

Aligning Business Strategy and Poverty Alleviation



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Source: Kidame Mart video @
<https://www.youtube.com/watch?v=F7pLc4No0m0&t=226s>



This is our time!

**We must use the power of business to solve vexing social problems,
including impoverishment faced by the world's poorest citizens**

And we have to deliver results that are sustainable at scale





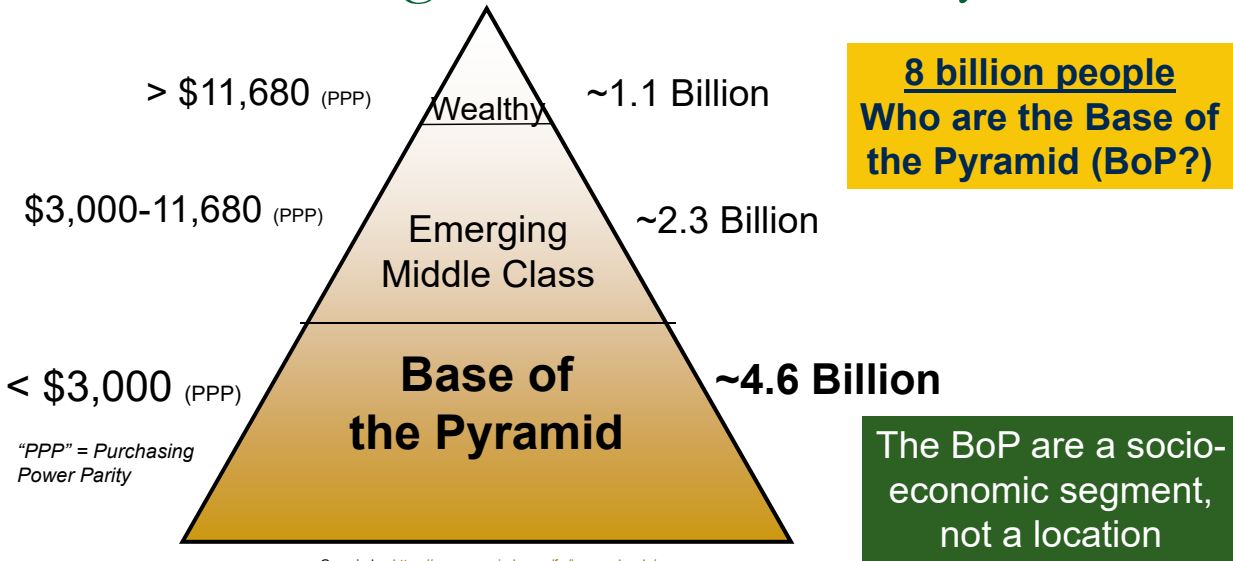
Who are the *Base of the Pyramid (BoP)*?

How many people are on this planet?

What are their income levels?

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4.6B Making Less than \$3,000/year



Gapminder: <https://www.gapminder.org/fw/income-levels/>
World Bank: https://www.worldbank.org/en/topic/poverty#:~:text=New%20poverty%20estimates%20by%20the_about%20736%20million%20in%202015.
Additional Data Sources: PovcalNet; Pew Trust; WB/IFC's Global Consumption Database

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Why should we - as business leaders - care about the BoP?

Business is the most powerful force for positive change.

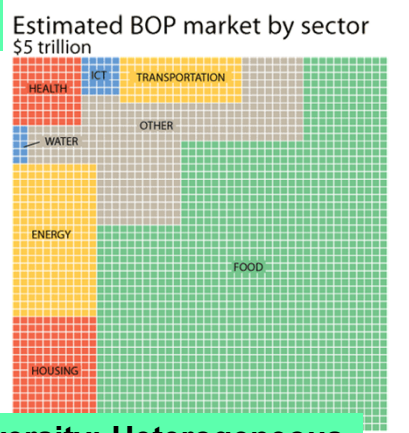
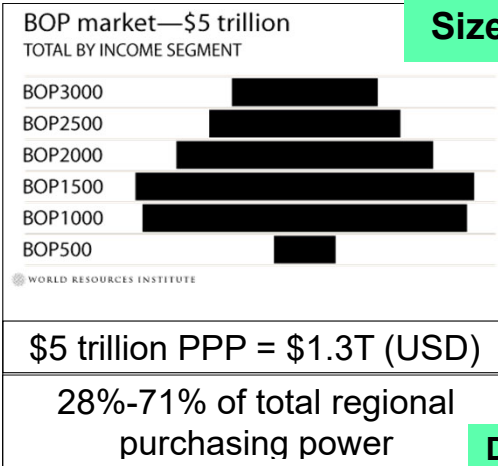
BUSINESS + IMPACT
At Michigan Ross

It's a bold claim.
Business as a force for real, meaningful change.
The kind of change that makes a positive difference.

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Business Trend: The Quest for Growth

Projected annual GDP growth in high income countries: 2.6%



Diversity: Heterogeneous market segment

Source: "The Next Four Billion," 2007, IFC & WRI;
http://www.wri.org/business/pubs_images.cfm?pid=4142

3 billion people rely on wood, coal, charcoal or animal waste for cooking and heating

~750 million people earn less than \$1.9/day (poverty line)

2.4 billion people lack access to basic sanitation services, such as toilets or latrines

One in four children under the age of five has inadequate height

Almost 1 billion people go hungry

Another perspective: Enormous impact sectors...that are also business opportunities

Impact Trend: Need for New Approaches



Source: TL Photo, Malawi

Malawi, 1989
Kids at School



Source: TL Photo, Kenya

© Ted London

Kenya (~ 25 years later)
Kids at School

SDGs: Tackling the Grandest Challenges



Investing in Business + Impact

“A successful sustainable development agenda requires partnerships between governments, the private sector and civil society... [to] unlock the transformative power of trillions of dollars of private resources.”

