HFHI:
Revolutionizing the way to make housing affordable for everyone

Going beyond the status quo - creating bigger, better, bolder, faster, and cheaper solutions

By Ronald Jonash, Kristen Anderson and Hitendra Patel

"Millions of people have been helped. Millions more have volunteered to be a part of the solution. But much more is needed to actually reduce the growing deficit."

- Steve Weir, Vice President of Global Programs

Habitat for Humanity International

Revolutionizing the way to make housing affordable for everyone
Going beyond the status quo - creating bigger, better, bolder, faster, and cheaper solutions

Inadequate housing is an unrelenting problem for 1.6 billion people worldwide

A sunrise is happening somewhere in the world right now. A new day is beginning—perhaps in Ballarat, Australia; perhaps in Balkh, Afghanistan; perhaps in Buenos Aires, Argentina. In each of these cities, today's sunrise holds more hope for a family who has been living in substandard conditions for far too long.

In reality, housing is like a sunrise. It's the beginning. As Bishnu Maya Sunar, a widow, mother, and new Habitat for Humanity International (HFHI) homeowner in Nepal said, "Now that we will have our own home, this is a good start—a new life for both of us."[1]

Adequate housing means disease prevention. Chagas, a disease spread by insects, kills tens of thousands of people living in mud huts each year in Brazil. A simple concrete floor and solid roof can dramatically reduce these numbers.[2] Adequate housing means better education. In the United States, dropout rates are ten times higher for students who live in poverty housing.[3] A home makes it easier for children to study and stay in school. Adequate housing is a deterrent to crime. A shack with a cloth-flapped door in Malawi stands less of a chance against intruders than a walled home with a door that locks.[4] Adequate housing improves human life.

There are currently 1.6 billion people living in substandard conditions worldwide who are struggling with illness, insufficient education, and crime.[5] Despite current efforts, this number is actually increasing because of population growth, continued urbanization, and increasing wealth disparity. If these trends are not managed, the United Nation (UN) projects this number will grow to 3 billion (40 percent of the total population) by 2030.[6]

HFHI has been working for over 35 years through networks, partnerships and innovative business models to make substandard housing conditions socially unacceptable within communities and to put a stop to inadequate housing. Although HFHI has done a tremendous amount of good for each family and individual they reach, 2.5 million served among a need of 1.6 billion (that is, 320 million homes) is just the beginning of what is needed.

Growing HFHI's reach and impact by 10x is absolutely essential, and it will require growth of 100x in order to make a major dent in this need. Achieving this will require broader and more committed networks, new partners, and innovative business models to attract the right resources and capital.
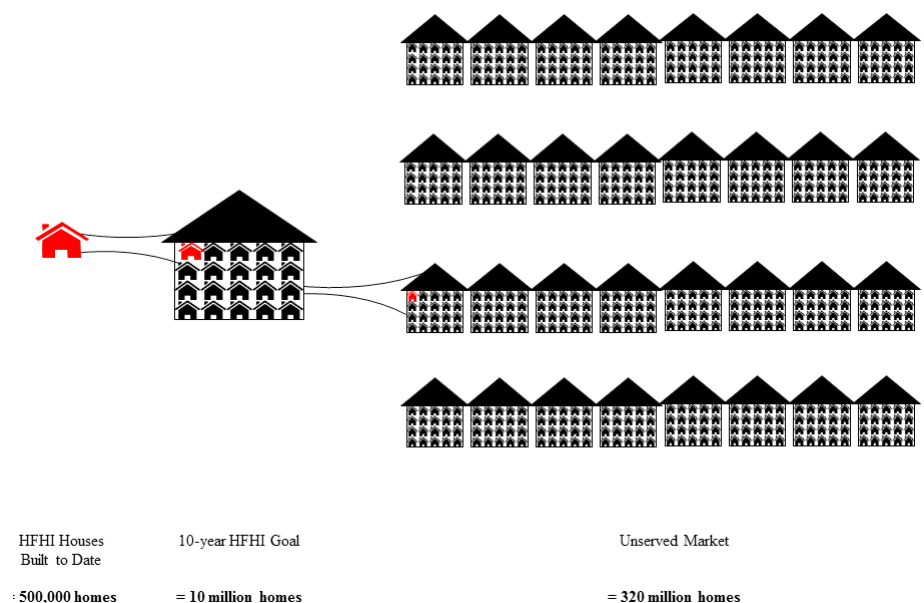

HFHI Houses Built to Date	10-year HFHI Goal	Unserved Market
= 500,000 homes	= 10 million homes	= 320 million homes

Figure 1. Visual Representation of Market Size

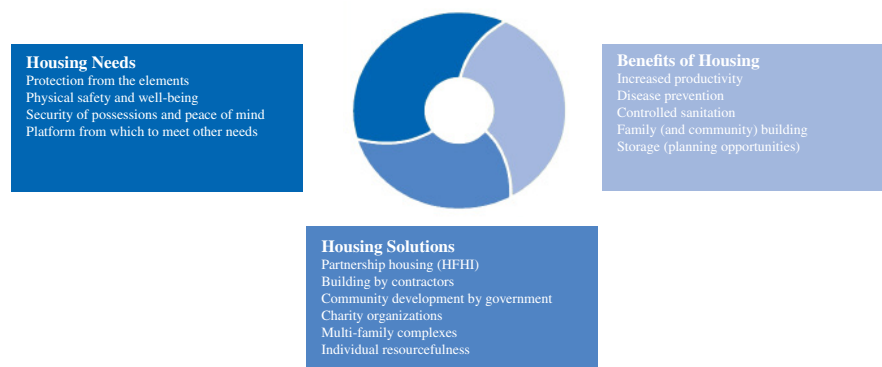Hult International
Business School
Publishing

Figure 2. Housing Needs, Benefits, and Current Solutions

Decent housing provides protection from weather, predators, and theft

Decent housing ensures shelter, security, and well-being. Families with adequate housing are able to go to sleep at night knowing they are safe.

Demand is large—and growing

One in four people are living in substandard conditions that impact their health, prosperity, and safety. In India, more than 60 percent of inhabitants in densely populated slums share a single room with more than five people. These slums rarely have satisfactory access to clean water, proper sanitation facilities, and ventilation. Only 26 percent of impoverished families in Delhi have a window in their dwelling.[7]

The global population, now over 7 billion, is expected to grow to 8.3 billion people by the year 2030.[8] Birth rates and longevity are increasing as medical knowledge and access improve. Scarce resources will become more stretched. A global shift towards urban dwelling is increasing overcrowding and the complexity of community development. By 2030, over 60 percent of the global population will live in cities, with 79.5 percent of the world's urban population (nearly 4 billion people) residing in less developed countries.[9] Finally, although projections suggest that the Gini coefficient* of income distribution will decrease in the next 20 to 40 years, the actual percentage of income going to the very poorest people worldwide will decrease.[10]

This poses a significant challenge for HFHI whose model has been based on a family's ability to pay back a modest loan. If the poor have less ability to gain access to finance, HFHI will have to develop new delivery models and partnership strategies. With the aim of completely eradicating substandard housing, HFHI is looking for new strategies that bridge this gap and create access to funds and solutions for those who need it most.

