
Event Report

Leaving Microsoft to Change the World: A Presentation by John Wood, Founder of Room to Read

APRIL 1, 2009

On April 1, 2009, John Wood, founder of Room to Read, an award-winning global non-profit organization, spoke at an event hosted jointly by the Social Enterprise Club at Columbia Business School and SIPA Net Impact at the School of International and Public Affairs. Mr. Wood discussed his trekking trip to Nepal that eventually inspired him to leave Microsoft and create Room to Read, as well as his vision and business model for the organization that has established 7,000 libraries and 765 schools, provided long-term scholarships for over 6,800 young girls, and published more than 3 million children's books in local languages. He is the author of Leaving Microsoft to Change the World: An Entrepreneur's Odyssey to Educate the World's Children, an inspiring memoir that talks about his journey to create Room to Read.

Raymond D. Horton, Frank R. Lautenberg Professor of Ethics and Corporate Governance and former director of the Social Enterprise Program at Columbia Business School, introduced Mr. Wood, whom Professor Horton described as one of the "people who are changing the world."

Accidental Social Entrepreneur

Nepal, located in the Himalayas, is a country of hardships and poverty, but mostly with what Mr. Wood calls "poverty of opportunity" in which children are deprived of means to move out of the vicious cycle of poverty. The country has 57 percent literacy rate, and the rate is even lower for women and girls.¹ While trekking in Nepal on vacation, Mr. Wood came across a school head master – an encounter that changed his life forever. The head master took him to visit a school that

¹ UNICEF, Nepal Statistics, http://www.unicef.org/infobycountry/nepal_nepal_statistics.html

included what was supposed to be a library – an empty room with no books in sight. Books were so precious for the school that they were locked up in a shelf. There were only about twenty books available for 250 students, and most of them were not even appropriate for kids, as they were left by tourists.

“Perhaps, sir, someday you will come back with books,” said the school head master, whose words haunted Mr. Wood and later became the title for a chapter in his book, *Leaving Microsoft to Change the World*. That night Mr. Wood had a vision about Andrew Carnegie, who did something “game changing” by establishing libraries across the United States throughout the late 1800’s and early 1900’s. Carnegie was often referred to as the *Patron Saint of Libraries*. Mr. Wood considered the possibility of being a Carnegie of the developing world.

Unlike many others whose dreams simply end as dreams, Mr. Wood made his vision come true: upon returning to the United States from his trip, he conducted a book drive. A year later, Mr. Wood went back to Nepal with 3,000 books, just as the school head master had requested. The children queued to receive books that they had never seen, and Mr. Wood discovered that both children and parents were desperate for learning.

Focus on the Solution – Becoming Carnegie of the Developing World

Mr. Wood left Microsoft in 1999 at the age of thirty-five to launch Room to Read. He described the two main reasons for leaving his senior executive position to pursue the vision that he had in Nepal: heart and head. Heart – his father grew up in poverty and with the help of the GI Bill became the first one in the family to go to university. Head – education has a ripple effect: learning drives economic growth (as demonstrated by education and GDP/capita correlation) and improves society by affecting every subsequent generation (educated women have a lower mortality rate).

Mr. Wood wanted to achieve a real solution to an issue – a simple yet large problem of lack of education in the developing world. One of the criticisms for the work of multilateral organizations and non-profit organizations is the failure to address the root cause of the problem, which often results in having to create development projects over and over. Therefore Mr. Wood had no interest in the “bandage stuff” but wanted to craft a strategy that actually treated the cause of the issue.

The Room to Read Business Model: Simple, Low Tech, Scalable

What is unique about Room to Read is Mr. Wood’s business model that “makes sense and attracts people.” His business acumen, which was cultivated throughout his career at Microsoft, is evident in every detail of the organization.

According to Room to Read, the “simple and low tech” solution to the problem is threefold. First, build and expand schools in partnership with the government, teachers, and parents. Second, create a multilingual library to provide a space and opportunity for children to read. Third, provide a girls’ scholarship program. Although schools constructed by Room to Read are gender neutral, Mr. Wood paid attention to the fact that two-thirds of the 250 million children in the world who do not attend school and 800 million people who are illiterate are girls and women.

Some of the key pillars of the business model include hiring strong entrepreneurial local teams, “co-dependency” in which parents are involved in the actual building of the schools, scalability to expand in the country as well as in other regions, and focusing on efficiency of operation by keeping overhead expenses low with strong incentives. For example, each branch of the organization is managed by local talents rather than expatriates. Furthermore, Room to Read’s volunteer-driven fundraising model has helped to raise one-third of the organization’s operating revenue in thirty-nine cities around the world. As a result, Room to Read has managed to keep the overhead cost to less than 14 percent of total expenses, compared to the 35 percent average of U.S. nonprofit organizations. Mr. Wood runs Room to Read just like a private company. He has benchmarked the organization’s performance against Starbucks – building four libraries a day – and last year surpassed the daily rate of Starbucks’ store openings.

Success and Beyond

Room to Read’s success over the past nine years is nothing but impressive. The organization established over 7,000 libraries and 765 schools, provided long-term scholarships for over 6,800 young girls, and published more than three million local language children’s books in seven countries in the developing world. As a result, over 3.1 million children have access to the organization’s schools and libraries. Its success has been recognized and the organization has received a number of prestigious awards: it is a five-time winner of the Fast Company/Monitor Group Social Capitalist Award and three-time winner of the Skoll Foundation Award for Social Entrepreneurship, whose previous winners include Kiva, Root Capital, and Teach for America.

However, what is more impressive is the goal for the future. Mr. Wood calls education a “tier one mainstream issue” and believes that world change starts with educated children. His goal is to create access to schools and libraries for ten million children. He is also aware of the organization’s limitations and understands the need to stay focused rather than branching out to other areas within education, a pitfall that many non-profit organizations fail to avoid. In answering one of the questions from the audience, Mr. Wood recognized the importance of secondary and tertiary education but reminded us of the organization’s core programs – library, schools, and scholarship programs. Room to Read currently provides scholarships to girls up to the completion of secondary school, and anything beyond that may be provided by partnerships with other organizations.

“Whose version of the future is going to win?” he asked the audience. There are many negative forces that cause children to lose hope in this world, such as acid attacks on Afghani girls on their way to school. “But these forces cannot be allowed to win,” he said. Mr. Wood advocated the need for more optimism even in times of adversity. We all have the responsibility to “create optimism in whatever we do” and be the “force of change.” His dreams in Nepal did not stop as dreams. His vision, leadership, and business skills will surely bring many more successes to Room to Read. In the midst of global economic turmoil, his words resonated in many a student’s heart and head.

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