Erik Simanis, Stuart Hart, and Duncan Duke

The Base of the Pyramid Protocol
Beyond "Basic Needs" Business Strategies

In short, the poorest populations raise a prodigious new managerial challenge for the world's wealthiest companies: selling to the poor and helping them improve their lives by producing and distributing products and services in culturally sensitive, environmentally sustainable, and economically profitable ways.

—*C. K. Prahalad and Stuart Hart,*
"The Fortune at the Bottom of the Pyramid," 2002[1]

Looking back over the half-dozen years since the publication of "The Fortune at the Bottom of the Pyramid," we are reminded of the adage, "your greatest strength is your greatest weakness." Arguably the greatest strength of that seminal paper was the simplicity with which the authors communicated an altogether complex and audacious vision: Corporations, by thinking of and engaging the world's four billion poor as they would any other market segment, could address the material deprivation of the poor while generating significant profits for the firm.

The paper rendered the complex, even intimidating, language and discourse of poverty and development into one to which managers could *relate* and, more importantly, one on which managers could *act*. Doing development was a question of doing business with a different customer. The result has been nothing short of catalytic: the number of conferences, initiatives, and papers on the subject matter has exploded, corporations across the globe have launched BOP, or Bottom of the Pyramid, ventures, and Peace Corps graduates are seeking out top MBA programs as a means to channel the passion that brought them to the Peace Corps in the first place. "BOP" has emerged as one of the most powerful management buzzwords of this decade.

Simplicity and clarity, however, have come at a price. Reducing the complex meaning of "poverty alleviation" and "development" to the managerially accepted language of "customer needs" and "product development" gave managers a way to get their arms around the challenge, but it also led them to adopt a strongly "economistic" notion of poverty. This mental image has been further reinforced and validated by corporations' traditional skill sets and capabilities. The lackluster development impacts of initial BOP ventures have led the nonprofit and public sectors, which initially extended cautious support for the concept, to voice increasing dissatisfaction. Some almost seem to feel they were duped, and that the BOP is little

© 2008 Erik Simanis, Stuart Hart, and Duncan Duke

more than a strategy for "selling to the poor."

In addition, attaching the term "market" to the more than four billion people in the BOP economic classification has helped companies flip their mental switches and begin viewing the poor like any other customer with needs—but it has also imputed to the BOP a kind of coherence that does not exist. The BOP is not one homogenous market; in fact, it is not a market at all. The BOP is a demographic classification. As a result of this misunderstanding, initial corporate efforts to serve the BOP have relied on the same market development approaches, tools, and managerial frameworks used to serve real consumers in real markets. Consequently, most first-generation corporation BOP ventures have failed to deliver any profits, much less a fortune.

Thus, the intent of the original Bottom of the Pyramid piece was to plant the stake, change the frame, and position BOP as an opportunity. Looking back, it is clear that the piece largely accomplished its objective—but it has now created new ones. As such, an appropriate metaphor for this paper is the "seventh-inning stretch": a time to stand up, to step away from and reflect on the game at hand, but to then get back to the playing field with renewed vigor and energy. For we hold firmly to the view that the corporate sector can play a vital role in advancing global development. To do so, however, requires that corporations and managers acquire both a broader understanding of development and a fundamentally new set of managerial tools and practices. To that end, we begin by considering in more depth the first wave of corporate BOP ventures and why the initial results have not met expectations. In the second half of this paper we introduce an abridged version of The Base of the Protocol,[2] an ongoing effort to create and systematize a new business innovation process that creates enduring value for BOP communities while building a foundation for long-term corporate growth and renewal. This innovation process, which has been under development for the past five years and "field-tested" by SC Johnson and the DuPont subsidiary The Solae Company, is an example of the "second generation" of BOP strategies towards which we believe the field can and should progress.

As the introductory quote to this paper states, the BOP does indeed present a "prodigious management challenge." On that point, we believe, there has never been disagreement. To deepen the understanding of the challenge, and to create new and more effective strategies, will require the continued collective efforts of managers, academics, and individuals and organizations from across the development and public sectors. There is no one perfect solution. We offer this paper, and our work on developing the Base of the Pyramid Protocol, in this spirit of mutual learning.

DEVELOPMENT AND POVERTY ALLEVIATION: AN OVERVIEW

From its post-World War II origins in President Harry Truman's Fair Deal to today, the very meaning of development has undergone a tremendous evolution. Not surprisingly, strategies for addressing poverty and development have similarly

evolved with the nature of the definition. To help explain the perceived disconnect between corporate BOP practice and corporate BOP rhetoric, we first provide a brief overview of three distinct schools of development thought—Basic Needs, Empowerment and Participation, and New Commons—that have emerged over this 60-year period.[3]

The Basic Needs approach, a perspective that dominated official development practice from the time of Truman's Fair Deal and the Marshall Plan through to the 1970s, has defined poverty and underdevelopment as a form of material deprivation below some threshold level. It has typically considered deprivations of food and water, adequate shelter and clothing, medicine and health care, appropriate sanitation, and electricity. This perspective formed the foundation for global development institutions such as the World Bank. Through a Basic Needs lens, poverty alleviation strategies have taken one of two forms: they may directly address a perceived gap through aid and government intervention programs on one or more of those consumption axes (a multiple criteria approach), or may work indirectly by increasing purchasing power (i.e., the income) of the poor (a single criterion approach).