Too many people don't have the knowledge, rights, or finances to secure adequate housing

People don't know how to get housing

Education is crucial to eliminating poverty housing throughout the world. In developed and developing nations, substandard housing and undereducated citizens create a cycle of poverty that is difficult to break. Changing one without changing the other will not achieve sustainable results. Non-profits such as One Laptop per Child are making huge strides in making education more accessible all over the world. Because of their efforts, more than two million children have access to information that will allow them to better succeed in a complex and globalized world.[11]

Education is important to HFHI for two very distinct reasons. First, poverty and level of education have an undeniable correlation. Poverty prevents children from having the time and the tools to attend school consistently, and undereducated adults are unable to improve and market their skills and find employment.[12] Second, beyond academic instruction, education in the skills of home maintenance, financial management, and legal rights are critical to enabling households to make personal and systemic changes.

People don't have money or access to land

The world's population can be segmented into those who have access to sustained income, those who have access to secure tenure, and the minority of the world's population who have access to both. While the free market can satisfy the needs of the upper- and middleclass who have access to money and land, a much larger portion of the population cannot be served by free market activities without significant growth to either income or legal land availability. Initiatives and programs put in place by HFHI have reached millions in the poor segment of the population, but these efforts have been less successful in reaching people living significantly below the poverty line.[13]

HFHI's strategy aims to increase access to secure tenure – that is, the legally protected right to occupy property and enjoy effective protection against unlawful evictions[14] – and sustained income (through legal advocacy, economic entrepreneurship, and community development) so that current housing initiatives will be able to serve more families.

Make it "Mine"

Secure tenure is more than ownership. It's the confidence to know that where you live today will still be yours tomorrow. In Lesotho, the majority of the population is unaware of what rights exist in owning and securing their land. Habitat launched a program directly reaching over 25,000 people with property rights information. In just under six months, 76 legally binding civil marriage licenses and wills were created guaranteeing safety and security for current homeowners and their children.

*The Gini Coefficient is an economic measure that indicates wealth disparity. Numbers closer to 0 are more equal, while numbers closer to 1 (representative of one person owning all wealth) are more unequal.

A Hand Up

Alverna Walker's mother passed away when she was just seven years old. She suddenly found herself raising her siblings and searching for a stable place to live. After living in a small house with sixteen family members, at 16 years old, she moved into her late great grandfathers home. She recalls, "It was like a shack, with no real running water and bathrooms, indoor toilets." She continued living there until, in 1981, Alverna and her three daughters applied for a Habitat house. Now Alverna is proud of her children and their families, but she is also proud of herself. Alverna has had the opportunity to go to college. She is an ordained minister and went back to school to get a Master's degree in early childhood education. In her own words, "Your environment is who you are." Habitat has reshaped Alverna Walker's environment and given her and her family the chance to succeed.
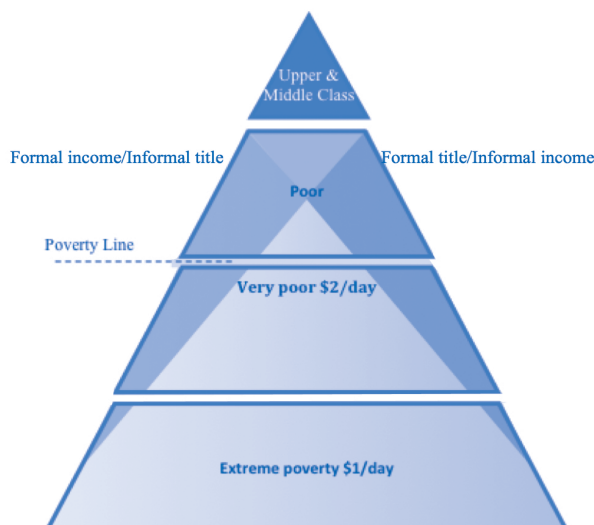

Figure 3. Population Housing Needs Distribution

Financing is difficult to secure for low-income people—especially for large purchases such as houses

Beyond a lack of income, financing a home can be an extensive endeavor. Most mortgages – even for low-cost homes – take years, even decades, to pay off. Although there has been a tremendous uptake in financing in the developing world, microfinance loans are usually much too small for individuals to buy a house. Additionally, adequate housing doesn't generate income directly and immediately, so persuading lending organizations to invest in housing solution loans can be a challenge. While microfinance is beginning to change, thanks to efforts by HFHI and others, and small loans for repairs and restorations are becoming available, greater amounts of financing are necessary to allow people to buy a home.

HFHI is a leader in helping people get decent, affordable housing embedded in universal religious and social values

HFHI has a long history of partnership housing

The concepts behind HFHI came from a Christian farming community just outside of Americus, Georgia in the United States in 1968. Millard and Linda Fuller joined biblical scholar Clarence Jordan to create a model providing "partnership housing" for the poor by leveraging the contributions of volunteers and beneficiaries. The central hypothesis asserts that providing those in need with an affordable opportunity for home ownership through a process that builds dignity and community cohesion will create a more sustainable development platform than pure charity. It's "a hand up, not a hand out."

By 1976, after successful implementation in the United States and the Democratic Republic of the Congo (formerly Zaire), HFHI took shape. Basic principles developed at this time still remain the core of HFHI's mission. Partnership housing engages home recipients through contributions of their own time and money. Volunteerism generates goodwill and fosters relationships between new homeowners and other members of the community.

HFHI has grown consistently for over 35 years

While HFHI continued to grow steadily throughout the United States and several other countries, in 1984, former U.S. President Jimmy Carter and his wife Rosalynn brought attention to the organization through work trips, which generated extensive international interest and growth.[15]

Today, HFHI has provided housing solutions to over 500,000 families; with an average of five members per family, HFHI and its affiliates have helped 2.5 million people worldwide.[16] HFHI is

Hult International Business School Publishing

working towards the goal of eradicating poverty housing and homelessness by providing decent, affordable housing solutions.

Christian Values that align with universal religious and social values are part of HFHI's core

HFHI focuses on a mission of "…bring[ing] people together to build homes, communities and hope."[17]

HFHI continues to stress its long-held practice of non-discriminatory practices and unconditional aid. A central vision for inclusiveness has been crucial to developing an HFHI platform—one that engages people of all faiths and no faith as volunteers, employees, and homeowners.

Multi-faith initiatives have often been important to developing local community partnerships. HFHI strives to align homeowner demographics with the general demographics of the poor with housing needs. In many of the communities in Egypt, for example, Christians and Muslims build together and, in some cases, share their homes while a family's house is under construction.

HFHI works with homeowners based on their level of need, their willingness to become partners in the program, and their ability to repay an affordable loan, welcoming people of all races, religions and nationalities.

HFHI works around the world through affiliates

HFHI works with a wide variety of partners through affiliated organizations (affiliates) called national organizations at the national level and affiliates at the local level. These bear the HFHI brand name and follow HFHI guidelines, reporting measures, beneficiary determination and accounting practices. Affiliates are independently registered, according to local regulations, and are responsible for their own operations and organizational sustainability.

Affiliates are responsible for upholding HFHI's mission and supporting its objectives and initiatives. HFHI has worked in over 100 countries and is currently active in over 80 countries.[18] HFHI works with over 2,200 local, regional, and national affiliate organizations worldwide (a full list of countries in which HFHI operates is available in Exhibit 1).[19]

Families who apply for houses are selected independent of race or religion by local affiliates for housing loans and support services. Once selected, families are typically required to contribute their own time, or "sweat equity." Most "sweat equity" comes in the form of time

spent building (either the family's own home or another nearby HFHI home); some affiliates and partners also require educational courses on financial management and responsibility.

