A BoP Global Network Proposal

Executive Summary

Enterprise for a Sustainable World (ESW) and Global Social Impact (GSI) seeks financial support over a three-year period for the development of a groundbreaking Base of the Pyramid (BoP) Global Network.

The 3-Year Goals for The BoP Global Network

- **More than 100 new business models and innovations.**
- **A minimum 20 online BoP seminars.**
- **One website that will unite the current 18 global BoP Labs.**
- **On-going BoP educational resources.**
- **Articles and publications.**

The Base of the Pyramid (BoP) *is a demographic term that covers the approximately four billion people who live on less than USD $4 per day at the base of the global economic pyramid. Companies have traditionally not considered this group as a potential market because of the low income of the households. As a result, income poor communities often lack competition, which leads to a poverty penalty where poor people often overpay for goods and services of low quality. However, by applying disruptive, new technologies and creating more inclusive business models, it is possible to generate innovative new commercial opportunities with tremendous potential to both scale laterally as well as "trickle up" to the top.*

What is the BoP Global Network?

One of the answers to some of the greatest challenges facing humanity can be found through inclusive and sustainable innovation and collaboration. The BoP Global Network was established to bring together global leaders to share knowledge and disseminate information regarding the theory and practice of sustainable business at the base of the economic pyramid. Rather than using traditional aid methodologies to help the poor and improve their quality of life, we have established BoP Learning Labs that promote research and development of entrepreneurial business methods. These Labs make up the BoP Global Network. The goal is to stimulate new enterprises that are economically competitive, environmentally sustainable, and culturally appropriate. This innovative idea has caught the attention of numerous academic institutions and other organizations around the world, and currently, BoP Learning Labs have been established in 18 countries.

Defining Businesses at the BoP

To provide greater clarity and focus, the BoP Global Network identified four needed factors that should be present to qualify as a "BoP business" in the BoP Global Network.

First, our focus with regard to BoP enterprises is on **private-sector business models.** While social enterprise and non-profit models are important, the focus of the Global Network partners is on profit-making business models for serving the poor.

Second, the Global Network is focused on businesses that are **transformational** in quality, meaning that they have a profoundly positive effect on the communities they serve. Beyond simply "selling a product," a BoP business must improve the livelihoods. Implicit in this is the expectation that the business will engage members of the local community as partners to achieve the greatest success.

Third, the Global Network partners believe that consideration of **environmental, social, and cultural impacts** must be embedded in BoP business strategies. There must be motivation to improve the quality of life for the community; simply creating economic activity without regard for the local environment, community, or cultural impact is not consistent with BoP enterprise development as defined by the Network.

Fourth, and finally, there must be the aspiration and potential to **scale and propagate** the business beyond the initial community or region within which it is launched. While local innovation and non-profit experiments are important, only by growing and expanding sustainable enterprises in BoP communities globally will we make more rapid progress toward a sustainable world.

The BoP Global Network Based on Groundbreaking Research

The first BoP Learning Lab began in the US as a consortium of companies, NGOs, entrepreneurs, multilateral organizations, and academics working to discover and implement business solutions to global poverty. Established in 2000, it grew out of the research and writings of Dr. Stuart Hart in the late 1990s. His pivotal article, "The Fortune at the Bottom of the Pyramid," co-authored with C.K. Prahalad, provided the intellectual foundation for a business agenda that focused on improving the lives of the approximately 4 billion people in the world who live on less than $4 US per day.

Today, the BoP Global Network has become a loosely affiliated community of academics and practitioners in 18 countries that engage in knowledge creation and dissemination about the theory and practice of creating sustainable businesses at the base of the economic pyramid (See map for locations on Appendix 3). In addition, the Global Network seeks to develop and implement win-win solutions that open new opportunities for business value creation while simultaneously expanding the development of the world's poor. Accordingly, the partners developed a set of principles and purposes that all members of the BoP Learning Lab Global Network should ascribe to.

- Catalyzed an applied research agenda using inclusive business models that help achieve progress for all.
- Developed monitoring and evaluation frameworks that help companies track and quantify the impact of their activities on the triple bottom line.

Facing New Global Challenges

Proposing sustainable solutions to new global challenges that are increasing in complexity is of crucial importance. The BoP Global Network believes there is an urgent need to develop a truly global research platform dedicated to identifying, testing, and promoting effective ways to alleviate poverty through sustainable business enterprise creation.