A second school of thought, one we label Empowerment and Participation, was largely a reaction to the often dislocating effects of many Basic Needs strategies. The net effects on the lives of the poor of building dams and infrastructure, installing toilets and taps, providing high-yielding seeds and food aid, and razing slum housing to make way for concrete buildings were not unambiguously positive. There was also something dehumanizing about Basic Needs, as it stripped the poor of emotional, aesthetic, and cultural dimensions—they were seen, first and foremost, as survival machines. As Ivan Illich scathingly comments, the needs-based approach "reshaped the mind and sense of *homo sapiens* into *homo miserabilis*"[4] and became an "unprecedented mediation of scarce resources through agents who not only define what need is, and certify where it exists, but also closely supervise its remedy—with or without the needy's approval."[5]

Building off of the critique of and failures of Basic Needs, the Empowerment & Participation school shifted the very foundation on which poverty rested. Poverty was defined as a kind of relationship characterized by powerlessness *vis-à-vis* the local social system. Patriarchy, religious fundamentalism, racism, culture, illiteracy, and income and educational disparities became key variables of concern and intervention. Poverty alleviation, seen through this lens, was a process of liberation from local sources of oppression. Those considered oppressed were empowered: various programs provided education, trained people about gender sensitivity, installed democratic governance and ownership structures, and created local employment opportunities. The active participation of the poor in the design and implementation of solutions had empowering effects of its own, and ensured that solutions were "appropriate" for the local context. The "women in development" movement—which saw the creation of a United Nations Decade for Women and women-focused divisions within the World Bank and other leading development institutions—is paradigmatic of this Empowerment and

Participation school.

Despite its concern with power and social relationships, that movement, much like Basic Needs, left unquestioned who defined the problem, and who was doing the empowering. As Chandra Mohanty observed in the case of gender empowerment, the "liberated woman" who served as the benchmark for the stereotyped poor, disempowered woman of the Third World bore a striking resemblance to the Western ideal of the liberated woman.[6] Simply put, the Empowerment and Participation movement, just like Basic Needs, was criticized for imposing its own, culturally conditioned assumptions about what constitutes a fulfilling life and a "developed" society. In response to this perception of "cultural colonialism," a new convergence has taken root, one reflected in a movement that we call the "New Commons."[7]

The New Commons school, of which the World Social Forum is a paradigmatic institution, does not argue for a particular solution to poverty alleviation and development. As Paul Hawken writes in his recent book *Blessed Unrest*,[8] the individuals and groups that constitute this new school of development thought are united not around "the what" or the ends of development, but around "the how" and the means. At its foundation, this movement sees development and poverty alleviation as an ongoing, creative dialogue among individuals and organizations across the continuum of power and status, across differences born of income, gender, or education. Forging dialogue across differences makes possible new, embedded forms of human organization while building mutual respect and understanding. In business terms, the movement is not only concerned with the innovation of a low-priced neem[9] toothpaste packaged in a recyclable container and distributed through a network of formerly unemployed village women. Rather, it asks whether the toothpaste executive ever broke bread with the unemployed village women, and whether the resulting business idea and model were born of mutual learning through dialogue and co-creation. It is a question of process, not of output.

It is important to note that these three schools of thought co-exist today and overlap one another. Today, perhaps the most forceful champion of the Basic Needs approach is Jeffrey Sachs, whose aid model focuses on addressing those basic needs, particularly health-related, without which the poor cannot get a foot on the ladder of economic development.[10] Amartya Sen's concept of "development as freedom," with its emphasis on expanding individuals' capability sets, strongly reflects the Empowerment mode of thought.[11] Lastly, the approach and development philosophy espoused and practiced by Muhammad Yunus, the Nobel Prize winner who co-created and continues to co-evolve the Grameen Bank model of micro-lending in partnership with the rural poor of Bangladesh, reflects the core logic and practices of the New Commons school of thought.[12]

FIRST-GENERATION BOP STRATEGY: A DEVELOPMENT PERSPECTIVE

In reflecting on the first wave of corporate BOP ventures, it is clear that companies have viewed poverty primarily as a question of Basic Needs. BOP ventures are typ-

ically framed in the same language as traditional Basic Needs development projects, which state that a common problem or lack is afflicting billions of poor people globally. Procter & Gamble's Sustainability Report is one of many that exemplifies this way of thinking; it notes that "1 billion people do not have access to safe drinking water… 3 billion do not have access to adequate sanitation systems... and 3 million people—mostly children—die from water-related illnesses each year."[13] When the consumption-based thinking of a Basic Needs development strategy is further refracted through a business lens, the responsible business solution is to design and sell affordable, high-quality products and services to the poor that address these needs, be they soaps and shampoos (which address a hygiene need), fortified beverages and purified water (which address health and nutrition needs), or solar panels and batteries (which address energy and electricity needs). It bears emphasizing that through a Basic Needs logic, selling to the poor is the right thing to do. Phillip's smokeless stove, P&G's PUR water purification technology, Unilever's Wheel detergent and line of sachet-package personal care products, SELCO's solar energy technologies, and Nike's World Shoe initiative were all undertaken from this basic logic.