HFHI operates fundamentally around the principle that what will break the cycle of poverty housing is not a hand out, but a hand up: HFHI homes are not giveaways.† Families pay no-profit, affordable loans made accessible either through HFHI's own revolving fund or, more recently, through microfinancing institutions worldwide. Loan repayments help to build a revolving fund used to build more HFHI homes.[20]

In its early development phases, HFHI spent most of its time and money as a housing solutions provider, offering financing and education to support the goal of building and maintaining houses. In order to carry out its mission of adequate housing for all in an increasingly globalized, complex, and connected world, HFHI has also taken on an enabler role, supporting a full range of partners and stakeholders involved in changing policies and systems that impact access to secure and safe housing, including community driven activities such as sanitation, education, livelihood development, and health—all critically connected to the goal of eradicating substandard housing.

While taking on these roles was intended to increase leverage and scale, and while explicit targets have been achieved, there is now recognition that much more will be needed to adequately address the challenge of substandard housing.

New building methods, microfinance, and advocacy are some of the ways HFHI is driving implementation

HFHI has a five-year strategy in place to explain motivations, drive initiatives, and maximize the impact of current programs and policies. There are three key goals that have helped bring HFHI to where it is today.

Innovative building models and partnerships help increase the number of families served

One of the pillars of HFHI's strategic plan from 2007 to 2011 was to exponentially increase the number of families served annually. This includes improving land access, building methodology, partnerships, and scaling up global disaster response.[21]

Globally, HFHI is celebrating the construction of their 500,000th house. In fiscal year 2011, the organization served over 80,000 families in construction (building, repairs, and rehabilitations). [22]

Lying awake at night
Bhumika Rai and her husband had barely enough money to live through the month. They worked every day selling vegetables and cow's milk, but never had enough to save up to repair their decrepit home. Habitat for Humanity Nepal built a new model of sustainable, cheap bamboo for Bhumika and her family. She says, "In the past, I could not sleep due to the poor condition of my house. Now, I cannot sleep because I am so happy that I have my own decent house."

War, Peace, and Safe Housing
Reine Asaad's father was killed when she was just four years old. Constant battles between Christians and Muslims tore her village in southern Lebanon apart. Decades later, she became a schoolteacher and provided the only income for her family. The family did not have enough money to repair their home mutilated by bullet holes, filled with rubble, and destroyed by years of violence. After being approved for a Habitat home, groups of volunteers – Christians and Muslims – worked tirelessly to repair the wounds and renew the home. Reine said, "Today I am very happy, especially with the presence of people working with us as if it were their home… This day has changed my attitude and perspective, and I say that from the depths of my heart."

---

†In specific circumstances, such as the Haiti earthquake disaster response, sweat equity is required but the cost of the housing is subsidized, i.e. not repaid through a loan.

Case Example: Nepal

What was there?

HFHI focused on building houses—usually in small batches—in countries and communities all over the world. Affiliate building rates varied tremendously; HFH Portugal served seven families this year; HFH Nicaragua served 34 families; HFH Ethiopia served 3,150, and HFH India served 3,320.[23] While these numbers are significant, Nicaragua alone has 80 percent of its population (5.7 million people) living under US$2 a day.[24]

What's happening now?

Specific affiliates have taken it upon themselves to dramatically increase the scale of impact. Regional and local affiliates are finding new and innovative ways to turn their resources into affordable housing. In Nepal, between 1997 and 2005, HFH Nepal constructed 830 homes. In just five short years, 2010 marked the 10,000th home built, which was being celebrated amid claims of reaching 100,000 homes in another five years.

What enabled change?

Nepal has used several innovative techniques to increase the reach of their programs. HFH Nepal strategically engineered cost-effective, environmentally friendly bamboo housing, which made it faster and less expensive to build stronger and more sustainable housing. HFH Nepal could then focus their efforts on leveraging partnerships with other NGOs, village lending groups, and microfinance institutions.[25]

Using microfinance can start to bridge the financing gap and make housing improvements accessible to more people

The second goal of HFHI's strategy is to mobilize new capital to the global affordable housing market. This plan incorporates goals to expand into new segments within philanthropy, public, and private sectors, as well as establish and grow financing capabilities to supply new capital into the affordable housing market.[26]

In September of 2010, HFHI CEO Jonathan Reckford committed US$50 million towards a microfinance housing fund and US$10 million in technical assistance. These monies will help families around the world upgrade and improve their homes. The funds will be leveraged by HFHI and matched by participating microfinance organizations.[27]

Case Example: Macedonia

What was there?

From its inception until very recently, HFHI financed house building, operations, and fundraising efforts through their Fund for Humanity and other revolving funds controlled by either HFHI or local affiliates. These funds added to the complexity of HFHI's program and contributed to the challenges facing all non-profits managing large sums of money.

What's happening now?

In more than 25 countries, microfinance institutions are creating small loans through communities to drive housing improvements. In Macedonia, two organizations, Horizonti and Mozhnosti Savings House, have given out a combined 600 microloans to families installing toilets and water systems, and making energy upgrades to their homes, such as heating, insulation, and sturdier doors and windows. HFHI is leveraging these partnerships for families in need and providing educational classes on home repair, guidance, and monitoring during construction.[28]

What enabled change?

Since the 1970's, microfinance has changed the core of economies in the developing world. Small loans generated either through financial institutions or by communities are distributed to community-selected recipients. HFHI has partnered with many of these organizations to help monitor and manage funds for restoration and incremental rebuilding projects.

In 2010, HFHI established the MicroBuild Fund with the Clinton Global Initiative to raise US$100 million. The Fund will provide small loans for repairs, as well as larger grants for land purchase and water and sanitation development.[29]

Creating a movement and focusing on advocacy and awareness can make a huge difference

The third branch of the 2007-2011 strategy aims to transform systems that impact affordable housing. HFHI is prioritizing investment for program, housing, and community sustainability as well as mobilizing individuals and institutions to implement practices that produce affordable housing.[30] While the first two goals of the HFHI global strategy can be easily measured and have exceeded all expected targets, this third dimension has not only been more difficult to implement—it has been exceptionally difficult to measure.

Building and rehabilitating houses gives families a decent place to call home. Now, HFHI is expanding its vision. The HFHI movement is gaining momentum worldwide by investing in community development. From the Neighborhood Revitalization Initiative (NRI) in the United States, to new partnership models in Egypt, Habitat for Humanity is encouraging more and more people and organizations to take part in ending poverty housing (see Exhibit 2).

Case Example: Haiti

What was there?

Historically, HFHI focused primarily on building

What really matters

In Macedonia, the political unrest caused by the breakup of Yugoslavia and the violence that has saturated the Balkans since the 1980s has left many unable to purchase new homes or repair overcrowded ones. For Simeon Gichevi and his family, a new home will be "a dream come true. After all, the ultimate goal of every family is to get a home of their own, so this will make my entire family happy. And that is what really matters in life!"

---

houses. Volunteers and homeowners worked side by side to put up walls, roofs, and windows. Although education courses existed, housing was a segmented solution.

