

# Case for Change:

## Disrupting Poverty

*Economic Empowerment Insight*



*“We exist to help our clients tackle and solve some of their biggest problems. We believe we can take that same expertise to help transform our communities so that we can make a real impact and not just write a check or volunteer for a few hours. Poverty is an urgent and shared issue. We are taking a stand in helping to bring about its elimination.”*

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**DAN REARDON**

NORTH HIGHLAND CEO

## **DISRUPTING POVERTY: BEYOND A MORAL IMPERATIVE**

It takes bold thinking to visualize human colonization of distant planets, the eradication of deadly plagues or the wholesale elimination of poverty. But nothing big has ever been achieved by thinking small. That's why in the fall of 2016, North Highland announced a new philanthropic initiative focused on economic empowerment with an end goal of stopping poverty before it starts.

In doing so, North Highland joined a small but formidable group of visionaries who believe poverty can be eliminated in our lifetime.

Instead of focusing on poverty's symptoms such as hunger, homelessness and chronic unemployment, North Highland put all its philanthropic efforts into an ambitious strategy to use its consulting expertise to tackle the root causes of poverty.

In launching the firm's focus on economic empowerment, North Highland CEO Dan Reardon said, "We exist to help our clients tackle and solve some of their biggest problems. We believe we can take that same expertise to help transform our communities so that we can make a real impact and not just write a check or volunteer for a few hours. Poverty is an urgent and shared issue. We are taking a stand in helping to bring about its elimination."

## WHY ECONOMIC EMPOWERMENT MATTERS

Living in poverty is a daily fight to make ends meet. People in poverty endure unimaginable stress because of the physical, emotional, and psychological challenges associated with income, housing, health, and food insecurity. They lack access to services many of us take for granted: affordable and quality childcare, quality public education, affordable decent housing, and basic healthcare coverage. Activities which are as simple as buying a new pair of shoes, taking the kids out for ice cream or enjoying a spontaneous day at the zoo are beyond the reach of those who live in poverty.

Children are particularly vulnerable to the impact of poverty. The Annie E. Casey Foundation's Kids Count assessment of state trends in child well-being indicate children who live in families below the poverty line—even for short timeframes—are at greater risk of lower cognitive development, reduced social skills, and increased rates of substance abuse and incarceration as they get older.<sup>1</sup> Consequently, children who grow

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up in poverty are more likely to have lower lifetime earnings due to poverty-related risks. It is unacceptable that children born into poverty will likely end up staying there due to a circumstance of birth.

In September 2016, the US Census Bureau released findings for 2015 showing the overall US poverty rate fell 1.2 percentage points, to 13.5 percent from 2014, while the child poverty rate fell 1.4 percentage points, to 19.7 percent.<sup>2</sup> While the downward trend was encouraging and showed the country's ongoing climb out of the Great Recession, take a closer look at those figures. Approximately 43 million people, or 13.1 percent of the population, are still living below the official federal poverty line—getting by on about \$24,200 for a family of four—including 19 percent of children under the age of 18. The costs to the US associated with childhood poverty have been estimated by experts to be about \$500 billion per year, or the equivalent of nearly four percent of GDP.<sup>3</sup>

According to the UK's Office for National Statistics, almost one-third of the population experienced poverty at some point over the past three years.<sup>4</sup> And child poverty, which is estimated to affect about one in four children in the UK, has been estimated to cost the country at least £29 billion a year.<sup>5</sup> According to the country's Institute for Fiscal Studies' 2016 report, "The incomes of poor households are increasingly sensitive to what happens in the (labor) market. Income from employment made up half of income for the poorest fifth of households in 2014–2015 (excluding pensioners), up from less than a third 20 years ago. While this is good news, it does mean that the poorest are now more vulnerable to any downturn in the (labor) market than they would have been in the past." This means that even with welfare assistance, such as housing and food subsidies to bridge the gap, the poor live in precarious conditions at the best of times.

These statistics are overwhelming; countries in which we live and work, and in which North Highland operates, are among the richest in the world.

**The moral case for reducing poverty is clear.** In the United States, where equal opportunity—regardless of race, ethnicity, or family background—is both a fundamental underpinning of the Constitution and a widely accepted goal for public policy, inequities associated with poverty are deeply troubling.

But growing global concerns around the impact of connected economies puts weight in the argument for poverty reduction on economic grounds. The costs of poverty to a society include not just public expenditures, but the hard-to-define loss of current and future economic and social contributions. Left unchecked, poorer communities become even more at-risk.

So, it is a quandary that although the nation spends millions of dollars annually trying to resolve homelessness in the US, the problem continues to grow at alarming rates. Cities such as Portland (OR), San Francisco, New York, and Atlanta are among those investing extraordinary amounts in initiatives to combat this issue. Meanwhile, leading UK charity, Shelter, conservatively estimates that a quarter of a million people in the UK are homeless or living in temporary housing. This staggering number does not include the 'hidden' homeless: people living in cars, on the streets, in tents, and so forth.