A valid question to ask at this point is *why* companies have defaulted to this mode of action, particularly since several such initiatives have been driven by or connected to the company's departments of sustainability or corporate social responsibility, where one would expect to find managers with exposure to a broader range of development philosophies. We believe the answer is two-fold. First of all, much of the management literature on BOP, which has helped light the way for managers, is also grounded largely in a Basic Needs perspective. Given the dominant position that economic theory plays in the strategic management literature, the predominance of a Basic Needs thinking is understandable. As Nancy Landrum has noted, the poverty-alleviation strategies outlined in C.K. Prahalad's Fortune at the Bottom of the Pyramid, a book central to the BoP canon, are premised on the 1950s economic growth (i.e., consumption-based) theories of Arthur Lewis and Albert Hirschmann.[14] Even the most commonly voiced critiques of BOP—that true poverty alleviation requires promoting only "productive consumption" among the poor and thinking of the BOP as producers rather than consumers—are similarly cut from the very same Basic Needs cloth of income expansion and increased consumption.

A second explanation raises the issue of organizational and managerial capabilities. Broken down to its most basic tenets, the Basic Needs school of thought is about getting goods and services to people with limited financial means. To do this effectively requires closely listening to and understanding the needs of the poor, and then matching those needs with appropriate products and services. Hearing the voice of the customer, creating new and better products and services, re-engineering for efficiency, and "giving more for less" are the bread and butter of corporate practice and the heart and soul of business school training. It is hardly surprising that corporations would find common ground with the Basic Needs approach.

The important point, though, is that "selling to the poor" as a poverty alleviation strategy only resonates with those who endorse a Basic Needs approach to development. Those from the Empowerment and Participation and the New Commons schools of thought, as noted earlier, often view Basic Needs thinking as a kind of cultural imperialism—a "White Man's burden" if you will[15]—that devalues the cultures and traditions of the poor and adopts a paternalistic attitude in extricating them from their state of poverty. Companies that take this approach—regardless of whether or not they believe they are doing good—should be fully aware that they are bound to encounter resistance, not only from nonprofits and grassroots organizations, but also from the poor themselves. The impetus for the changes in development practice, we should recall, has often come from communities themselves, such as the Zapatista movement in Chiapas, Mexico, the Chipko movement in India, and the Green Belt Movement in Kenya. Income-poor communities are no less attuned to or less concerned with issues of paternalism and power.

One important variation on the Basic Needs BOP strategy—and one that can overlap, as we shall see, with the Empowerment school of thought—is the inclusion of an income-creation component in a BOP business model. This variation takes one of two forms: (a) the product or technology sold to the poor allows them to increase their income or (b) the business model employs (directly or indirectly) poor people to produce and sell products and services to the poor. Monsanto's effort during the 1990s to sell genetically modified seeds to poor smallholder farmers exemplifies the former. Monsanto argued that the seeds, which were engineered to withstand various pests and boost farmers' yields, would help alleviate rural poverty by increasing small holder farmers' incomes. Hindustan Lever's Shakti project is an example of the latter approach. Shakti trains and hires poor Indian village women to sell the company's products to other villagers, door to door. Hindustan Lever, however, argues that this dimension of the program enhances the women's dignity, confidence, and self-respect, and that the income earned by the thousands of rural Shakti entrepreneurial women gives them voice and status within a patriarchal village structure.

As discussed earlier, an income-based definition of poverty is a derivative of the consumption-based view of poverty that underlines the Basic Needs school of thought. Increasing income is merely a means for expanding consumption. It is the opposite side of the same coin. When an income-generation component is included on these grounds, it appeals to a Basic Needs logic. However, when an income-generation component is included on the grounds that it expands a person's capabilities, as in the case of the Shakti women, the argument reinforces an Empowerment and Participation approach to development. In light of our earlier comments, it is worth posing this question: Has the HLL Shakti model garnered stronger support and recognition than it would otherwise because it has supplemented its largely Basic Needs strategy with this dimension? Similarly, it's worth asking whether Monsanto could have at least tempered the fierce criticism and

resistance it encountered with its BOP business had it expanded its strategy beyond a purely Basic Needs logic.

FIRST GENERATION BOP STRATEGY: A BUSINESS PERSPECTIVE

As noted in the introduction, because BOP ventures have held to a narrow economistic conceptualization of development, they have disappointed those in the development sector. To date, the performance of corporate BOP ventures has equally underperformed investor expectations. Nike's World Shoe program was shuttered shortly after its $15 World Shoe hit department store shelves in China. P&G's PUR found tepid demand for its product, despite the billions of people for whom clean water was thought to be a basic need. The project now has migrated towards a philanthropic model that conducts health-related social marketing campaigns in partnership with Population Services International. And Hindustan Lever's Project Shakti, while regarded as one of the benchmarks for corporate innovation at the BOP ventures, is struggling to reach financial viability. High turnover among the recruited Shakti women has hamstrung the project from its inception.