Partners, more often than not, have joined HFHI to fit into the current offering and operate under similar policies and initiatives. For many affiliates, partnership represented a difficult and futile venture. Overlapping competencies can yield inefficiencies, financial misalignment can produce competing incentives, and management conflicts can prevent progress on every front.

What's happening now?
Affiliates all over the world are realizing the importance of partnerships and a more holistic community development process. Regional and local groups are making an effort to extend partnership networks into valuable adjacencies.

After the earthquake in Haiti in 2010, almost 1.8 million people were left homeless.[31] A complete systems revolution was necessary for HFH Haiti. Initially, HFHI partnered with other aid organizations in order to distribute shelter kits to over 24,500 families. HFH Haiti has reached out to donors, local organizations, and government programs to build a network of housing solutions that is on its way to serving 50,000 families in five years.[32]

What enabled change?
HFH Haiti has also developed a global disaster response program called "Pathways to Permanence." This initiative makes housing a process—each step moving a family from devastation to home ownership. It begins with assessment by experts and partners of structural integrity and needs, involves advocacy for tenure and ownership rights when government titles can be particularly unclear, and builds houses incrementally to maximize impact rapidly. The network of partnerships in Haiti is establishing a new precedent of urban development involving legal advice, education, training, and financial assistance beyond the traditional course of home building.[33]

These successes are due to a number of distinctive policies and processes—not any one by itself
Finally, it is important to note that each of these changes was made possible through a combination of strategic direction, local innovation, and qualified leadership. Change enablers in each of the case examples are pieces of a large and complex puzzle. It is the unique combination of a multitude of factors working together that has allowed HFHI to make so many changes in such a short period of time.

HFHI wants to reach 50 million people by 2022
HFHI is working to reach a bold goal – helping a combined 50 million people through program, awareness, and advocacy in 10 years. This goal can be met if and only if HFHI can directly serve 1 million families a year with housing and shelter solutions. This will include scaling up building, increasing advocacy and fundraising goals, and growing training systems with partners and affiliates around the world.

HFHI can do this in one of several ways:
• By creating a more robust community development offering with new partners, competencies, and service-oriented offerings;
• By innovating urban housing solutions and meeting the (different) needs of urban dwellers;
• By understanding what business models and changes in delivery will be necessary to better scale across geographies;
• By creating a more scalable, sustainable and powerful volunteer network that can drive accelerated expansion in each community.
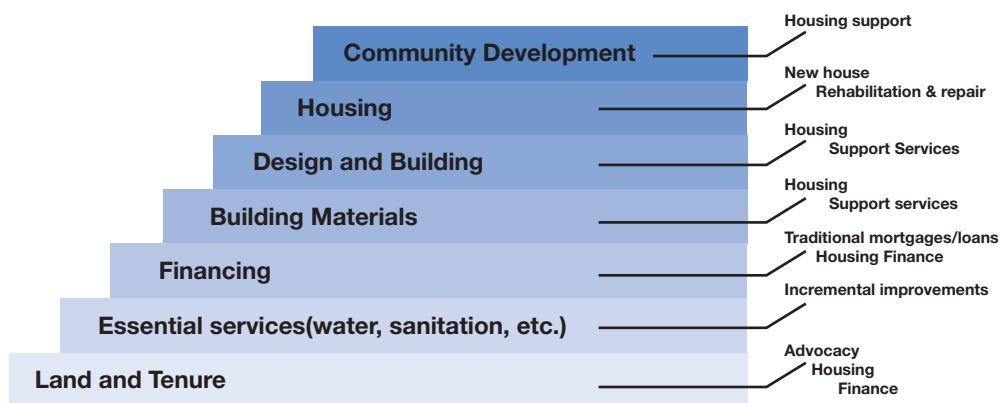

Figure 4. Production: The Housing Value Chain and HFHI Activities

Community development challenges make creating a housing solution difficult; urbanization and cultural complexity make scaling solutions even harder

Building a "habitat" is more than just a house; it involves the complexities of a whole community

Community development, particularly in an urban setting, involves an ecosystem of individual activists, government planning and initiatives, and private development. Due to the complexity of the community ecosystem, it is not realistic for HFHI to gain competencies in every piece of the value chain. Successful community building will only result from efficaciously managed partnerships and innovative enterprises all working synergistically.

Infrastructure provides the skeleton of community development

Managing electricity, waste, natural gas and other infrastructure has historically been under government control – even if private companies owned it. Modern trends, especially in developing countries, have begun to decentralize this responsibility. Smaller companies, including Solar Aid, have been extremely successful in making energy collection and distribution an entrepreneurial venture. Since beginning work in rural Africa in 2006, Solar Aid has brought sustainable electricity to over 100,000 people.[34] Stable infrastructure will be a critical part of upholding robust communities and sustaining the housing platform.

Basic sanitation provides cleanliness and order within a community

With one in four people in the world lacking access to clean water and sanitation, the health and dignity of countless communities are affected. Currently, of the 3.5 million people per year killed by water-related diseases, 84 percent are children.[35] HFHI has begun using small funds to improve sanitation facilities for families and communities as part of its mission to provide adequate shelter, but identifying scalable and sustainable solutions to water and sanitation issues requires strategic partnerships with entities that specialize in these areas.

Economic opportunity helps communities flourish

A strong community should be able to generate economic activity and incentives for productivity and growth. A vested interest from corporate partners, and particularly small- and medium-sized enterprises (SMEs), can create opportunity for economic development. Business models must be rethought to attract productive ventures and entrepreneurs who can expand both market size and offering.

Developing countries, and, in particular, base of the pyramid (BOP) consumers in these countries, can be extremely profitable. For example, telecommunications companies in India reached 670 million users by 2010 and were growing by 20 million users per month.[36] The BOP represents 4 billion people who have the multitrillion-dollar purchasing power to make the companies of tomorrow.[37] Telecommunications companies have also innovated business models to reach the BOP by "right-sizing" solutions and offering small bits of service (pay-as-you-go, minimal top ups, and low initial investments) to reach more people. For HFHI, experience has shown that communities develop much more quickly and grow rapidly when there is a robust market of economic opportunity in close proximity. Their strategy often incorporates providing local jobs and encouraging entrepreneurial development.[38]

Healthy communities are dependent on healthy citizens

Finding solutions to any and all of these problems is dependent upon community members being able to work and live healthy lives. Organizations working to prevent and eradicate diseases contribute to HFHI's aims of maintaining a decent place for everyone to live. Empowering change in the health of communities will drive a more productive workforce and stronger support platform for other types of growth. Groups such as the World Health Organization (WHO) and a number of prominent NGOs are making incremental progress in managing health and wellness at the base of the pyramid, playing a crucial role in community development.

Home ownership is more difficult in urban environments

In a more technical area, HFHI faces an extraordinary challenge in managing housing solutions in the urban environment. HFHI's offering is built around creating opportunities for home ownership. In urban areas, ownership is far less common, and housing solutions inherently depend on community solutions. Dense population and land ownership intricacies of urban areas make securing tenure and construction using traditional HFHI methodology much more difficult. At the present, government groups and organizations such as the Department

Today	Implications	Tomorrow
Donor	Business Models	Asset Builder
Parent	Leadership Capacity	Partner
International	Operational Effectiveness	Global
Franchise	Competency/Capabilities	Contextualizer
Developer	Scope and Scale	Housing-Expert
Teacher	Culture/Values	Learner
Isolationist	Partnership/Competition	Catalyst
"Hub" (controller)	Structural Flexibility	"Spoke" (partner)
	Infrastructure	
	Key Differentiators	

Figure 5. Strategic Goals 2007-2011

of Housing and Urban Development (HUD) in the United States and UNHabitat worldwide have been among the few leading the way in understanding and solving urban complexities.