**Spending \$180+ billion/year:
Rethinking collaborations between business & development**

Sources: <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/ODA-2021-summary.pdf>; <https://unstats.un.org/sdgs/report/2019/goal-17/>

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Business+Impact: Beyond the Trade-off

Business Leaders

- Search for growth
- Find new customers
- ~~Locate new~~ sources of supply
- Create value

New Opportunities

Development Community

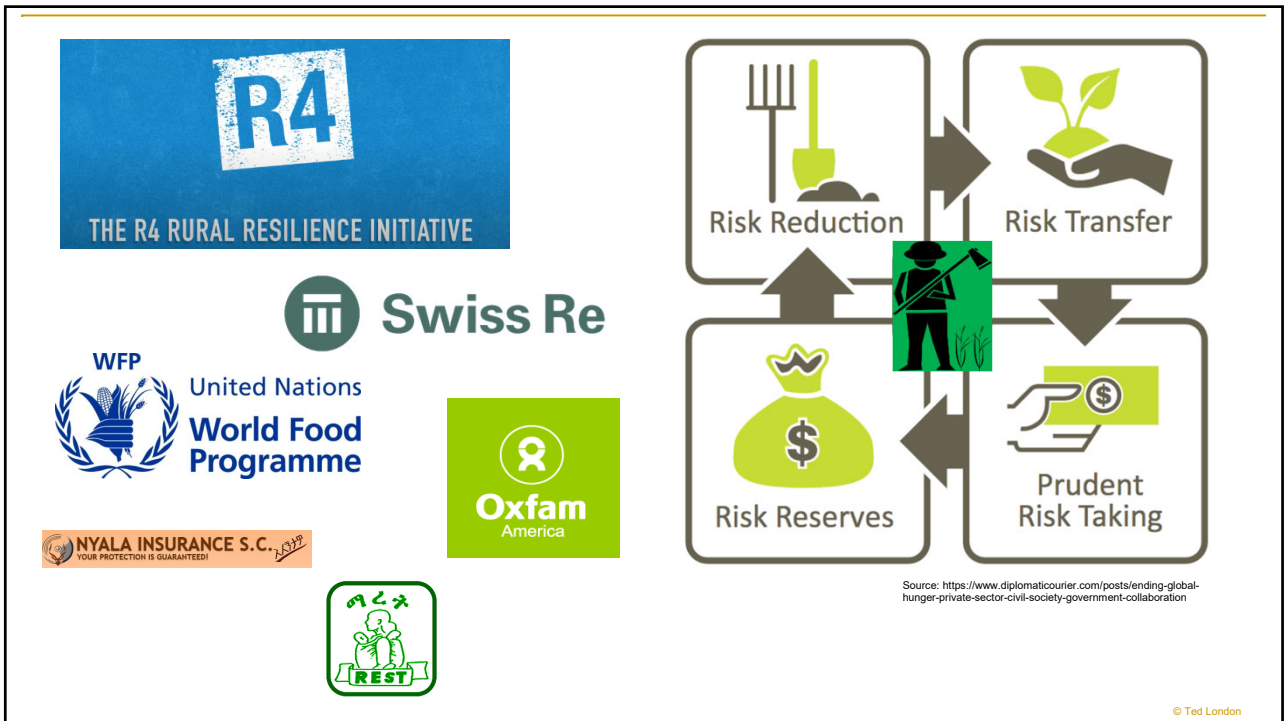
- Need for scale
- Have too many "customers"
- ~~Support local~~ producers
- Alleviate poverty

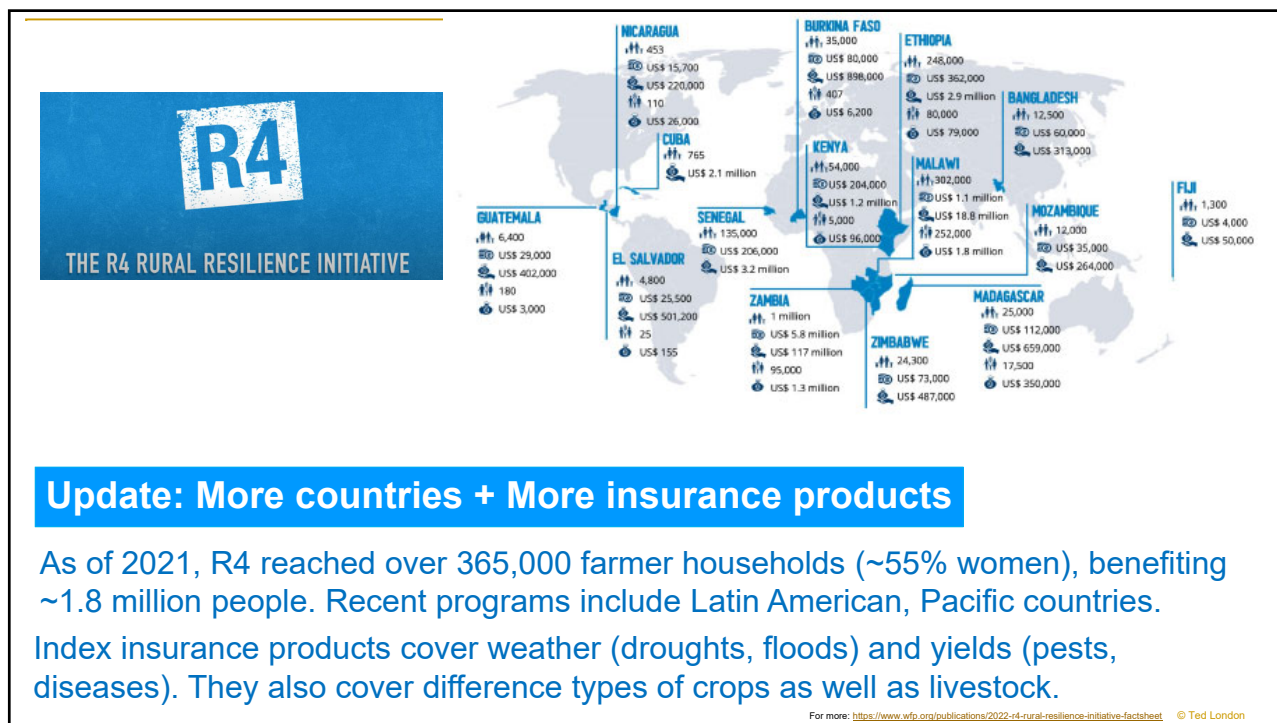
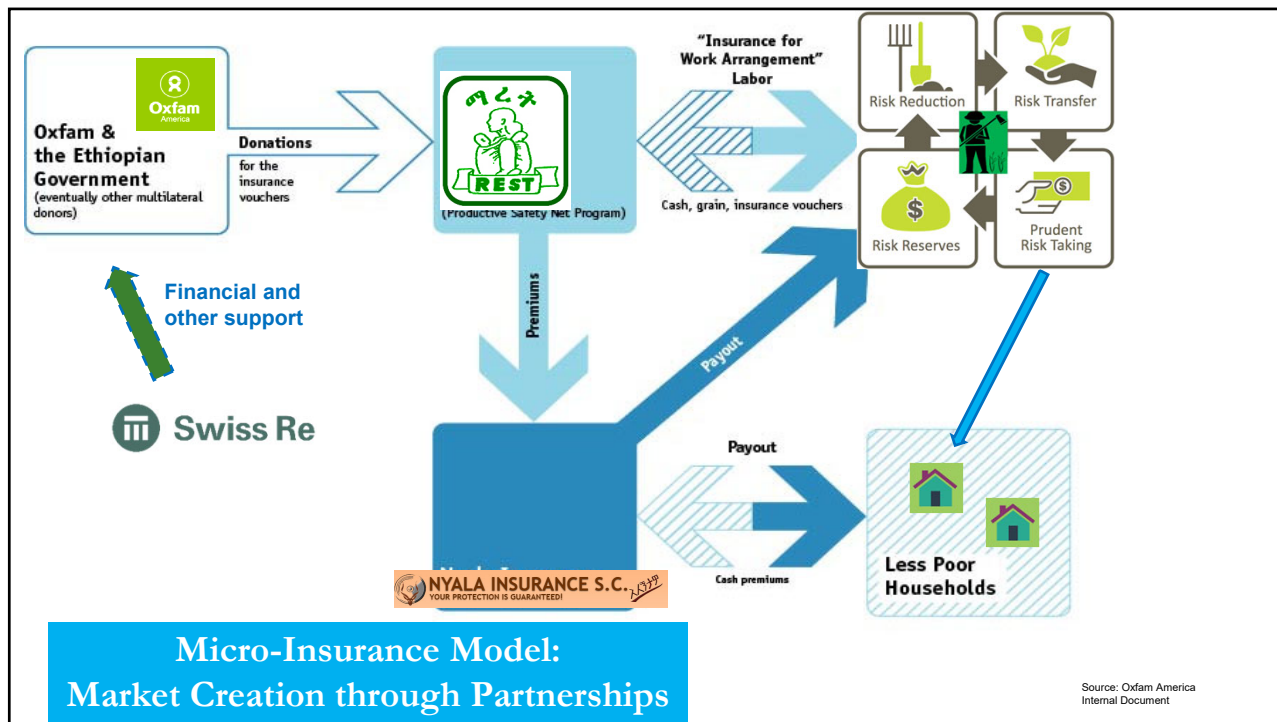
New Approaches