The simultaneous presence of lackluster business performance and a predominately Basic Needs development strategy is not coincidental. The two, we argue, move together in lock-step. The process starts with the faulty assumption that the BOP is a market in the full sense of the term. Based on that assumption, the company then applies a traditional suite of business strategies that are effective *only when there is a market*. As noted earlier, it is these traditional business strategies, with their focus on giving consumers more for less, that reflect the core philosophy and practice of Basic Needs development approaches.

In business circles, the term "market" is used to connote two very different concepts. In one usage of the word, market means "prospective customers for a given product or service." A second meaning of market is much more expansive. A market is "a network in which buyers and sellers interact to exchange goods and services for money." The Base of the Pyramid is, without question, not the latter. At best, it can be perceived as the former, though the business utility of a consumer market segment composed of four billion people aggregated along a single criterion is certainly low.

Consider now that traditional business development strategies cluster consumers into distinct segments along dimensions related to the value proposition of a product or service, benchmark against existing competitors and assess the likelihood of entrants, analyze the value chain to understand where a company can add value by applying its competencies, and then explore value-capture strategies such as intellectual property positions. All these activities presuppose the existence of a "market as network." Those tools and approaches have limited value at the Base of the Pyramid, where *the absence of effective product markets are the norm*, and informal institutional structures, such as those that Hernando de Soto identifies in *The Mystery of Capital*, predominate.[16]

First-generation corporate BOP strategies, or BOP 1.0, have invariably been based on this mistake. Without an existing product market against which to benchmark, neither the company nor potential BOP consumers have a reference point from which they can assess whether a given product or service is "needed." It should raise suspicion when Procter & Gamble, arguably one of the world's greatest brand management and marketing firms, identifies a market need affecting billions of people ("clean water") and yet can't make a business fly. It should set off flashing red lights when you realize that not a single corporation has created a successful "clean water" business at the BOP, despite many attempts! The answer to this conundrum is that there is no such thing as a clean water market (in the larger sense of the word) to begin with. Yes, people "need" clean water—but the consumption of clean water is so intertwined with people's lives that even they cannot calculate its stand-alone value in any meaningful way. What was the "need" for ipods? For computers? For microwave ovens?

Simply stated, corporate BOP business ventures undertaken to address a "need" are unlikely to succeed in the absence of a market. No amount of "deep listening" to BOP consumers will elicit the right data. No NGO partnership will provide access to the BOP's "true needs." No re-engineered products and no disruptive technologies will unleash the "latent demand." "Basic Needs" business strategies are the wrong tool for the job. To propel the corporation towards the BOP opportunity in a way that addresses this unique business challenge, a fundamentally new approach to strategy and business development is called for: strategies that engage BOP communities in a process of deep dialogue and mutual learning to co-create new businesses and new markets. When viewed in this light, the "New Commons" development model holds valuable insights and lessons for shaping the next generation of BOP strategies and corporate capabilities.

TOWARDS SECOND-GENERATION BOP STRATEGIES

In 2003, we came to this very realization, along with a number of colleagues and managers associated with the Base of the Pyramid Learning Laboratory now at Cornell University. Two years of cross-disciplinary dialogue and in-depth case studies and discussions of various BOP ventures, both for-profit and non-profit, left us and a number of our partner companies feeling uneasy. We sensed that not only were firms' current set of capabilities and business development methodologies inadequate for the task of effectively doing business at the Base of the Pyramid, but that they might even be harmful and extractive. What seemed to be called for was a business strategy based on a close, personal engagement of the community in the design and evolution of a business; such a "co-venturing" approach would marry the capabilities and knowledge of corporations with those of the communities and embed the business within the existing socio-cultural institutions. It was clear that this "embedded innovation strategy" would require a distinct capability set, one we call "native capability."[17]

In order to bridge this seeming chasm, in 2003 we launched the BOP Protocol

Next Generation BoP Strategy

BoP 1.0	BoP 2.0
BoP as consumer/producer	BoP as business partner
Deep listening	Deep dialogue
Reduce price points	Expand imagination
Redesign packaging, extend distribution	Marry capabilities, build shared commitment
Arm's length relationships mediated by NGOs	Direct, personal relationships facilitated by NGOs
"Selling to the Poor"	"Business Co-Venturing"

Reproduced from: Simanis et al, Base of the Pyramid Protocol 2nd Edition, 2008.