Local solutions are difficult to scale across geographies

Operating in over 80 countries creates an enormous diversity in the cultural norms guiding HFHI policy and programs. Lending practices are highly connected to a particular group's cultural standards. In much of the Middle East, charging interest challenges religious (and often business) practices.[40] Although HFHI offers affordable loans, often with interest rates significantly lower than traditional banking loans, operations in the Middle East must be considerate of local beliefs. In the Philippines, group members of local communities often repay loans for individuals. Members all bear responsibility for the loan terms. Some western cultures that take a more individualistic approach could think shared loan responsibility is "unfair."[41] It is extremely important for HFHI to operate according to each individual community's needs and cultural practices.

Additionally, regulations and laws vary by country, province, and community. HFHI must abide by all regulations affecting housing standards, non-profit organization requirements, and financing laws. For example, in the United States, housing specifications and requirements limit Habitat's ability to construct smaller houses more efficiently. In Egypt, certain laws made establishing an affiliate difficult for HFHI.

HFHI is moving from being a housing provider to a housing solutions enabler

HFHI is currently in the process of drafting their next five-year strategy. This document will provide direction and insight into international objectives, as well as guiding policy for national and local affiliates. The plan must provide clarity for thousands of international groups, align engagement for all key stakeholders, and find critical connections among and between each new objective in order to increase impact and come one step closer to eradicating substandard housing forever.[42]

Figure 6. Integrating Solutions

This new design will require HFHI to rethink their models and innovate their strategy

Sharing information, managing partnerships, understanding the appropriate metrics, and using the right business models will be a challenge

The right people need the right information at the right time

A complex network of thousands of affiliates generates an incredible amount of information. Groups all over the world are implementing innovative practices and policies to improve building techniques, attract volunteers, and fundraise. HFHI bears the responsibility of managing and distributing that information quickly and efficiently. Leveraging global experience with local understanding is a delicate balance. HFHI recognizes that individual communities know their own needs better than a centralized body, yet the skills and combined experience of an international organization are powerful tools.

Partnerships with volunteers, private corporations, and public bodies are difficult to manage

Individuals from all three key stakeholder groups—philanthropy, private enterprise, and public bodies—must find a way to join together to leverage their unique competencies and contribute to the needs of a successful community. Volunteers offer spirit and a general stick-to-itiveness in the face of adversity where corporations and governments come up short. Private enterprise is able to provide opportunity and offerings that governments and individuals fail to anticipate. Public policy can operate above corporate objectives and individual volunteer motivations to organize and plan communities in a way no other group has the power to do. It is the inimitable combination of these three stakeholders, acting cohesively in a community that can make an impact in the elimination of substandard housing. Right now, much of the interaction between these stakeholders takes the form of one-way contributions, instead of a systemic model that builds upon community resources to further development for the community and each of these stakeholders.

Volunteers are not sustainably involved

Volunteers are a unique part of HFHI. Although many NGOs rely on volunteer support and fundraising, their contributions to HFHI actually directly impact the community. On every work site, volunteers are personally responsible for eliminating substandard housing. "Volunteers with Habitat for Humanity are a part of the solution," says Dave McMurtry, HFHI Senior Vice President of Strategy. HFHI volunteers are integrated in building, fundraising, and advocating changes to the policies and practices that sustain poverty housing and are key to HFHI's success.

HFHI volunteers gather on weekends to build houses in their own towns, and travel across the globe to help build houses in developing countries
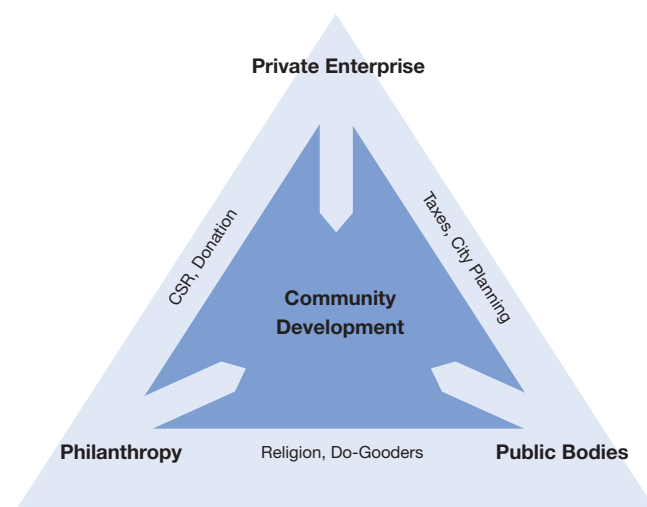
Figure 7. Pillars of Community Development

Reading this diagram: There are three mainstays of community development: private enterprise, philanthropy, and public bodies. Philanthropy and private enterprise contribute to community development through corporate social responsibility (CSR) and donations. Private enterprise and public bodies contribute through tax funding and city planning. Philanthropy and public bodies. contribute religious volunteer groups and general do-gooders who seek to contribute to community development.

‡ For more information about the online platform, see Exhibit 2

and those regions impacted by disasters. HFHI's annual Jimmy and Rosalynn Carter Work Project (CWP) not only results in new houses, but brings brand awareness and new support to HFHI host affiliates. During the most recent CWP to Haiti, volunteers' online fundraising‡ raised over US$1 million—a larger contribution than any event sponsor.[43] HFHI has already begun engaging volunteers, before and after their build trips, to learn more about the causes of poverty housing and the many ways they can be part of a solution, beyond raising a hammer to build a house. Through social media and other online forms of communication, volunteers can become advocates, fundraisers, and marketers for HFHI's mission.

Essentially, HFHI volunteers are a critical piece of what makes the organization so spectacular, but it is important that these volunteers remain connected, involved, and continuously support the program.

Private corporations and existing partners are not reaching full potential
HFHI has an extensive corporate partner network (see Exhibit 3). New partnerships and innovative proposals with existing partners can help generate the most public and private benefit. Corporate partners believe in HFHI's mission and have given a tremendous amount to families all over the world. However, many of these relationships have been one-way or limited to filling in opportunities in the HFHI offering. There is a tremendous amount of potential to unlock unique corporate offerings that may impact poverty housing in bold and unexpected ways. In the United States, Valspar Paint is the founding partner of HFHI's "A Brush with Kindness" program, which is an exterior home preservation service that offers painting, landscaping, weather stripping and minor repair services for homeowners in need. Lowe's is an underwriter of Habitat for Humanity's Women Build program, training thousands of volunteers in homebuilding skills.[44] Countless other unforeseen opportunities exist with partners and people around the globe.

Public groups are inefficient and unaccountable
Understandably, local and national government partnerships can be the most challenging to manage and require the most localized specialization. They often have very specific operations and practices that are entirely unique to the area in which they operate. Sometimes bureaucracy increases inefficiency and oversight by other public groups and higher levels of government is lacking. However, governments are possibly the single most influential player in community development. Properly assessing, anticipating, and applying government actions and reactions to better serve housing and development needs will increase HFHI's impact.

