

Base of the pyramid learning laboratory



University of Navarra

CBS
Center for Business in Society

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Introduction

The base of the world social pyramid, or BOP, consists of four billion people, that is to say, two out of every three inhabitants of the planet, who have to survive with or on less than four dollars a day (see figure 1). Therefore, BOP refers to two thirds of humanity who are now excluded from the market economy and live in extreme poverty.

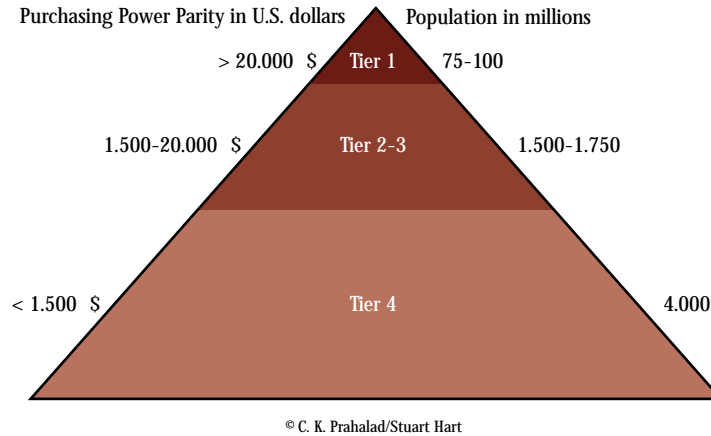


Figure 1. Distribution by income of the social pyramid

Different international bodies and a large number of non-governmental organizations have attempted to change this situation by means of aid programs or cooperation for development. However, for different reasons, including dependency, corruption and the intrinsic limited potential of these programs, their impact has not been enough to change the level of development of the BOP.

Traditionally businesses have ignored the BOP, considering that it does not represent business opportunities. Therefore, their strategies, business models, investments and products have been aimed at the top of the world social pyramid. Considering the fundamental role that business plays in social development, its perception of the potential of markets with purchasing power relative to the BOP, has helped to increase the distance between the two. Figures 2 and 3 explain this phenomenon from a systemic perspective.

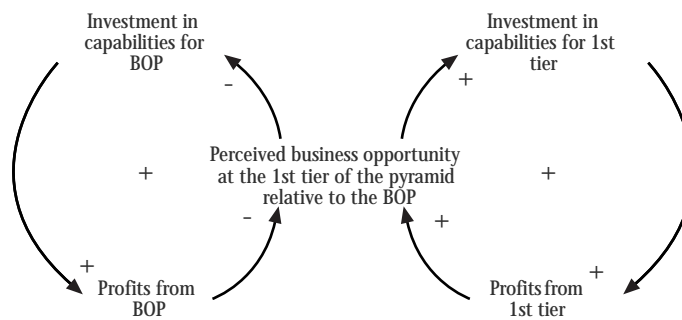


Figure 2. BOP as a self-fulfilling prophecy

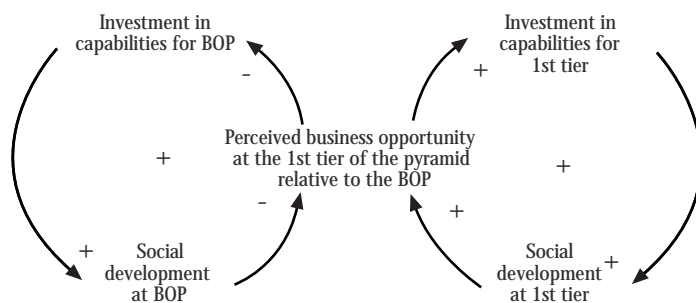


Figure 3. Success for the successful

Recently some companies, including major multinationals such as Unilever, Philips, Hewlett Packard, Dupont and Johnson & Johnson, have started to realize that there are major business opportunities behind the tremendous needs that remain unsatisfied in the BOP. These companies have developed new business models and strategies aimed at making the most of these opportunities. As could be expected, their activities have also had a positive impact from a social development perspective.

Mission

To create a learning platform - involving multinational enterprises, local businesses, non-governmental organizations, the public sector, multilateral organizations and academics all over the world – in order to analyze the base of the pyramid as a potential market of choice for multinational companies, thus promoting the social development of the world's poor.

Objectives

Sharing experiences

For most multinational companies, the base of the pyramid involves a great challenge. The BOP Learning Laboratory will foster the sharing of experiences among its business partners, which is the best way to overcome the risks and uncertainties inherent to an unknown emerging market such as the BOP.

Fostering dialogue

BOP markets are a multidimensional reality; therefore diverse vantage points are necessary in order for companies to succeed. In the BOP Learning Laboratory, an open dialogue among its diverse array of partners will contribute to a more holistic approach to BOP emerging markets.

Promoting new BOP ventures

By being an action learning initiative, and through the participation of its various partners, the BOP Learning Laboratory will be able to unveil new opportunities, promote new business ventures at the BOP, and support them from their initial stages to full development.

Creating knowledge

The diversity of the skills, knowledge and experiences of the partners, and the possibility to track and understand the reasons behind the successes and troubles of the new BOP ventures, will allow the creation of knowledge combining conceptual and theoretical rigor with practical utility for business.

Main activities

To fulfill its objectives, the BOP Learning Laboratory will organize meetings for all its partners three times a year. Two of these meetings will be held at IESE's campus in Barcelona, and the third one in an emerging economy hosted by a local partner.