Initiative in partnership with the University of Michigan (William Davidson Institute), the World Resources Institute, the Johnson Foundation, and corporate partners DuPont, SC Johnson, Hewlett-Packard, and Tetra Pak. The goal of the initiative was to create, test out, and codify this new kind of strategic approach or "protocol." We began the process by exploring various theoretical and methodological frameworks that underpin the New Commons school of thought—frameworks from the fields of anthropology, human geography, empathy-based design, social work, and political ecology. This initial research phase culminated in October 2004 with a four and a half day Protocol Design Workshop at the Wingspread Conference Center in Racine, Wisconsin. The workshop brought together an eclectic mix of social entrepreneurs, leading non-governmental organizations, thought leaders from these various academic disciplines, and a dozen managers from the project's four corporate sponsors. The workshop generated a broad theoretical framework and structure for the new business process. Building onto this framework, the First Edition of the BOP Protocol was released in 2005.

Since 2005, two corporate partners in the initiative have worked closely with Cornell University and a BOP Protocol Working Group to implement the BOP Protocol innovation process. In 2005, SC Johnson, a U.S.-based multinational corporation in the fast-moving consumer products industry, launched the first BOP Protocol project in Kenya. The project was started in the Nairobi slum of Kibera, the largest slum in East Africa, and in the rural village of Nyota township. Less than a year later, driven by the early success of the Kenya work, a DuPont subsidiary called the Solae Company launched a second BOP Protocol initiative in Andhra Pradesh, India. The Solae Company, a "B2B" (business to business) manufacturer of soy protein isolate for the food and nutrition industry, started projects in the

Hyderabad slum of Rasul Pura and in two adjacent villages of Parvathagiri Mandal. Currently, SC Johnson is pursuing a business in partnership with slum communities in Nairobi. The Solae Company is developing separate business ventures with both the Rasul Pura and Parvathagiri communities.

The initial learnings from the "field work" were discussed and captured at a BOP Protocol Review and Revision Workshop held in October 2005. Those and subsequent learnings from the ongoing SC Johnson and Solae initiatives have been the basis for a significant modification and elaboration of the BOP Protocol process, which are reflected in the just-released document, "The Base of the Pyramid Protocol (2nd Edition): Toward Next Generation BOP Strategy." [18]

The BOP Protocol is best thought of as an embedded innovation process that brings together a corporation and a BOP community in close partnership in order to conceive, launch, and evolve a new business that serves that very community. The process builds on the capabilities and resources of both partners, and creates a strong sense of mutual commitment and deep interdependence between the two. The resulting relationship provides a powerful base of competitive advantage and acts as a formidable barrier to entry. Just as in the New Commons school of thought, the intent is not simply to create a new business model that couples the resources of each partner in a mechanical, additive fashion. Rather, the opportunity lies in creating an altogether new community ecology in which the company becomes part of the community's very identity. Given the differences in status and power involved in such partnerships, facilitation is one of the most critical managerial skill sets needed to enable an effective deep dialogue with BOP communities.

At 51 pages in length, the Second Edition of the BOP Protocol provides an in-depth description of the process, along with dozens of supporting examples and images drawn from the work in Kenya and India. To give readers a deeper understanding of the process and to encourage them to seek out the full document, we present an abridged version of the BOP Protocol in the following pages. Due to limited space and to provide coherence, the examples provided in the abridged version are selected only from Solae's efforts in India.

Before moving on to the abridged version of the Second Edition, we offer several important observations. First, while our fieldwork to date on the BOP Protocol has involved large corporations, the process is applicable to companies of various sizes. Second, while the BOP Protocol was designed in partnership with corporations and with the intent of helping corporations build new and vibrant businesses at the BOP, we are in no way suggesting that corporations are the only entities that can and should play a successful role in addressing the challenges of poverty and development. Indeed, as we hope is clear, the BOP Protocol attributes its very existence to the decades of work and knowledge generated by people and organizations that have dedicated their lives to addressing issues of poverty and inequality. Lastly, the BOP Protocol is not a "done deal." Rather, it will continue to evolve to reflect the learnings from the SC Johnson and DuPont projects, as well as new initiatives—new BOP Protocol projects are underway in Mexico by The Water

Initiative and in the U.S. by Ascension Health. We look forward to sharing these learnings in future editions of the BOP Protocol.

THE BASE OF THE PYRAMID PROTOCOL, SECOND EDITION: TOWARD NEXT GENERATION BOP STRATEGY

CO-CREATING MUTUAL VALUE[19]

The BOP Protocol is a business innovation process that brings corporations together into close partnership with income-poor communities to co-create a new, locally embedded business that serves that very community. The process simultaneously establishes a community team capable of independently managing the new venture, and a corporate team and structure able to scale out and re-embed the business in other communities and geographies.

The BOP Protocol uniquely integrates within a corporate entrepreneurship framework leading-edge thinking across a range of fields, including economic anthropology, international development, and environmental management. Central to this process are the principles of "mutual value" and "co-creation." By mutual value, we mean that each stage of the process, not simply the new business, creates value for all partners in terms important to each. The "co-" component of "co-creation" captures the need for the company to work in equal partnership with BOP communities to imagine, launch, and grow a sustainable business. Key principles, techniques, and methods have been adapted from the fields of "participatory rural appraisal" (PRA)[20] and "asset-based community development" (ABCD).[21] The "-creation" half of this logic reflects the view that, in the absence of an existing product market, a co-generated business concept has to be enacted through an evolutionary and interactive approach that crystallizes the new value proposition.[22]

The entire BOP Protocol process requires approximately 24 months to complete. The process is divided into a pre-field phase and an in-field phase. Core business operating principles that guide action and decision-making can be found in Appendix 1.