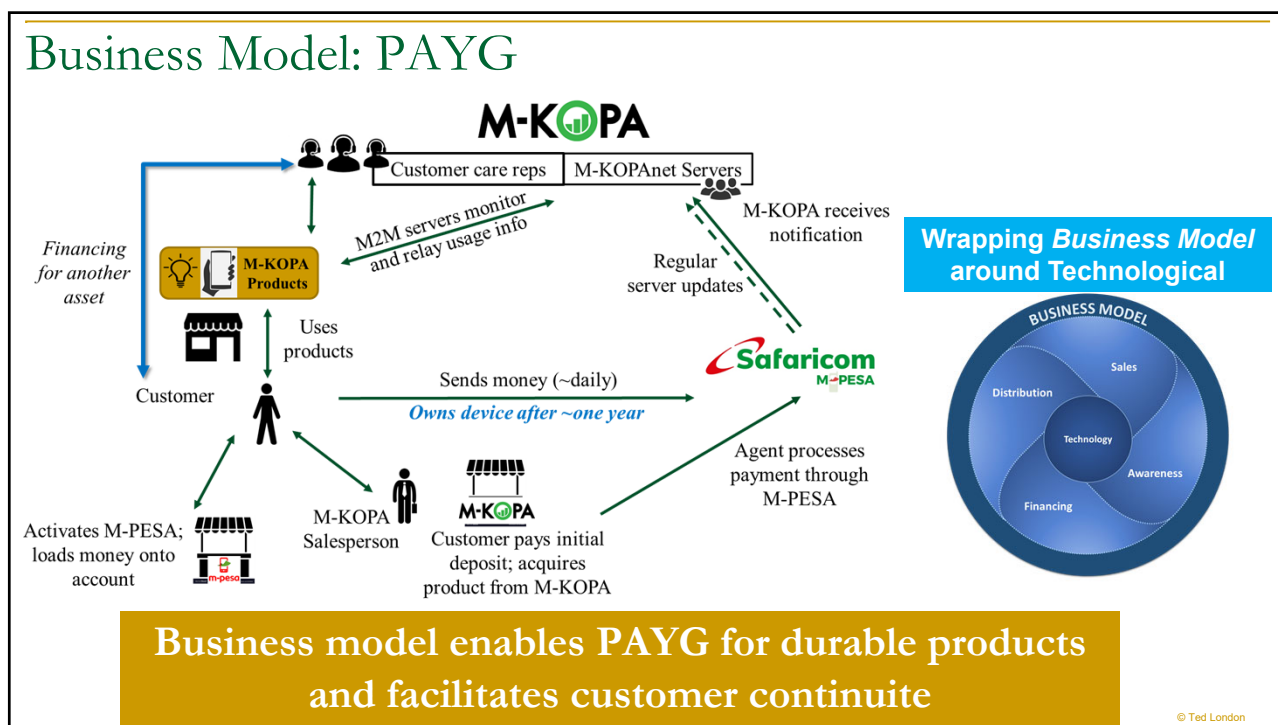
Goal: Build sustainable, scalable enterprises that have a net positive impact on poverty alleviation

