What if CVS had a menu of inexpensive items—items that cost between \$0.25-\$2.00 like toothbrushes, soap, Band-Aids, snacks, toilet paper—that paying customers could donate money towards? Similar to Rosa's experience, I think low-priced retailers would see much higher sales, lower theft, increased brand image and profitability.

The concept is applicable to clothing retailers, as well, especially ones selling affordable clothes such as a thrift store like Buffalo Exchange or a large discount chain like Target or Walmart. These businesses sell a ton of warm clothing for winter as well as basic necessities like underwear and socks at some of the lowest prices in the country. Furthermore, they have locations across the nation, some in close proximity to large numbers of people in need. Again, the infrastructure for the distribution of these items and the relationships with paying customers and potential donors already exists. It would simply be a matter of implementing a pay-it-forward program on their current internal systems and developing a menu of basic necessities for presale to current customers.

Furthermore, incorporating a social cause in a business motivates employees and results in a more constructive atmosphere. Employees of socially conscious businesses have more of a purpose at work. They arrive at their job and, not only do they make money, but they also have a role in positively impacting the community. At Rosa's it is an impact they see every day. Moreover, employees that are more dedicated to their company have a more positive attitude and improve the experience for the paying customers, no matter what specific business.

Of course, many existing, established organizations might be skeptical. If they adopt this program to their business, will they meet with the same success as we have? Will it generate the same publicity for them as it has for us? Probably not on the same scale. So where's the incentive? The objective here shouldn't be for them to duplicate our business model. That doesn't make sense. They have found success with their own methods and their own procedures. The implementation of our program will not instantly revolutionize their business or create some dramatic shift. But it would improve sales, reduce theft, and inspire more dedication from their workforce.

Over the past two years, I have been moved by the innumerable acts of anonymous kindness I see every day at Rosa's, but I am also distressed by the massive amount of poverty depressing Philadelphia and other cities throughout America. I think efforts similar to Rosa's pay-it-forward program can be worked into business models

throughout the country and I encourage business and industry leaders to consider employing similar programs in their work.

Will Eisner once said, "We have this history of impossible solutions for insoluble problems." It's true, but I think it may discourage some. For me, every week that passes at Rosa's confirms the inherent goodness—the strength and the kindness, the ingenuity and the endurance—that we have found to reside in all of humanity. I want to remind everyone that these solutions only seem impossible in the moment. Right now, these problems only seem insoluble.

I want to close with a quote from *The Anatomy of Melancholy* by Robert Burton. It was the epigraph to the final chapter in *Smallpox: The Death of a Disease*, a book by D. A. Henderson detailing the amazing work done by the World Health Organization to eliminate smallpox, an effort that has saved millions of lives. Burton writes, "When a thing has been done, people think it easy; when the road is made, they forget how rough the way used to be."

If more businesses implement the programs that Rosa's currently employs, we will all look back on today with no real memory of how rough our way used to be.

References

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Author bio:

Philadelphia native, Mason Wartman returned to his hometown from working in Manhattan in 2013 to start Rosa's Fresh Pizza, a pizza shop modeled after the \$1 slice joints he admired in NYC. Opening and managing a pizza shop was a dramatic change from his daily routine of formatting reports and crunching numbers on Wall Street as an associate at a young equity research company. Several months into operation, a customer asked to pre-purchase a slice of pizza for one of the many homeless people that Rosa's served. Mason liked the idea and made the pay-it-forward program a prominent part of his business model. Since that first slice, Rosa's now feeds about 100 homeless people every day and has expanded to sell t-shirts, sweatshirts, hats, gloves and socks to support the neighborhood's homeless population. Mason attended high school at Germantown Academy and went on to get a Bachelor of Sciences in Business Administration with a concentration in finance at Babson College.