BOP PROTOCOL: PRE-FIELD PROCESSES

The BOP Protocol process begins with a prefield phase that involves four steps: (1) the selection of appropriate BoP project site(s); (2) the formation and training of a multidisciplinary corporate field team; (3) the selection of local community partners; and (4) the creation of an enabling environment or "R&D White Space" within the corporation. (See Figure 2.) Depending on the company's experience with the Base of the Pyramid, and the extent of its social networks in the region of interest, the length of time needed to complete pre-field activities will range from two to four months.
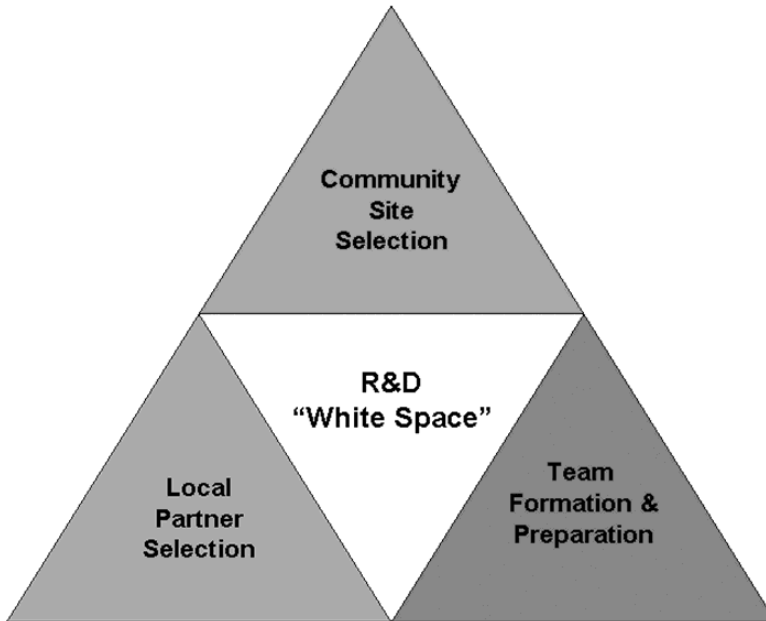
Figure 2. Pre-Field Processes

Site Selection

The project sites should be located in countries or regions that are considered to be of vital, long-term strategic interest to ensure that the project garners steadfast corporate support and resources. The presence of existing facilities and staff facilitates relationship building between the corporate team and the community partners by providing a tangible place (e.g., an office) for partners to visit.

Launching the project in more than one community can create valuable opportunities for learning and sharing across communities if the sites are close enough to one another to allow for exchanges. However, multiple sites significantly increase the complexity of coordination and demand greater time and resources to manage, particularly if the project is launched in both an urban (shantytown) and rural (village) setting.

Team Formation and Preparation

The initial corporate team should consist of approximately four people per site. Corporate team members are selected on the basis of entrepreneurial experience and passion for engaging issues of poverty through enterprise. They should be drawn, as much as possible, from the country where the project is based. The team should possess a range of functional expertise and experience to ensure deep insights into the corporation's capabilities while remaining open to new possibilities. It should also contain at least one experienced development practitioner who

Real World Example: The Solae Company in India
Pre-Field Processes

The Solae Company's BOP Protocol initiative was championed by the CEO and led by a senior director from Sales and Marketing. Once it was decided that the project would launch in India, a lateral connection was established between the project and Solae's India office in Delhi. While Solae had had a presence in India for almost twenty years, its operations were small compared to the company's global revenues.

Several months before in-field work began, the Solae project team leads traveled to Andhra Pradesh, India to spend several weeks meeting with potential community-based organization (CBO) partners, identifying community sites, and interviewing potential team hires. They planned to develop both an urban and a rural site. Solae partnered with Modern Architects for Rural India (MARI) for the rural site, and with the Society for Integrated Development in Urban and Rural Areas (SIDUR) for the urban site. MARI, founded in the late 1980s by a team of social workers, works intensively in a four mandal (i.e., county) area and promotes strong community-based organizations among the poor. SIDUR, founded in 1990, is a nonprofit, non-political, and secular registered society in Hyderabad. The organization's main aim is to empower the oppressed, particularly street children and slum dwellers.

Working together with MARI and SIDUR, the Solae project leads selected an urban and rural community in which to launch the project. The urban community they chose was the Hyderabad slum cluster of Rasul Pura; the rural community was Parvathagiri Mandal. Parvathagiri can be reached from Hyderabad via a two-hour train ride and an additional one-hour car or bus ride. MARI and SIDUR each had worked for well over a decade in these communities and maintained small field offices.