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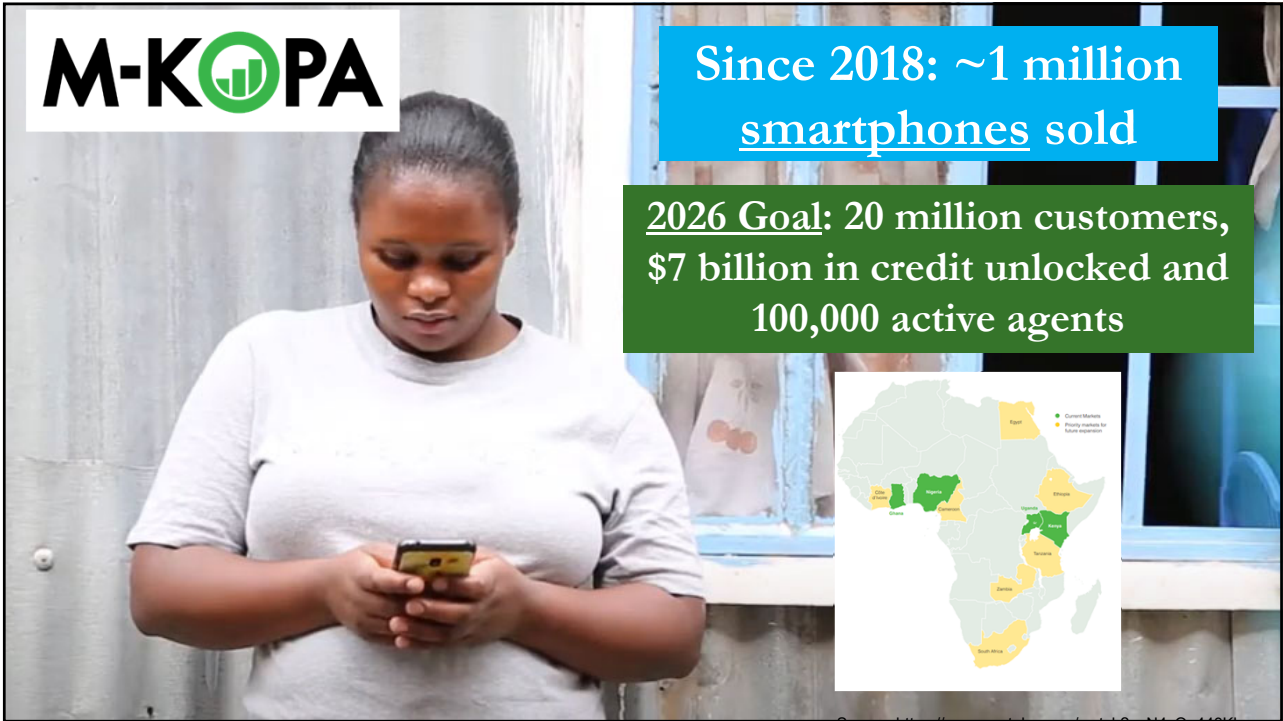