More and more companies, non-profits, and entrepreneurs are interested in BoP enterprise development. And, a growing number of organizations are addressing these interests through dedicated programs, funds and specific projects.

The increased global interest in carbon markets and clean-technology makes it critical to engage colleagues around the world in research and experimentation to reduce poverty through innovation, entrepreneurship and new market creation that emphasizes disruptive technologies and business models.

With the support of corporate partners, our goal is to formalize the BoP Global Network, catalyze cross-border collaboration and promote innovative, multi-disciplinary research that identifies, generates, and evaluates business solutions to address the root causes of global poverty. We aim to build a network of 15-20 partner institutions from around the world with 40-50 faculty and practitioner leaders actively engaged in global conversation and collaboration.

Corporate Call-to-Action

To facilitate the formalization and expansion of the BoP Global Network, ESW is seeking funding for a *three-year program* of activities, beginning in October 2012 and concluding in October, 2015. Funding for three years will ensure that ESW has the resources to effectively support and spearhead this innovative global initiative and ensure its success. We believe that within this period we can make significant headway in institutionalizing the Global Network, provide consistent leadership, and create a valuable network supported by several revenue streams including membership and research grants.

A Word About Clean Technology

As the concept of BoP enterprise development has flourished we have also seen a parallel explosion of interest in Clean Technology as its commercialization has become more profitable and has penetrated mainstream business. Like all new ideas and innovations, clean technologies struggle to gain a foothold in well-established markets. Efforts to commercialize these technologies are shifting to BoP markets aided by the creation of a new wave of venture funds such as New Venture India, VentureEast, and Acumen Fund that specifically target developing countries. According to the International Energy Agency, in a report published in June 2006, "Fast-growing developing countries offer opportunities to accelerate technology learning and bring down the costs of technologies." With much to gain, these impoverished communities could potentially be more willing to test experimental technologies and business endeavors. ESW would like to support research in this area and believes that the convergence of BoP business strategies and clean technologies is where the Global Network should focus its future research and activities. Therefore, it is incumbent upon us to lead the Network in this direction, broaden our scope, and engage more research disciplines.

Funding from corporate founders will be used for four main purposes:

1) Permanent dedicated staff: To lead and facilitate Global Network activities, to ensure implementation and follow-through on commitments and to improve communications among BoP Learning Labs dedicated staff are required. Staff would be responsible for building the Global Network, catalyzing joint research, disseminating the group's collectiv knowledge, and planning and executing the Annual BoP Learning Lab Global Summit.

2*)* Support an Annual BoP Global Summit: This annual event will bring the leaders of partner institutions together for 2-3 days to discuss the challenges and opportunities of creating business enterprises at the base of the pyramid. The Summit will facilitate intensive networking and shared experience among Lab Directors with the goal of further project development and incubation that will spur innovative research. Projects + innovation = benefit for corporations.

3*)* Stimulate applied research among the BoP Learning Labs: This research will explore questions such as: how corporations should create BoP markets and partner with local community organizations and non-profits; how they can effectively scale entrepreneurial initiatives in low income communities; and how corporations can evaluate the impact of their business ventures on the individual, the community, and the environment. The Annual Global Summit will help prioritize research with funding being used to support collaborative BoP research projects each year.

***4)* Develop educational tools and materials**: Educational materials about BoP business enterprises and their role in poverty alleviation are sorely lacking. Traditional classroom materials need to be developed and expanded as interest in this research domain grows. It is critical to effectively educate not only the next generation of business leaders, but especially current leaders. We will gather, organize and leverage critical learnings wherever possible and create affordable, easily accessible, online educational materials.

<u>The activities described above are designed to achieve the following results:</u>

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Funding Request

The over-arching financial aim is to transition The Global Network to economic self-sufficiency. It is expected that as each individual BoP Learning Lab develops its own programs and expands its funding base they will be able to provide sufficient financial resources to support a significant portion of the BoP Global Network activities. It is also expected that the BoP Global Network will be attractive to multinational corporations seeking to align their global operations around BoP concepts. To achieve this goal, funding to support the initial development phase is critical. We are asking select corporations to serve as visionary Corporate Sponsors to support the initial developmental phase.