North Highland believes homelessness, along with other forms of poverty, will persist unless we change our perspective. We challenge whether continuing to disproportionately address the symptoms of poverty is the best approach, or whether we would be better served by shifting effort and resources to disrupting its root causes. **Let's stop poverty before it starts.**

## A NEW LENS ON POVERTY REQUIRES A DIFFERENT PRESCRIPTION

As North Highland mapped our economic empowerment strategy, we conducted initial research over several months which yielded interesting findings:

- There appears to be a disproportionate number of non-profits focused on poverty's most urgent symptoms such as homelessness, substance abuse, chronic unemployment, incarceration, and food insecurity.
- Meanwhile, a number of leading US poverty experts and foundations such as Boston-based EMPATH, the Annie E. Casey Foundation and the W.K. Kellogg Foundation are placing greater emphasis on initiatives aimed at poverty prevention. Examples include quality K-12 education, vocational skills training, financial literacy, and enactment of stronger policies to improve minimum wages, increase the supply of affordable housing, and provide access to affordable healthcare.
- Effective program and workflow management and the use of data and analytics are gaps for many small and medium-sized non-profits providing human services.

**POVERTY ELIMINATION IS ATTAINABLE IN OUR LIFETIME. THIS CAN BE ACCOMPLISHED THROUGH AN APPROACH THAT BRINGS TOGETHER SOCIAL SERVICES EXPERTS AND PROVEN BUSINESS METHODOLOGIES FOR PROBLEM RESOLUTION COUPLED WITH FORWARD-THINKING POLICIES ON MINIMUM WAGE THRESHOLDS, AFFORDABLE HEALTHCARE, AND ACCESS TO QUALITY EDUCATION FOR ALL CHILDREN.**

- Many non-profits focused on human services are juggling shrinking budgets and administrative staff while competing for donations, grants, and volunteers.
- Individuals who have participated in their city's leadership development program want to help improve outcomes for their community's non-profits, but are frustrated when they discover limited investment in process management and efficiency tools and related skills gaps.
- Corporate foundations and major philanthropists are increasingly focused on stopping the poverty cycle and understanding the impact of their grants versus addressing symptoms and the outcomes of non-profit programs.
- Some non-profits focused on human services experience mission-drift because they expand into adjacencies where they lack expertise in an effort to bolster revenue or to differentiate, instead of thinking about partnerships.

These findings are important as we look at poverty through a new lens. **Poverty elimination is attainable in our lifetime.** This can be accomplished through an approach that brings together social services experts and proven business methodologies for problem resolution coupled with forward-thinking policies on minimum wage thresholds, affordable healthcare, and access to quality education for all children.

## NORTH HIGHLAND'S APPROACH TO TACKLING POVERTY

Founded 25 years ago as a 'locally first' firm, we now have more than 3,000 employees and affiliates in offices in 60 global markets. North Highland has always been strongly connected to the communities in which we live and work. We take as much pride in giving back to our communities through volunteerism as we do in solving complex business problems for our clients. That's why we're so passionate about solving the poverty challenge. Given poverty is both a social and economic issue, our audacious premise is why not attack it as the ultimate business challenge? Why not use proven data-driven analysis, strategic planning, goal setting, process improvement, change management, and stakeholder accountability in that fight?

Our vision of 'Unleashing Potential Together' is squarely aligned with our commitment to fighting poverty in our communities by bringing together like-minded parties. Creating transformational social change is a lofty target requiring a 'we' orientation from the start. That's why we have launched North Highland pilots targeting poverty elimination in five cities in partnership with academic and civic groups, select non-profits and various social services experts: Los Angeles, Portland (OR), Atlanta, the Philadelphia area, and London.

Over the next 12 months, our pilots will explore how applying consulting skills in customer experience (CX), performance improvement, technology and digital, and transformation might accelerate the outcomes and impact of the partner non-profits.

Separate from our pilots, although aligned, we were recently engaged by a London-based social services agency to map the journey to homelessness using a CX approach with an end-goal of improving program effectiveness. We believe using a business consulting approach could potentially be scaled to other similar organizations.

Poverty is not a social issue affecting 'other' people. It is a moral and economic issue affecting all of us. Our society will never reach its full potential unless all members are economically self-sufficient by their own definition with the wherewithal to contribute their unique skills, energy, and ideas. Poverty is one of the greatest problems of our time and one that demands everyone's involvement so that our society can thrive as a whole.

**North Highland rises to the challenge of being part of the solution.**

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1. Annie E. Casey Foundation, "Kids Count" pg. 31 2014

2. US Census Bureau, [Income and Poverty in the United States: 2015](#)

3. Center for American Progress, [The Economic Costs of Poverty](#)

4. Office for National Statistics, [Persistent Poverty in the UK and EU: 2014](#)

5. Child Poverty Action Group, [An estimate of the cost of child poverty in 2013](#)

## ABOUT NORTH HIGHLAND

[North Highland](#) is a global management consulting firm known for helping clients solve their most complex challenges related to customer experience, performance improvement, technology and digital, and transformation. We add value and support our clients across the full spectrum of consulting, from strategy through delivery. We bring the big ideas, then we make them real. North Highland is an employee-owned firm, headquartered in Atlanta, Georgia, with more than 3,000 consultants worldwide and 60+ offices around the globe. The firm is a member of Cordence Worldwide ([www.cordenceworldwide.com](http://www.cordenceworldwide.com)), a global management consulting alliance. For more information, visit [northhighland.com](http://northhighland.com) and connect with us on [LinkedIn](#), [Twitter](#) and [Facebook](#).

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