Advocacy groups should focus on their responsibility to hold public groups accountable for policies that affect community development and housing. It may be that successful advocacy and government partnership can catalyze significant change better than individuals alone.

Different metrics and benchmarks are needed to drive forward new vision
As HFHI considers urbanization and community development, the very means by which HFHI's current impact has been assessed must change. Each house built marks a major accomplishment, but other forms of aid and service (like educational benefits, legal rights improvements, or economic growth) are more difficult to quantify. Community development and extensive partner involvement require a different perspective when creating benchmarks and systems of impact measurement. Stephen Seidel, HFHI Senior Director of Global Program Design and Implementation, points out, "We know there is necessarily a shift to a non-closed system open to partnership and collaboration, but how do you measure something like 'health' or 'education'?"[45] Numerical indicators of a healthy and successful community are not entirely well defined.

A different system of understanding what goals to aim for, what success looks like, and how to gain critical mass in leveraging partnerships will be critical to HFHI in effective community development.

Innovative business models will help implement audacious goals
It will take new models to make solutions work in a rapidly changing world. These models must reach more people faster. To successfully serve 50 million people in 10 years, that is, 1 million houses per year, and become a solutions enabler, HFHI will have to reevaluate their competencies, partners, and processes.

There are two potential issues in extending HFHI's offering further beyond homebuilding. First, should HFHI choose to pursue additional offerings themselves and move further into adjacencies including legal aid, sanitation, or education, they risk over-diversifying, spreading resources too thin, and confusing the organization's mission and values.

If, on the other hand, HFHI elects to expand their partner network, there are additional challenges to be considered. New partners will undoubtedly have different motivations, different capabilities, and different project priorities. HFHI still holds an obligation to its current stakeholders, including the 1.6 billion people who still desperately need adequate housing.

Can HFHI find the right combination of partnerships, innovative business models, and scalable housing solutions to reach 50 million people (10 million homes) in ten years?
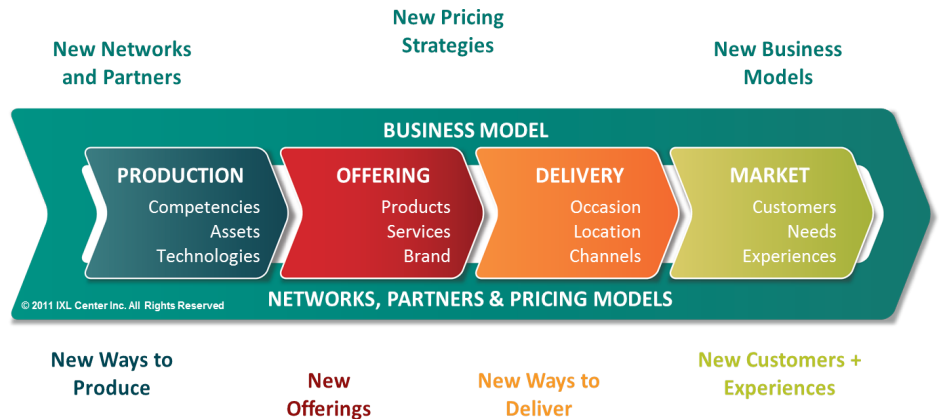

Figure 8. Innovation Value Chain

A future without substandard housing is possible. HFHI sees a future where children have access to education, parents have employment opportunities close to home, diseases can be better controlled by basic sanitation systems, water is close by and safe to drink, and communities flourish and crime rates fall. The cities of the world, already housing over half of the world's 7 billion people, can become centers for growth and commerce, not stagnation and despair.

HFHI is at a tipping point. It is time for their upcoming five-year strategy to push them beyond providing solutions to fully enabling change.[46] Current solutions have made tremendous progress, but they are simply not enough. In order to move forward, new business models, partnership ventures, volunteer initiatives, government advocacy programs, and sustainable building practices must all work in harmony.

There is no doubt that HFHI has made a significant impact on housing solutions. Millions of people have been helped. Millions more have volunteered to be a part of the solution, but much more is needed to actually reduce the growing global deficit.

How can HFHI reach 50 million people in ten years? How can they directly serve 1 million families per year with housing solutions? How can they successfully leverage the partnerships, goodwill, and innovation of volunteers, corporations, governments and the families themselves to improve access to affordable housing as a foundation for breaking the cycle of poverty in communities worldwide? Where will HFHI find the next solution? Why will it work? Finding a solution to help HFHI scale from serving 2.5 million people to 50 million people in ten years must address more than a single aspect of change. Addressing the challenges of urbanization, for example, must consider each piece of the innovation value chain (above). What competencies will HFHI need to develop to extend their offering into cities? How can their products and services be combined to create a more sustainable urban offering? Production methods using old shipping containers are already being used as cheap, more sustainable housing solutions. Which channels will be most useful to reach urban dwellers? Are the needs of urban customers different? Finally, who will be the most important partners to this endeavor? Groups in India are already racing to develop the US$300 house. There are many different ways for HFHI to reach 50 million people, but all of them must be a part of a system that will ensure implementation is a success.

As the sun began to set on the downtown Atlanta headquarters of HFHI, CEO Jonathan Reckford took pause to reflect on the challenges facing the organization and the world. Rather than feeling like a closing, though, this sunset held all of the potential of the next day's sunrise. Reckford smiled and said, "We have much to celebrate; and more to build."[47]

Exhibit 1
Countries of Operation by Region

Africa and the Middle East			
Angola	Ethiopia	Liberia	Sierra Leone
Botswana	Ghana	Madagascar	South Africa
Burundi	Cote d'Ivoire	Malawi	Tanzania
Cameroon	Jordan	Mozambique	Uganda
Central African Republic	Kenya	Nigeria	Zambia
Democratic Republic of Congo	Lebanon	Rwanda	Zimbabwe
Egypt	Lesotho	Senegal	

Asia and the Pacific			
Afghanistan	India	Myanmar	Singapore
Australia	Indonesia	Nepal	South Korea
Bangladesh	Japan	New Zealand	Sri Lanka
Cambodia	Laos	Pakistan	Thailand
China	Malaysia	Papua New Guinea	Timor-Leste
Fiji	Mongolia	Philippines	Vietnam

Europe and Central Asia			
Armenia	Hungary	Portugal	Switzerland
Bosnia and Herzegovina	Kyrgyzstan	Republic of Ireland	Tajikistan
Bulgaria	Macedonia	Romania	Turkey
France	Netherlands	Russia	Ukraine
Germany	Northern Ireland	Serbia	
Great Britain	Poland	Slovakia	

Latin America and the Caribbean			
Argentina	Colombia	Guyana	Paraguay
Bermuda	Costa Rica	Haiti	Trinidad & Tobago
Bolivia	Dominican Republic	Honduras	
Brazil	El Salvador	Mexico	
Chile	Guatemala	Nicaragua	

North America			
Canada	United States		

Source: www.habitat.org

Hult International
Business School
Publishing

Exhibit 2
Partial List of Select Activities and Programs

Share.Habitat: An online crowdsourcing platform on Habitat.org, Share.Habitat supports user-generated content that puts the volunteer at the center of the HFHI story. Volunteers on HFHI projects around the world have a central location to fundraise, adopt a family or village, describe their own experiences in their own words with pictures, videos, and stories from the build site. Share.Habitat on Habitat.org seeks to make the HFHI volunteer experience more dynamic, future-oriented, and innovative. In beta testing, a group of 172 Global Village volunteers traveled to eight HFHI communities in Asia, Latin America and Eastern Europe posted 400+ stories and successfully raised over US$250,000.