The Solae Company's initial corporate team consisted of two recent MBA graduates of the Indian School of Business with prior experience in operations and marketing and an expressed interest in the BOP. Four senior-level development professionals were seconded from the Indian office of Aide et Action, an NGO skilled in the use of participatory methods. The team was guided in the field by two returning members of the SC Johnson BOP Protocol project in Kenya. Two field staff members from SIDUR and three staff members from MARI, all with extensive ties and experience to their respective communities (several were residents in these communities), joined the Solae team.

understands community facilitation. One or two additional members with deep ties to the community are added to the team once the site and local partner are established.

The initial corporate team, together with other members of the corporation

providing guidance and support, is trained in core BOP business concepts, participatory methods, and the BOP Protocol process to instill a shared ethic and to build a common base of skills. Before it enters the field, the corporate team develops and rehearses a shared representation of the corporation and the project objectives using a language appropriate to the local community.

Local Partner Selection

A local partner such as a community-based organization (CBO) plays a critical bridging role at the start of the project and helps facilitate new relationships between the corporation and the community. The corporate team will enter the community as an "outsider" and will, in the beginning, depend heavily on the social capital, trust, and community knowledge that a local partner provides.

Three characteristics are most important in an effective local partner: (1) the organization is open to learning new capabilities and using enterprise as a way to advance its mission; (2) its staff is experienced in using participatory development practices; and (3) it is "socially embedded" in the community. Key indicators of an organization's degree of embeddedness include whether its offices are located in the community and whether its staff is drawn from and/or lives in the community.

R&D White Space

Pursuing BOP opportunities can be characterized as a form of "business model R&D" that requires wholesale development of new capabilities. To derive maximum benefit from a BOP Protocol initiative, it is necessary to create a corporate "R&D White Space" that enables local people to link to corporate-level capabilities while remaining independent from the routines that govern the core business.

The potential for innovation is greatest when the initiative is supported by patient capital, has full license to experiment outside of the current corporate *modus operandi*, and is evaluated against long-term milestones that emphasize learning. Given these facts, BOP Protocol initiatives are most appropriately funded through an R&D budget. While it is important that a BOP Protocol initiative has independence, flying completely "under the radar" can limit the team's scope for innovation and constrain business possibilities by cutting the initiative off from the company's broader base of capabilities.

THE BOP PROTOCOL: IN-FIELD PROCESSES

The in-field process is divided into three interdependent phases of activity that build a new, locally-embedded business and catalyze the local market in a progressive, evolutionary way. The three phases can be envisioned as fractals of a triangle, each overlapping and evolving as activities flow from one stage to the next. Each phase has business outcomes along key enterprise (internal) and market (external) dimensions to reflect the increasing depth and complexity of the new business and the expansion of market demand and brand awareness. Importantly, the BOP

Figure 3. In-Field Processes.

Protocol process establishes a local "community team" with the ability to eventually manage and lead the new business independently as the corporation turns its attention to scaling the business out by re-embedding it in other communities.

PHASE I: OPENING UP

Phase I, "Opening Up," lays the foundation for creating a new partnership based on trust, mutual commitment, and a shared vision for a new business enterprise. The total time needed to complete the in-field activities of Phase I is about eight to ten weeks per site. Phase I begins with building deep dialogue, then progresses to project team development and collective entrepreneurship development. The outcome of Phase I is the co-creation of a business concept that all the partners can agree upon.

Building Deep Dialogue

The corporate team enters the community with no preconceived product ideas and no initial commercial agenda. The focus is to start building relationships with local people and to gain an appreciation for how people in the community live their lives. Because of the corporate team's "outsider status," it is valuable to hold several small-group community meetings hosted by the local partner to introduce the team members and the company and to explain the team's intent.

The next step is the community homestays during which each corporate team member lives full-time, for at least one week, with a family or individual in the community and helps the host with daily chores and income-generating activities. The homestay is not for collecting ethnographic data. It is for building trust and
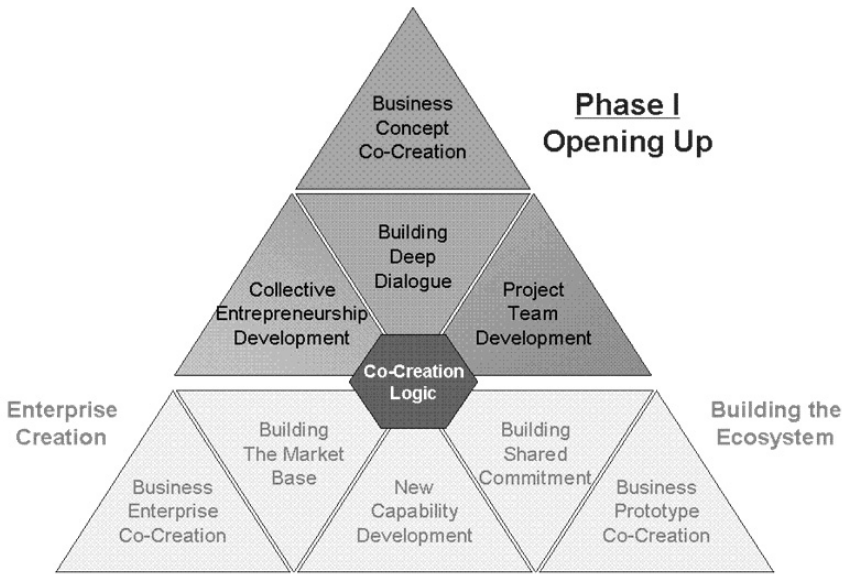
Figure 4. Phase I: Opening Up.

rapport. Following the homestays, the corporate team lives in or as close to the community as possible to maximize informal relationship-building opportunities and to reinforce the corporation's commitment to working with the community.