M-KOPA

Since 2018: ~1 million smartphones sold

2026 Goal: 20 million customers, \$7 billion in credit unlocked and 100,000 active agents

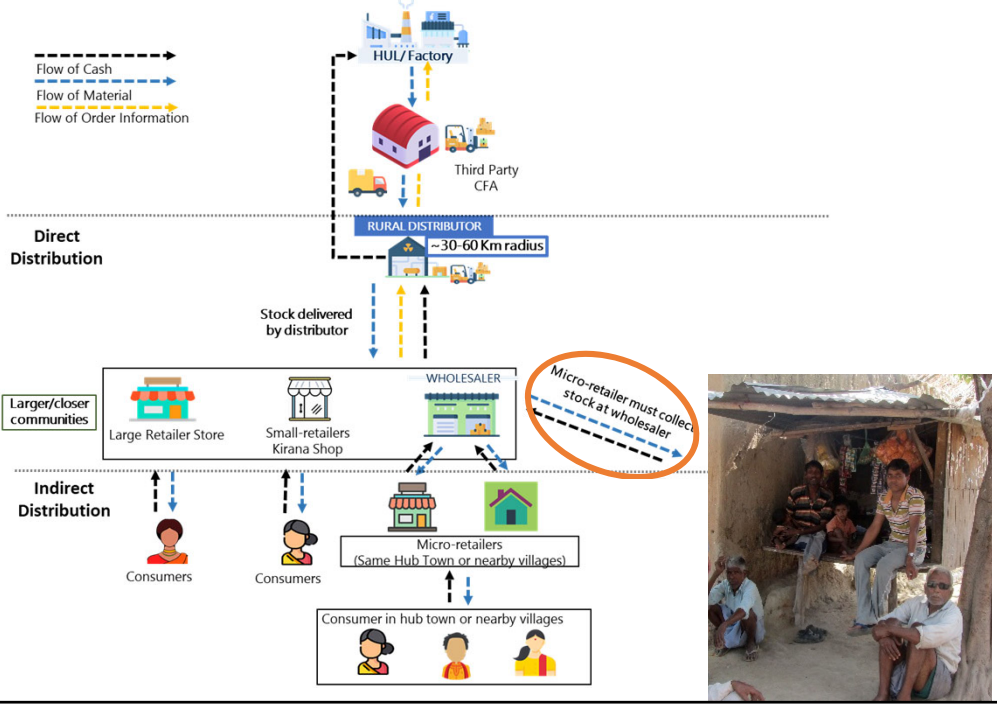


HUL's Shakti Initiative

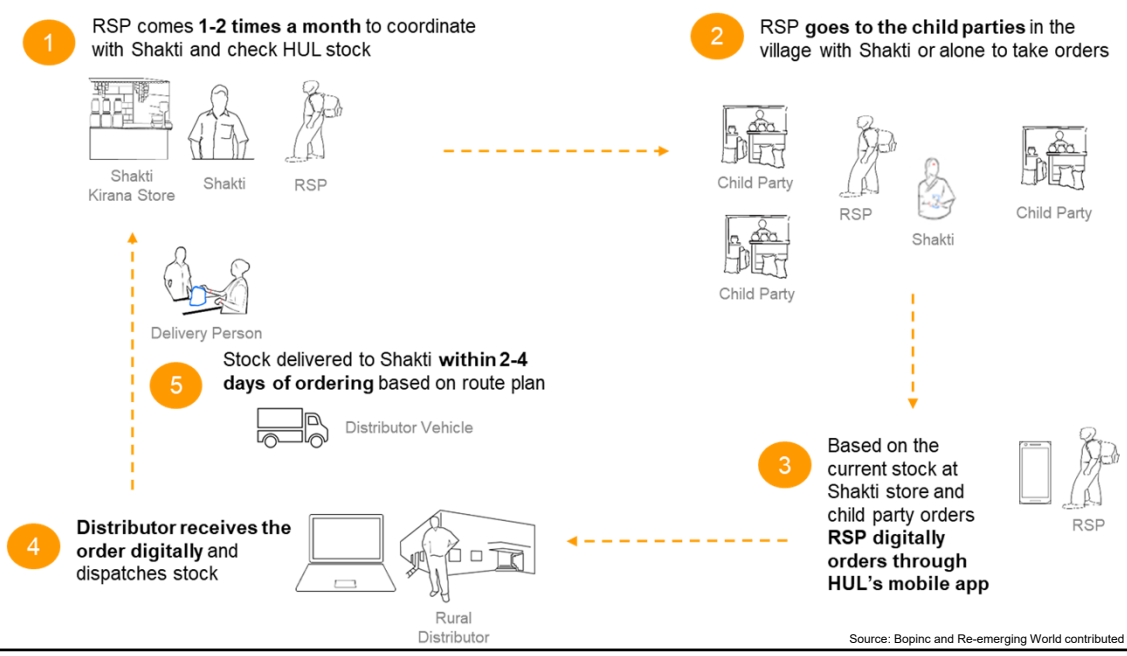


120,000+ Shakti (women) entrepreneurs across rural India

Distributor Channel

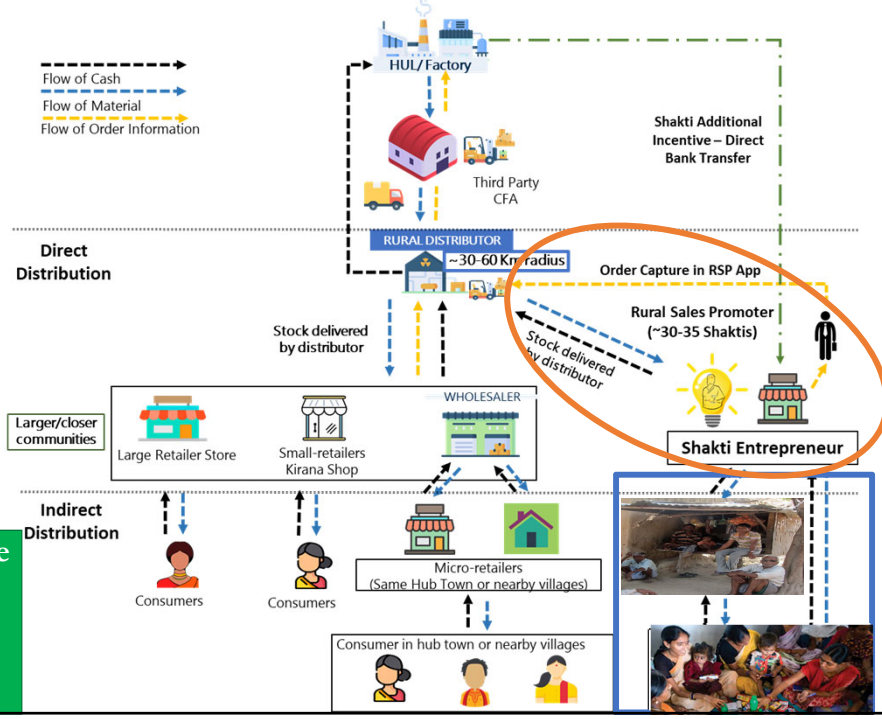


Shakti Channel: Ordering and Delivering



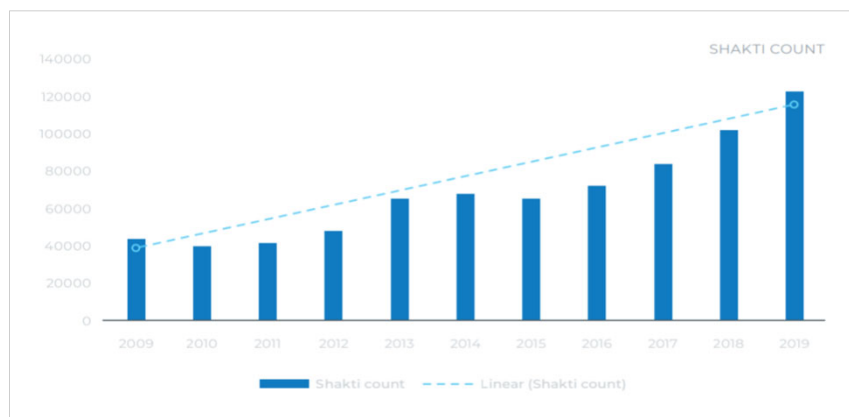
Source: Bopinc and Re-emerging World contributed to this graphic

Distributor Channel with Shakti



Balancing bricolage and de novo: Innovating while leveraging what already exists

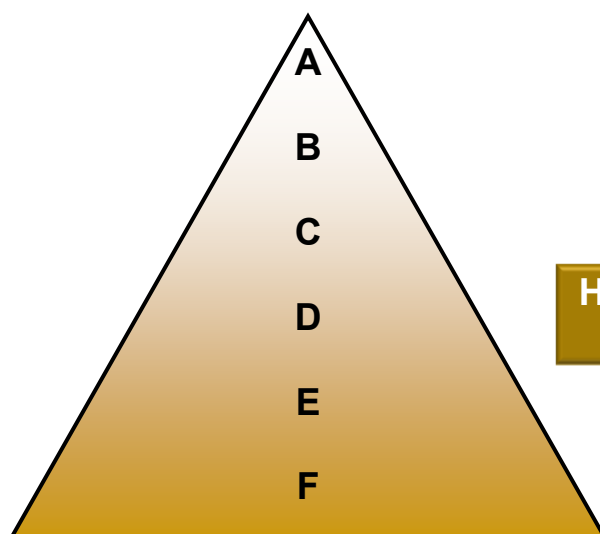
Growth of Shakti Agent Network



Network includes over 120,000 Shakti entrepreneurs, who generate an average monthly turnover of INR 20,000 (USD 265).