My.Habitat: In answer to growing knowledge management need, HFHI is in the process of implementing an intranet site called "My. Habitat," with an online database of best practice information and materials. My.Habitat is working to restructure the methods affiliates use to access information. As HFHI continues to grow, My.Habitat will need to accommodate more languages, more complicated information systems, and more innovation.

Neighborhood Revitalization Initiative (NRI): Local affiliates in the United States are working on community revitalization through rehabilitation, energy efficiency modifications, and weatherization projects. The goal is to approach community development holistically and transform communities in need leveraging local knowledge and government support.

Construction Methods: ArcelorMittal began work in 2008 in Romania designing a lightweight, environmentally friendly, inexpensive steel frame that could be easily transported. The frame can be put together by skilled or unskilled volunteers, and has been designed for energy efficiency. The model is being put up across the country, and a similar model will be adopted in select Central American countries as well.

MicroBuild: The MicroBuild Fund is designed to provide access to housing improvement funds worldwide. The initial plan is to raise US$50 million, with HFHI leveraging all donations. The money will then be distributed via microfinance institutions to begin offering housing building and rehabilitation loans. Participating microfinance institutions will match the amount of funds raised.

ReStore: HFHI operates home supply stores in the United States and Canada. Items are gently used or surplus furniture, building materials, electronics, sinks, toilets, and other pieces necessary for home building and repair. These items are offered at a fraction of the price of retail stores. The stores promote reusing and recycling and environmentally sustainable building practices.

Source: www.habitat.org and interviews with HFHI Executive Team

Exhibit 3
HFHI Partnerships

Corporate Partners

Amway	Nissan
Andersen Corporation	Owens Corning
Archstone	PG&E
Bank of America	PCL Family of Companies
Cargill	Promontory Financial Group, LLC
Cisco Systems Foundation	Redemtech
Citi Foundation	Sandvik Mining and Construction
Credit Suisse	Schneider Electric
Cree	Simpson Strong-Tie
Darden Restaurants, Inc.	Springs Global
Delta Airlines	Sprite
The Dow Chemical Company	State Farm Mutual Insurance Company
Empire Today	Stouffer's Prepared Foods
Exelon	Subaru of America, Inc.
EXIT Realty	TD Ameritrade
GAF Materials Corporation	The Home Depot Foundation
General Growth Properties	Thrivent Financial
Hunter Douglas	Tile Partners for Humanity
Kincaid Furniture	Travelers
Kohler	Valspar
Kurt Warner First Things First Foundation	Vivent
Lowe's	Waste Management, Inc.
MasterCard Worldwide	Wells Fargo
Merck	Whirlpool
Mobile Mini	Yale

Key Community Partners

Humanitarian Accountability Partnership (HAP)
African-American Baptist Mission Collaboration
American Legion
WillowCreek Community Church
Clinton Global Initiative

Key Media and Entertainment Partners

The Carpenter's Gift	Ricky Martin Foundation
CMT One Country	If I Had a Hammer
I am the Country	Little House of the Prairie (the Musical)
Voces Unidas por Chile	The Entertainment Industry Foundation

Source: www.habitat.org

Exhibit 4.1

Consolidated Statements of Financial Position

	Year Ended June 30		
	2011 Total	**2010 Total**	**2009 Total**
Assets			
Cash and cash equivalents	$70,798,568	$64,262,947	$48,273,084
Investments at fair value	$45,495,253	$74,696,736	$96,564,284
Receivables	$117,977,671	$121,263,992	$103,001,735
Other assets	$18,883,324	$14,226,391	$15,015,577
	$253,154,816	$274,450,066	$262,854,680
Liabilities and net assets			
Total liabilities	$88,883,450	$78,192,443	$59,837,340
Net assets:			
Unrestricted	$25,586,136	$22,465,446	$11,011,735
Temporarily restricted	$137,462,246	$172,974,278	$191,505,605
Permanently restricted	$1,222,984	$817,899	$500,000
Total net assets	$164,271,366	$196,257,623	$203,017,340
	$253,154,816	$274,450,066	$262,854,680

Source: Habitat for Humanity International Annual Report 2010, 2011

Hult International
Business School
Publishing

Exhibit 4.2

Consolidated Statements of Activities and Changes in Net Assets

| | **Year Ended June 30** | | |
	2011 Total	**2010 Total**	**2009 Total**
Revenues and gains			
Contributions	$157,407,503	$179,208,568	$171,787,684
Donations-in-kind	$38,060,546	$62,095,510	$45,718,451
Government grants	$63,318,338	$20,903,370	$17,364,922
Other income, net	$28,551,513	$23,142,632	$10,870,874
Total revenues and gains	$287,337,900	$285,350,080	$245,741,931
Expenses			
Program services:			
U.S. affiliates	$159,833,807	$130,114,334	$134,986,851
International affiliates	$82,463,243	$72,975,040	$66,012,763
Public awareness and education	$26,197,990	$34,083,447	$15,543,764
Total program services	$268,495,040	$237,172,821	$216,543,378
Supporting services:			
Fundraising	$37,301,937	$42,844,662	$37,768,754
Management and general	$13,717,040	$12,212,717	$12,809,294
Total supporting services:	$51,018,977	$55,057,379	$50,578,048
Total expenses	$319,514,017	$292,230,200	$267,121,426
Losses (recoveries) on (recoveries) on contributions receivable	($189,860)	($120,403)	$1,826,826
Total expenses and losses (recoveries) on contributions receivable	$319,324,157	$292,109,797	$268,948,252
Change in net assets	($31,986,257)	($6,759,717)	($23,206,321)
Net assets at beginning of year	$196,257,623	$203,017,340	$226,223,661
Net assets at end of year	$164,271,366	$196,257,623	$203,017,

Source: Habitat for Humanity International Annual Report 2010, 2011

Endnotes

[1] Habitat for Humanity, 2011 Annual Report (Atlanta, Georgia: HFHI, 2011), p. 16.

[2] Interview with Jill Claflin, Director of Creative Services, HFHI, October 12, 2011.

[3] American Psychological Association, "Effects of Poverty, Hunger, and Homelessness on Children and Youth," APA website, http://www.habitat.org/how/factsheet.aspx, accessed October 19, 2011.

[4] Danny Friedman, "Social impact of poor housing," ECOTEC, http://www.settledhousing.co.uk/Portals/0/ SocialImpactpoorhousing%5B1%5D.pdf, p. 6, accessed October 19, 2011.

[5] UNHabitat Land and Housing, www.unhabitat.org accessed December 5, 2011.

[6] Habitat for Humanity, "Why Habitat for Humanity is needed" http://www.habitat.org/how/why.aspx accessed October 25, 2011.

[7] Ministry of Health and Family Welfare, Government of India, "Health and Living Conditions in Eight Indian Cities," http://www.measuredhs.com/pubs/pdf/OD58/OD58.pdf accessed October 21, 2011.

[8] Roland Berger Strategy Consultants, "Taking a look at the world in the year 2030," http://www.rolandberger.com /media/press/releases/517-press_archive2007_sc_content/metastudy.html, accessed October 21, 2011.