Benefits to Founder Sponsors

During the 3 years of this project, Founder Sponsors will benefit by:

- Name and logo recognition on the BoP Global Network home page (regardless of future sponsorship)
- Name and logo recognition in all publications, conferences and seminars hosted by the BoP Global Network.
- Participation in conferences and seminars organized by The BoP Global Network.
- The opportunity to consult with ESW staff on your corporate BoP initiatives.
- Positive public relations as a visionary company, original founder and Corporate Founder Sponsor.
- Increased positive brand image with employees, the public and in recruitment efforts.
- Reserved time with Dr. Hart and experts of the BoP Global Network for your organization for each year of support.

Corporate Founder Sponsors are requested to support the first 3 years of the BoP Global Network development with $100,000 / year.

For More Information:

To find out how your company can participate in this groundbreaking initiative, please contact:

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BoP Global Network Director

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Appendix 1

Detailed list of organizations and academics who have worked with the BoP Learning Lab since its inception.

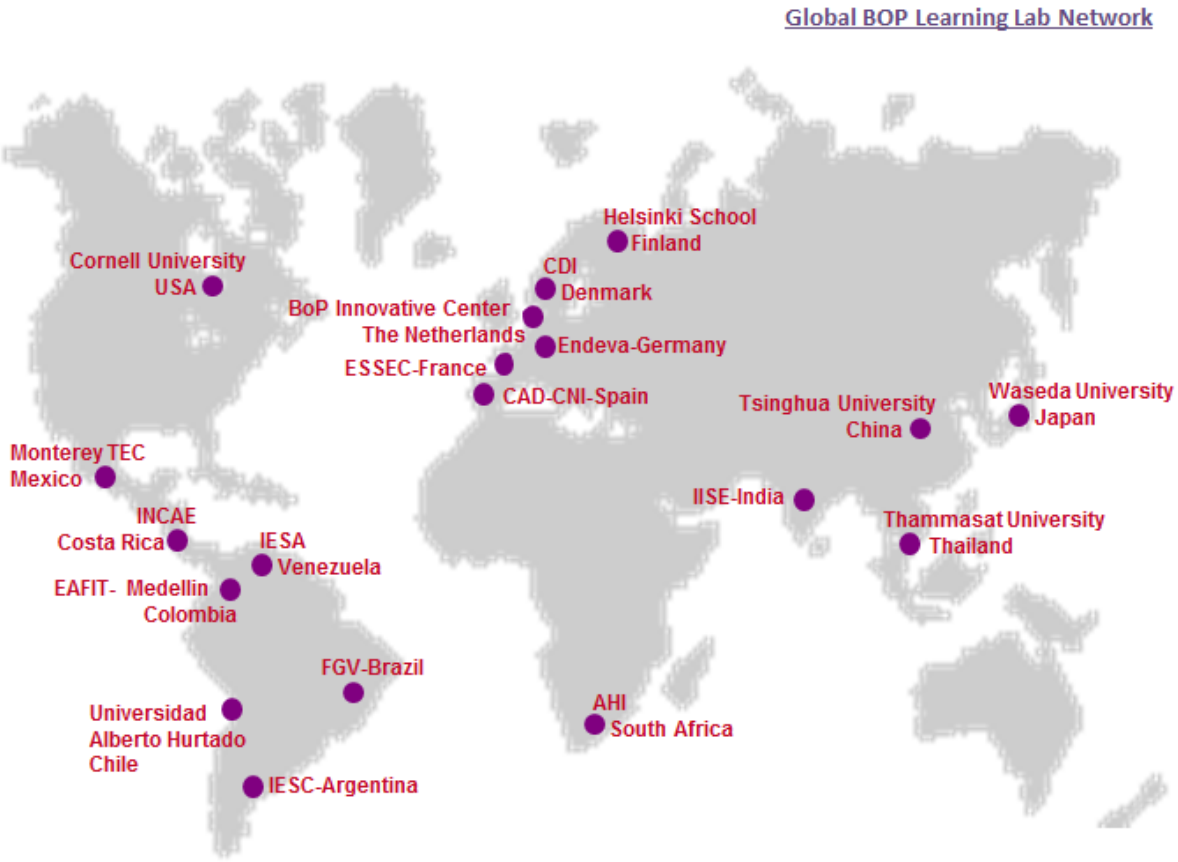
Companies	Non-profits and Multilateral Institutions	Academics
AES	Acumen Fund	Anjali Kelkar, Illinois Institute of Technology
Battelle	ApproTEC	C.K. Prahalad, University of Michigan
Cadbury Schweppes	Ashoka	David Wheeler, Dalhousie University
Corning, Inc.	CARE Canada	Greg Dees, Duke University
Danone	Freeplay Foundation	Jac Geurts, Tilburg University
DuPont	Grameen Foundation USA	Jane Nelson, Kennedy School of Governt
Ford Motor Company	Inter-American Development Bank (IDB)	Jeremy Baskin, University of Cambridge
Hewlett-Packard Company	International Finance Corporation (IFC)	Jim Austin, Harvard Business School
IBM	Overseas Private Investment Corporation	Jim Johnson, University of North Carolina
Johnson & Johnson	Oxfam	Marietta Baba, Michigan State University
Lockheed Martin Corporation	Population Services International (PSI)	Miguel Rivera-Santos, Babson College
McGovern Capital, LLC	Sesame Workshop	Peter Senge, Society of Organizational Learning
Nike	Tata Energy and Resources Institute	Robert Kennedy, The William Davidson Institute
Procter & Gamble	United Nations Development Program (UNDP)	Erik Simanis, Cornell University
SC Johnson	US Agency for International Development (USAID)	Sanjay Sharma, Wilfred Laurier University
Tetra Pak	World Bank	Ted London, The William Davidson Institute
The Coca-Cola Company	World Business Council for Sustainable Development	Will Day, University of Cambridge
The Dow Chemical Company	World Resources Institute (WRI)	Monica Touesnard, Cornell University
The Solae Company	Yachana Foundation	Peter Senge, MIT