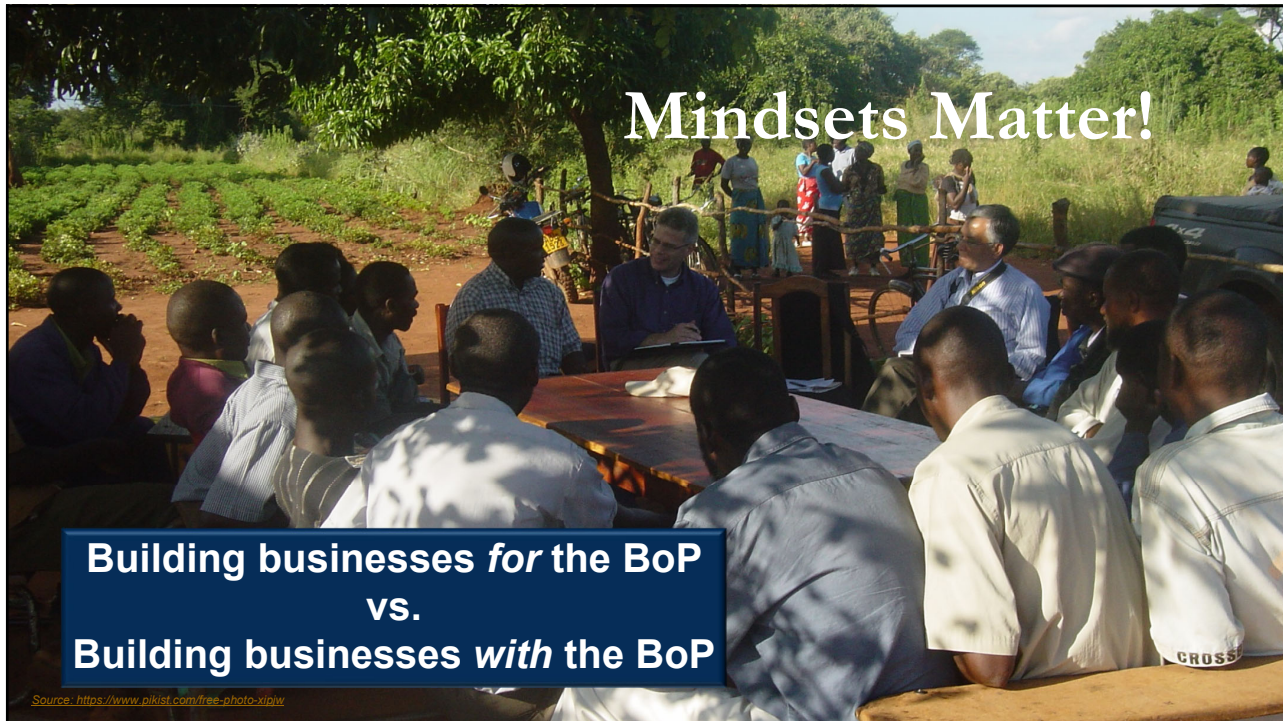
Where are You on the Income Pyramid?



**What are the
implications?**

**How “representative” is your
perspective of the world?**

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Assume you are *leading a BoP enterprise* and you are briefing a newly hired team:

Identify three words to describe the “target population” (the BoP) that you think will be most helpful in guiding your team to engage in the field





My three words:
Colleagues, Partners and Advisors

Respect is critical
These stakeholders are just as smart, hardworking and innovative as the well-off

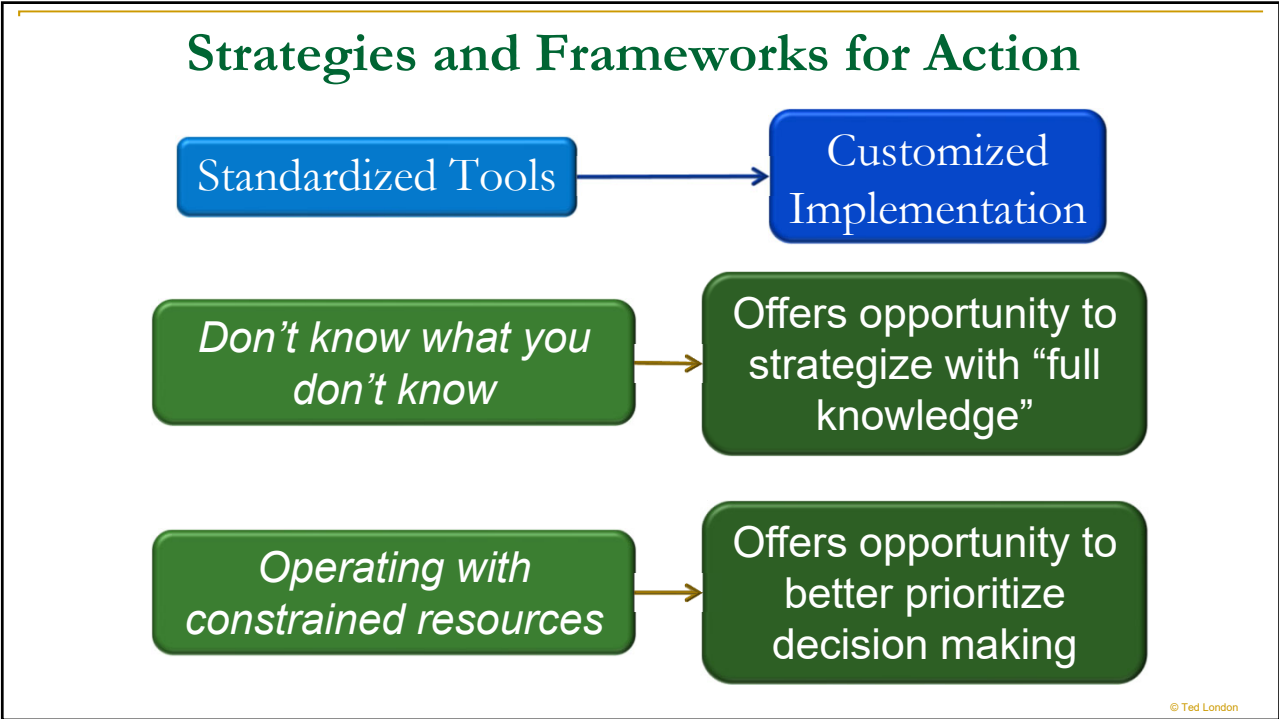


IF YOU WANT TO GO FAST,
GO ALONE.

IF YOU WANT
TO GO FAR,

go
TOGETHER.
- african proverb

Credits:
Shuan SadreGhazi



Sustainability at Scale Toolkit

Design for Success

Business Model Innovation Framework

Plan for Scale

Co-create, Innovate, Embed Framework

Manage Value Creation

Impact Assessment Framework

Develop Partnerships

Partnership Ecosystem Framework

Illustrating and Assessing BoP Business Models

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Illustrating and Assessing BoP Business Models

Key Considerations: Scaling BoP Business Models requires...