[9] Barney Cohen, "Urbanization in developing countries: Current trends, future projections, and key challenges for sustainability," Technology in Society, 2006. p. 68.

[10] Evan Hillebrand , "The Global Distribution of Income in 2050," World Development Vol. 36, No.5, p. 733-734.

[11] One Laptop per Child, "Worldwide Map," http://one.laptop.org/map accessed October 25, 2011.

[12] International Academy of Education, "Poverty and education," http://www.iiep.unesco.org/fileadmin/user_upload/ Info_Services_Publications/pdf/2009/EdPol10.pdf, accessed November 18, 2011.

[13] Interview with Jonathan Reckford and Steve Weir, CEO and VP of Global Programs, HFHI, October 12, 2011.

[14] Housing Terms (English), "Secure Tenure" http://hic.wetpaint.com/page/Housing%20Terms%20(english) accessed January 3, 2012

[15] Habitat for Humanity, "The history of Habitat," HFHI website, http://www.habitat.org/how/historytext.aspx, accessed September 26, 2011.

[16] Habitat for Humanity, 2010 Annual Report (Atlanta, Georgia: HFHI, 2010), p. 12.

[17] Habitat for Humanity, "Strategic Plan 2007-2011" (Atlanta, Georgia: HFHI, 2006), p. 8.

[18] Interview with Steven Weir, VP of Global Programs, HFHI, October 12, 2011.

[19] Habitat for Humanity, Ministry Watch website, http://www.ministrywatch.com/profile/habitat-for-humanity-international.aspx, accessed October 24, 2011.

[20] Habitat for Humanity, "Habitat for Humanity fact sheet," HFHI website, http://www.habitat.org/how/factsheet.aspx, accessed October 19, 2011.

[21] Habitat for Humanity , "Strategic Plan 2007-2011" (Atlanta, Georgia: HFHI, 2006), p.10.

[22] Habitat for Humanity 2011 Annual Report, (Atlanta, Georgia: HFHI, 2006), p. 16

[23] Habitat for Humanity Country Sites: Portugal, Nicaragua, Zambia, and Kenya www.habitat.org, accessed October 2011.

[24] Habitat for Humanity Nicaragua, HFHI, http://www.habitat.org/intl/lac/145.aspx accessed October 24, 2011.

[25] Habitat for Humanity Nepal, HFHI, http://www.habitat.org/intl/country/141/story/07_19_2011_ Nepal_Aims_For_100000_Celebrates_10000_Family.aspx#1_15, accessed October 24, 2011.

[26] Habitat for Humanity, "Strategic Plan 2007-2011" (HFHI, 2006), p.11.

[27] Habitat for Humanity International, Newsroom, http://www.habitat.org/newsroom/2010 archive/09_22_2010_hfh_microbuild_fund_establish.aspx, accessed November 18, 2011.

[28] Habitat for Humanity, HFHI, "Our Microfinance Projects," http://www.habitat.org/ eurasia/learn_about_habitat/what_we_do/microfinance_projects.aspx, accessed October 24, 2011.

[29] Habitat for Humanity, HFHI, "Habitat's MicroBuild Fund," http://www.habitat.org/newsroom/ 2010archive/09_22_2010_hfh_microbuild_fund_establish.aspx, accessed October 24, 2011.

[30] Habitat for Humanity, "Strategic Plan 2007-2011" (HFHI, 2006), p.12

[31] Earthquake Report 2011, "Damaging Earthquakes Database 2010 – Year in Review," accessed October 24, 2011.

[32] Interview with Kip Scheidler, Senior Director of Global Disaster Response, HFHI, October 12, 2011.

[33] Interview with Kip Scheidler, Senior Director of Global Disaster Response, HFHI, October 12, 2011.

[34] Solar Aid, "Did you know…," http://solar-aid.org/about/did-you-know.html, accessed October 25, 2011.

[35] Water.org, 2009 Annual Report (Kansas City: Water.org 2010), back cover.

[36] Ravi Nessman, "India: Land of many cell phones, fewer toilets," Bloomberg BusinessWeek October 31, 2010 http://www.businessweek.com/ap/financialnews/D9J6EKRG2.htm, accessed October 25, 2011.

[37] Nicole Boyer, "Re-perceiving Business from the Bottom Up," Global Business Network, http://www.self.org/news/GBN_BoP_Paper.pdf, accessed November 18, 2011.

[38] Interview with Kip Scheidler, Senior Director of Global Disaster Response, HFHI, October 12, 2011.

[39] Soula Proxenos, "Homeownership Rates: A Global Perspective," http://www.housingfinance.org/uploads/Publicationsmanager/0212_Hom.pdf, accessed November 11, 2011.

[40] Mondaq Finance and Banking, "Middle East Legal Services, Worldwide: Interest and Islamic Banking," http://www.mondaq.com/article.asp?articleid=53350, accessed October 21, 2011.

[41] Opportunity International Network, http://www.opportunity.net/About/, accessed October 21, 2011.

[42] Habitat for Humanity, "Strategic Plan Charter" (Atlanta, Georgia: HFHI 2011), p. 24.

[43] Interview with Jennifer Lindsey, Senior Director of International Communications, HFHI, November 17, 2011.

[44] Interview with Stephen Seidel, Senior Director of Global Programs and Implementation, HFHI, October 13, 2011.

[45] Interview with Stephen Seidel, Senior Director of Global Programs and Implementation, HFHI, October 13, 2011.

[46] Interview with Kip Scheidler, Senior Director of Global Disaster Response, HFHI, October 12, 2011.

[47] Interview with Jonathan Reckford, CEO, HFHI, October 12, 2011.

AUTHORS

Ronald Jonash
Partner, IXL Center
Ron's specialties are the strategic management of innovation, technology, and R&D to create and capture maximum value. In addition, Ron is on the faculty of the Hult International Business School, and on the Advisory board of Arthur D. Little Inc.

Kristen Anderson
Consultant, IXL Center
Kristen writes case studies for IXL and the HGCC, as well as contributes to product development and strategy for IXL. She designed and implemented the strategic plan for the regional case competition in London for HGCC 2011, and she will continue to be involved with the development of the program.

Dr. Hitendra Patel
Hult Professor of Innovation and Growth; Managing Director, IXL Center
At IXL Center, Hitendra works with firms and their executives to develop the institutional capabilities and culture that foster growth through innovation. He has given speeches globally on Innovation and Growth and is the author of a range of books on Innovation. At Hult, he is the Global Director of Innovation, Management Consulting and Action Learning Programs.

ACKNOWLEDGEMENTS

About IXL Center

Hult International Business School Publishing

IXL CENTER
CENTER FOR INNOVATION,
EXCELLENCE & LEADERSHIP

The Center for Innovation, Excellence and Leadership vision is to *Make Innovation Management a critical business discipline in corporations and business schools around the world.* Its mission is to help corporations and individuals develop world-class innovation management capability while driving significant business impact. IXL Center delivers this through Training, Coaching and Advisory services to create innovation breakthroughs and to build the innovation capabilities of individuals, teams and organizations. Clients achieve bigger, bolder, better results more quickly and cost effectively though blended learning and action learning programs, its Certified Innovation Manager (CIM) program and collaborative research projects. IXL Center is a global community of innovation thought leaders and practitioners with offices in Boston, Dubai, London, San Francisco, Shanghai, São Paulo and Seoul.