Appendix 2

BoP Learning Lab Global Network Partner Institutions and Directors

BRAZIL	
FGV GVcev	**Centre of Excellence in Retail FGV-EAESP (GVcev)** www.fgv.br/cev Edgard Barki
ARGENTINA	
CENTER FOR STUDY OF CORPORATE SUSTAINABILITY	**IESC - Center for Study of Corporate Sustainability** http://www.sustentabilidad.org.ar/eng/cap00.htm Miguel Angel Gardetti
COLOMBIA	
UNIVERSIDAD EAFIT Abierta al mundo	**Universidad EAFIT -** EAFIT Social www.eafit.edu.co Mario Vargas & Juan David
COSTA RICA	
INCAE BUSINESS SCHOOL	**INCAE Business School** www.incae.edu Urs Jaeget
VENEZUELA	
IESA	**IESA Business School** http://www.iesa.edu.ve/ Edgard Jardine
MEXICO	
EGADE Business School TECNOLÓGICO DE MONTERREY	**Tecnologico de Monterrey – EGADE** http://www.egade.mx Nicolás Gutierrez
GERMANY : ENDEVA	
endeva	**Endeva** www.endeva.org and info@endeva.org Christina Gradl & Aline Kramer
FINLAND	
A! Aalto University	**Aalto University School of Economics** http://econ.aalto.fi/en and http://innoplexus.pbworks.com Teija Lehtonen
FRANCE	
ESSEC BUSINESS SCHOOL	**ESSEC - Institute for Social Innovation and Social Entrep**reneurship - http://iies.essec.edu Marion Cesselin
THE NETHERLANDS	
BoP INNOVATION CENTER	**BoP Innovation Center** http://www.bopinc.org Myrtille Danse
DENMARK	
BOP LEARNING LAB DENMARK	**Danish BOP Learning Lab** http://www.boplearninglab.dk Lars Tejilgard

SPAIN	
CINI	**CINI - Innovation Center for Inclusive Business** www.cinicenter.org Fernando Casado
PHILIPPINES	
ASEI	**Asian Social Enterprise Incubator Inc.** www.asei.com.ph Markus Dietrich
CHINA	
清華大學 Tsinghua University	**School of Economics and Management, Tsinghua University**, http://www.sem.tsinghua.edu Ruimei Peng & Yunhuan Tong
INDIA	
IISE	**IISE-International Institute for Sustainable Enterprise** www.theiise.net Priya Dasgupta
JAPAN	
NRI 未来創発 Dream up the future.	**Nomura Research Institute** http://www.nri.co.jp/english/index.html Tokutaro Hiramoto
SOUTH AFRICA	
Gordon Institute of Business Science	**GIBS Base of Pyramid Hub** www.gibs.co.za Tashimia Ismail

Appendix 3

Map with the BoP Learning Lab locations in the world.