IESE's research team, as well as the rest of the worldwide faculty network, will keep close contact with business and non-business partners as a way of developing deeper understanding and of obtaining information regarding their activities and experiences at the BOP.

CBS Capabilities

The Center for Business in Society of IESE is well positioned to play a leadership role in this initiative for several reasons:

- IESE's CBS has been conducting research on the BOP since this subject emerged as an area with the potential to help meet the compelling economic, social and environmental challenges that a more sustainable world entails. In 2001, IESE began a fruitful collaboration with Stuart Hart, professor at the Johnson School of Management at Cornell University, who was the first academic to conceptualize this phenomenon.
- A thorough understanding of the BOP phenomenon is only possible through a diverse array of partners who can contribute their various insights. IESE has close ties with business schools in more than 40 countries on four continents - through its associated business schools network and its longstanding International Faculty Development Program (see Annex). In addition, its relationships with representatives of the non-profit and public sectors, as well as multilateral organizations represent highly valuable assets in this initiative. All of this guarantees a rich variety of geographical, intellectual and vital vantage points.
- IESE has developed the international research project "Supply Chain at the BOP" in collaboration with Prof. Hart and academics from IESE's business school network in Mexico, Colombia, Peru, Argentina and Chile.
- IESE has published teaching material on this field, including the case series on the pioneering and successful inroads made by Unilever in relation to BOP, titled "Hindustan Lever Reinvents the Wheel."
- IESE has started collaborating with various multinational companies, such as Cemex, Philips, Tetra Pak and Unilever, which are already operating at the BOP.
- IESE's CBS is leading the research initiative of the European Academy of Business in Society (EABiS) on the BOP¹.

¹ For more information on EABiS and its academic and business partners, see its web page at <http://www.eabis.org>.

Annex

Networking Relationships with Latin America and Other Regions

IESE has contributed to the creation and development of business schools in diverse countries and maintains ongoing contact with these institutions. This offers IESE easy access to a group of academic institutions throughout the world, which in turn facilitates the creation of joint teaching and research activities.

IESE's associated business schools include:

Latin America:

- Argentina: IAE, Instituto de Altos Estudios Empresariales, Austral University, Buenos Aires.
- Brazil: ISE, Instituto Superior de Empresas, Sao Paulo.
- Chile: ESE, Escuela Superior de Empresas, University of the Andes, Santiago de Chile.
- Colombia: INALDE, Instituto de Alta Dirección Empresarial, University of La Sabana, Bogota.
- Ecuador: IDE, Instituto de Desarrollo Empresarial, Guayaquil.
- Guatemala: Tayasal, Business School, University of Istmo, Guatemala.
- Mexico: IPADE, Instituto Panamericano de Alta Dirección de Empresas, Pan-American University, Mexico.
- Peru: PAD, Programa de Alta Dirección (Advanced Management Program), University of Piura, Lima.
- Uruguay: IEEM, Instituto de Estudios Empresariales de Montevideo, University of Montevideo, Montevideo.

Asia:

- China: CEIBS, China Europe International Business School, Shanghai.
- Philippines: School of Business Administration, University of Asia and the Pacific, Manila.

Africa:

- Nigeria: LBS, Lagos Business School, Pan-African University, Lagos.

Europe:

- Portugal: AESE, Associação de Estudos Superiores de Empresa, Lisbon.

In addition, IESE has expanded its international reach through its International Faculty Development Program (IFDP), which it has offered since 1992. The IFDP is aimed at developing teachers and researchers in primarily Central and Eastern Europe. Recently the program has also included faculty members from non-European countries, such as Kazakhstan, Mongolia, Nigeria, Pakistan, Peru and Turkey. The educational institutions that have taken part in the program are listed below:

Institution	Country
Sofia University	Bulgaria
University of Zagreb	Croatia
The University of Economics	Czech Republic
Estonian Business School	Estonia
Budapest University of Economics Sciences	Hungary
Kazakhstan Institute of Management	Kazajistán
Riga International College of Economics and Business Administration	Latvia-Letonia
International Business School Vilnius University	Lithuania
Vilnius Gediminas Technical University	Lithuania
Mechanical Engineering School - Mongolian University	Mongolia
Lagos Business School	Nigeria
Institute of Management & Technology	Pakistán
PAD Escuela de Dirección de Empresas	Peru
Krakow Academy of Economics	Poland
Higher School of Business - National Louis University	Poland
Higher School of Commerce and International Finance	Poland
Institute of International Business - University of Gdansk	Poland
Warsaw Higher School of Management	Poland
Warsaw School of Economics (SGH)	Poland
Academy of Economic Studies	Romania

Al. I. CUZA University of IASI	Romania
Institute for Business and Public Administration (ASEBUSS)	Romania
Graduate School of International Business of the Academy of National Economy	Russia
International Management Institute (IMI)	Russia
International University	Russia
Moscow State University	Russia
Plekhanov Russian Economic Academy	Russia
State University of Management	Russia
Research Consulting & Training - The Economic Institute	Serbia and Montenegro
Bratislava School of Economics	Slovak Republic
Comenius University	Slovak Republic
School of business and Economics	Slovenia
University of Maribor	Slovenia
Istanbul Bilgi University	Turquía
International Management Institute	Ukraine



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