1. the right balance of bricolage and de novo

2. structures and incentives that synchronize scaling of sub-components

3. understanding the need for demand creation vs. demand fulfillment

4. net positive returns for all stakeholders

5. addressing the balance between business and social goals

6. enabling learning and continual improvement

BoP Business Models Considerations and Questions

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BMI: Setting up internally for success

Resources

- Does team have the right portfolio of skills & experiences to engage in target markets?
- Do the financial investors offer sufficient flexibility to innovate?

Metrics

- Do the short-term metrics allow for innovation and value both success and failure?
- Do the long-term metrics consider financial and social performance?

Problem-Solving

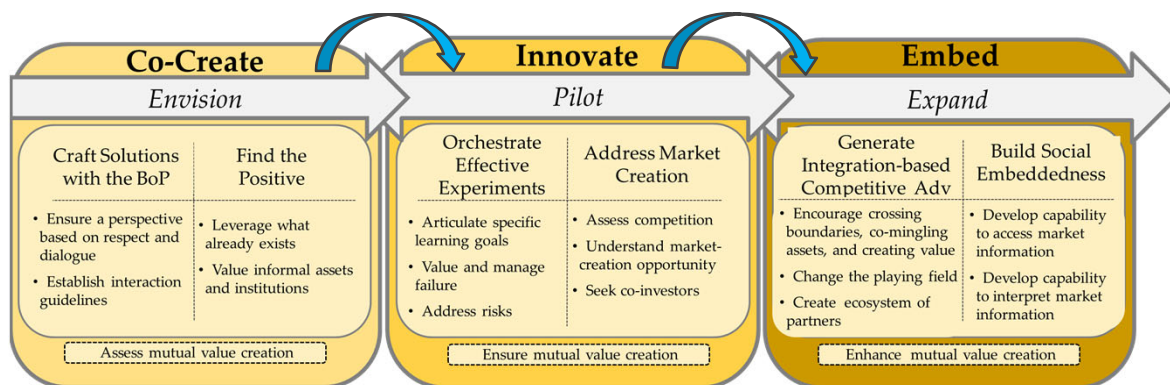
- Is the team engaging appropriate internal and external partners in developing their business model?
- Is the team solving the right problems?

Structure

- Does the legal entity support the desired capital structure and scope of activities?
- Do organizational & geographic locations of team enable BoP-oriented innovation?

Source: London, T., 2016. "The BoP Promise"
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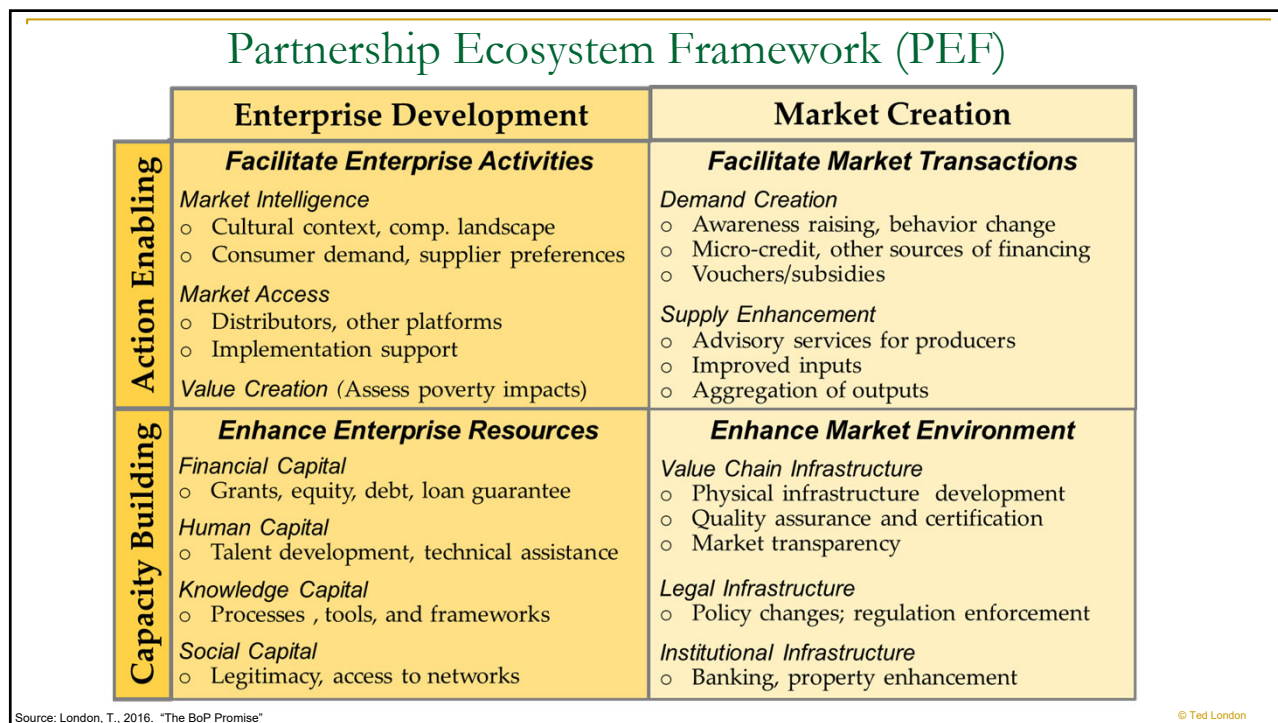
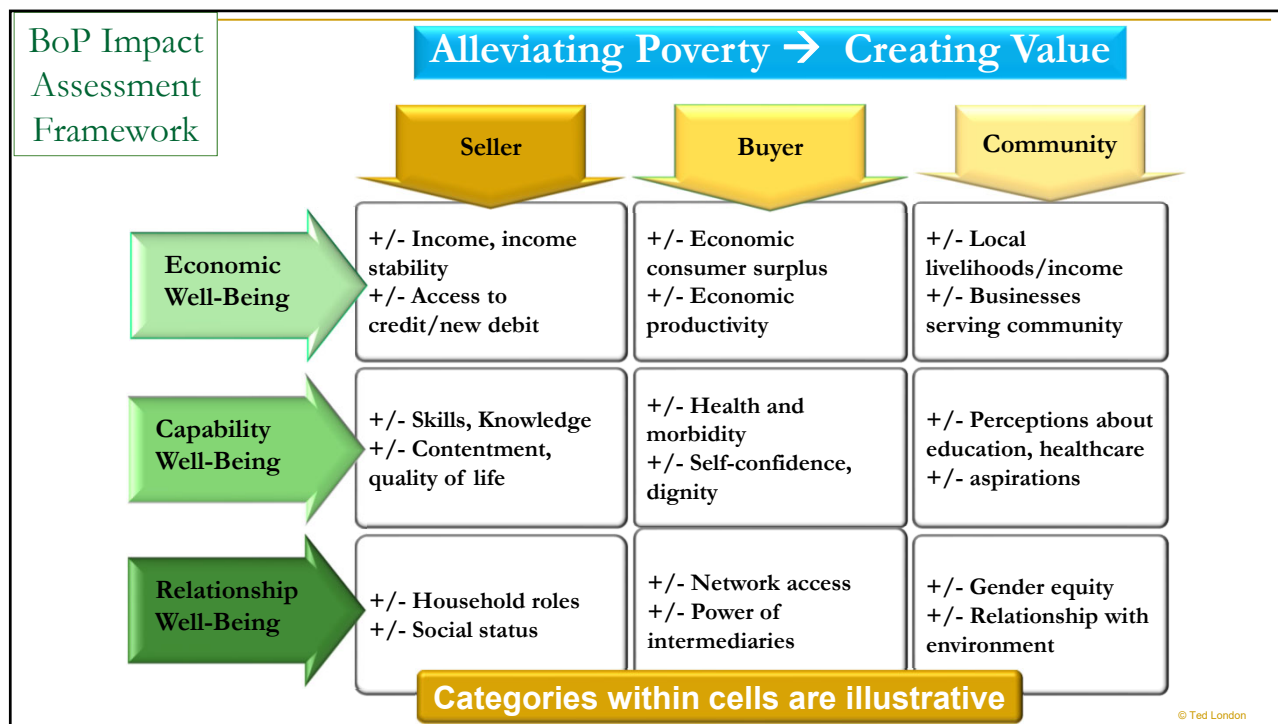
Cocreate-Innovate-Embed (C-I-E) Scaling Strategies



