Focus :

BOP STRATEGIES & SOCIAL BUSINESS

CREATING SHARED VALUE AT THE BASE OF THE PYRAMID IN DEVELOPING COUNTRIES: CHALLENGES AND BEST PRACTICES

ROUNDTABLE

[AP2]
Room Muhammad Yunus
Palais Brongniart

Thursday, Septembre 20, 2012

Main findings

Base of the Pyramid strategies (BoP) and social business aim to reconcile a business model and a social objective by seeking to develop market solutions which respond to the needs of the most impoverished. The focus is that of creating shared value, which means creating value for the company while also offering development opportunities for the populations involved. In working towards these models, the issues of understanding expectations and co-creating solutions alongside impoverished populations is essential. Populations should be encouraged to participate by sharing their experiences and knowledge, which are sources of innovation for thinking out and putting together BoP or social business projects which are truly adapted to the hopes of the people. The co-creation approach goes beyond simply consulting stakeholders and populations and actually aims to integrate these actors in the process of thinking out how to develop products and business models. The diagnostic is a crucial phase which is often long, sometimes uncomfortable, but absolutely necessary in creating actions that have true meaning and impact. In order to conclude this diagnostic, a back-to-basics approach may be necessary in order to come up with a product or service which truly responds to the needs and specificities of the market. In a similar way, the company cannot turn its attention away from developing an ecosystem. Finally, favouring an iterative approach is vital while also allowing for mistakes to be made.

Speakers

Asif U. Ahmed
Director, Private Sector Engagement, CARE Bangladesh

Arnaud Druet
VP Rural Development, Orange

Mansour Fall
Programme Effectiveness Specialist, East Africa Region, World Vision International

Guillaume Thureau
Social Business Director, Danone Algeria

Moderator

Olivia Verger-Lisicki

Head of Inclusive Business, IMS-Entreprendre pour la Cité

In partnership with

SUMMARY OF INTERVENTIONS

Identifying needs

Guillaume Thureau offers his experience in developing a social business in Algeria. He stresses the fact that the strategy followed by a social business should echo the mission of the company that is leading it, while also meeting the society integration expectations of a certain proportion of the stakeholders, namely the employees, health authorities, etc. Listening to these expectations allows the business to better formulate its business plan and its offer in order to respond to real needs.

In the same way, **Arnaud Druet** points out that BoP projects in developing countries must remain coherent with the key competencies of the business. With this in mind, while continuing to focus on the central elements of its work and expertise, Orange seeks to develop its services and telecommunication solutions which contribute to development goals, in particular in the fields of agriculture, health or education. It is in this context that partnerships need to be set up with experts and stakeholders on the ground who have expertise in these fields. It is actually the relationships with these partners that allow the impact of the company on the local economic fabric to be evaluated, whether it be positive or negative.

Mansour Fall highlights that, going beyond the impressions and remarks that may come from other stakeholders, the diagnostic phase is vital. It needs to address both needs and values on the ground with the population that is being targeted, while also paying careful attention to where potential is to be found, what current capacities can allow and the deeper and localised causes of poverty. Otherwise, the risk is that real needs and consequences will be ignored and the project will be a failure, both in a business sense and in terms of planning out impact.

Co-creating concrete solutions

Guillaume Thureau points out that the first factor of success is to be wary of preconceived ideas. For example, in order to think up an adapted product, Danone product developers had to scrap their initial idea of enriched yoghurt (a product that they are expert producers of), and had to reinvent the product from scratch.

Arnaud Druet adds that companies should position themselves as integrators, getting involved in all the phases ranging from designing a product or service, defining, marketing and promoting it, right up to the phases that at first glance are not part of the company's competencies. This allows one to outline a service which is better adapted to existing needs, while also highlighting possible hindrances to correct use. These are obstacles that can often turn out to be very different to those that are to be found on more traditional markets. This also means that one has to be prepared to learn from other organisations and to bring people into a shared discussion who may have differing timescales and aims, and who are not used to working together, thus strengthening the importance of the role of integrator. For instance, this can involve bringing together people such as sociologists, designers and engineers with organisations such as companies, NGOs, local authorities and governments.

Asif U. Ahmed intervenes on this topic by speaking about the experience of CARE, giving an example of the usefulness of having a mediator working between the business and the stakeholders in the field. CARE was contacted by a Japanese business leader who wanted to market one of the biscuits from his range. The biscuit had been slightly adapted to respond to the nutritional needs of certain Indian populations. The organisation encouraged the business to establish partnerships with stakeholders on the ground, and played the role of mediator in order to identify them and collaborate. These stakeholders helped the business to understand that a long product development phase was necessary in order to avoid failure brought about by creating a product which is not adapted to the nutritional needs of the target population.

Understanding the obstacles to co-creating

Guillaume Thureau believes that the three main factors that can hold up the process of co-creating shared value at the lower level of the pyramid are the following: firstly, the reflex tendency to continue with business as usual; secondly, the desire to act on all fronts, something which can prevent the business from outlining and prioritising its social objectives; thirdly,

the false idea that models that work in one part of the world can be transposed anywhere else.

Arnaud Druet underscores the fact that BoP projects are not necessarily an immediate success in their first version. A vital component is creating a link with the territory which allows feedback from consumers and stakeholders to be provided. In this way, an iterative method can be used to design, test and modify prototypes, an approach which is not always compatible with company priorities. Moreover, for a technology company such as Orange, it must be accepted that innovation is not limited to technology and that services which do not require a great deal of technology can be examples of true innovation as well, for instance as part of the business model.

Asif U. Ahmed points out that it is still very difficult for two companies to reach a level of collaboration which is on the level of a true strategic partnership.

Summary of debate with the audience

Conventional field stakeholders have shown that, on the one hand, a single product is not able to solve the systemic problem of poverty, and that on the other hand, in order for impoverished populations to adopt a product in the long term, support has to be provided over a number of years. In this case, what is the legitimacy of commercial approaches at the base of the pyramid?

Arnaud Druet answers that the case of telecommunication services is unique. He stresses the fact that, on the one hand, the penetration rate of mobile services in developing countries is high, and thus, the challenge is not so much that of reaching BoP populations which actually already make broad use of these services. The real challenge is rather that of understanding the needs of these populations and seeing how a single product, a telephone, can be used to provide multiple adapted solutions thanks to a range of services selected in a strategic way. On the other hand, telecommunication services can strengthen the work of local development actors who are in need of these services themselves.

Guillaume Thureau adds that in the case of Danone, nutritional products are part of a broader rationale which integrates local health policies.

REPORTER

Haude Le Guen
Officer, Inclusive Business, IMS-Entreprendre pour la Cité

More on this topic

- **Antonio Meloto** (2012), « Davos 2012 : quand le Forum économique mondial tente de construire des ponts entre des mondes contrastés », in *Baromètre 2012 de l'entrepreneuriat social*/Convergences 2015, p. 2.
- **CARE Bangladesh** : www.carebangladesh.org
- **IMS Entreprendre pour la Cité** (2012), « Rendez-vous du BoP – Cycle Innovation » : www.imsentreprendre.com/page/les-rdv-du-bop
- **Social Business Projects of Danone and SICAV danone.communities** : www.danonecommunities.com
- **World Vision** : www.worldvision.org