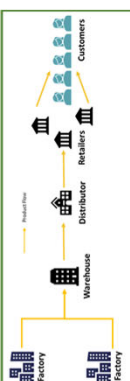
Strategizing about Scale from the Start


Source: London, T., 2016. "The BoP Promise"

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Sustainability at Scale Toolkit

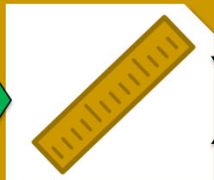





Design for Success



Plan for Scale




Manage Value Creation

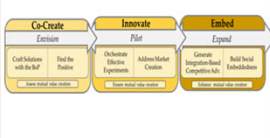


Develop Partnerships


Illustrating and Assessing BoP Business Models




Co-create, Innovate, Embed Framework



Impact Assessment Framework



Partnership Ecosystem Framework



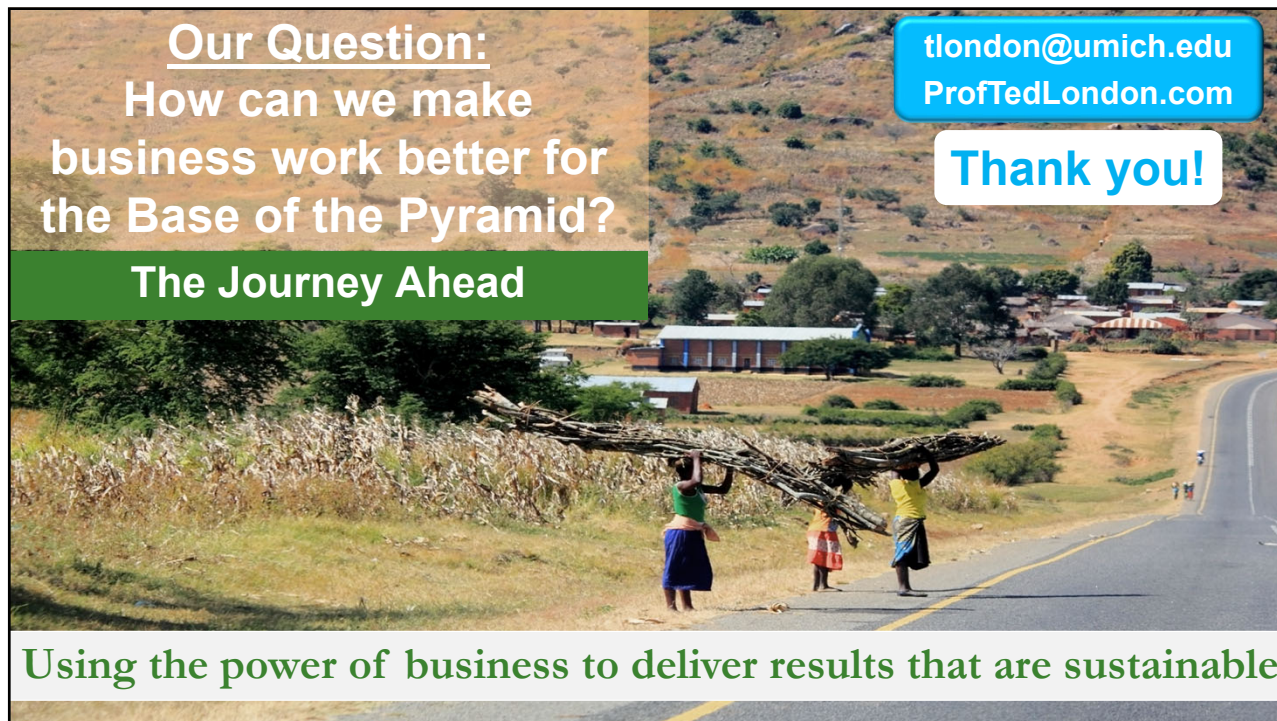
Building a Toolkit of Strategies Frameworks and Processes

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Our Question:
How can we make business work better for the Base of the Pyramid?
The Journey Ahead

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Thank you!



Using the power of business to deliver results that are sustainable