Project Team Development

After the initial immersion, the corporate team works to recruit approximately 40 to 45 members who represent the community's diversity. The corporate team and the recruited community members together form the Project Team. The corporate team works through the local partner's social networks, holding small-group meetings to share the corporation's partnership intentions. The conversations need to emphasize the entrepreneurial nature of the effort, striking a balance between motivating people and tempering expectations that the business is sure to succeed.

To ensure that the corporate team is not creating a class of "gatekeepers," the team uses Participatory Rural Appraisal (PRA) techniques such as social mapping to highlight the variability in the community across multiple dimensions, such as poverty, caste, and access to resources. Using the maps, the corporate team identifies additional individuals and groups to meet with and invite into the partnership. Rapid Assessment Process (RAP) is used concurrently to explore issues and questions that surface during the mapping sessions and meetings.

Collective Entrepreneurship Development

To harness the creative potential of the newly-formed Project Team, it is necessary

to first build a shared business language and to develop the group's ability to think and work together as business partners. This is accomplished through a series of daylong participatory workshops. The workshops adapt traditional PRA techniques, such as community transects, to an entrepreneurship framework. Through these sessions the Project Team explores its joint capabilities and the potential needs in the community.

The emphasis should, at all times, be on shared commitment, joint effort, and mutual value. As a rule of thumb, the corporation should avoid paying community members to attend the workshops, as this changes the nature of the budding relationship from one of partner/colleague to one of client/employee. Throughout the process, it is important to remain attuned to the project's differential demand on peoples' time while cultivating the norms necessary for the group to perform effectively.

Business Concept Co-Creation

The capstone activity of Phase I, the co-creation of a business concept, begins as the Project Team develops joint criteria for business success. Using these criteria as guides, the Team breaks into mixed breakout groups and brainstorms broad, actionable business concepts born of the resources, wants, and needs of the various partners. The process moves between brainstorming, critical reflection, and assessment, repeating over a period of several weeks until the groups can converge on a single business concept.

To maintain community interest, the business concept must be appropriate for immediate action. But it must also be broad enough to avoid constraining the new business within a narrow band premised solely on current products, technologies, and resources. Focusing the Project Team on resource functionality and broad service themes rather than on specific products is one technique to build a "big umbrella concept." Creating a "big umbrella" provides valuable flexibility to adapt the business model as the Project Team learns what does and does not work.

PHASE II: BUILDING THE ECOSYSTEM

Phase II, "Building the Ecosystem," constructs an organizational foundation for the new business and develops an initial product/service offering through an action learning process that deepens and extends the linkages among the Project Team, the broader community, and other local partners. Depending on the number of sites and the nature of the business concepts, the total time needed to complete Phase II is approximately six months. To preserve project momentum and strengthen the fragile community trust, it is important to minimize the transition time from Phase I to Phase II to no more than six weeks.

Phase II begins with further *project team development,* then progresses to *building shared commitment* and *new capability development.* The outcome of Phase II is the *creation of a viable business prototype.*

Real World Example: The Solae Company in India
Opening Up

Once in the field, the Solae team began forming a relationship with the community. In Hyderabad, this started with the Solae team and SIDUR setting up a small tent in a central part of the slum and holding an informal community forum to introduce the Solae members. The Solae team then worked with SIDUR and MARI to identify homestay hosts in both the village and the slum. In Parvathagiri Mandal, Solae team members were placed in two small, adjacent villages. As part of the homestays, they participated in a range of work-related activities, including harvesting rice, manning a small kiosk selling "cool drinks," operating a village pay phone, and preparing a mid-day meal for children at a government-run crèche.

Following the homestays, the Solae team met with numerous groups and individuals. In Parvathagiri, the Solae team met separately with 13 women's self-help groups, village youth, and others—some 150 people in total. Social and institutional mapping exercises held in multiple locations of the slum and village ensured that members of different caste groups were included. At this point, people were skeptical about Solae's intent. In Parvathagiri, a member of a self-help group insisted initially that the team "was hiding something" and requested that the team "tell us the business you want us to do."

Approximately 40 community members in both sites agreed to join the Solae Project Teams and to participate in the collective entrepreneurship workshops as preparation for business ideation. Following an initial mixer, four day-long "collective entrepreneurship" workshops were held over a two-week period at each site. The workshops, which employed various participatory methods, addressed the topics of successful partnerships, unique customer value, dimensions of a business concept, and complementary resources. In Hyderabad, for example, the Project Team dispersed across different areas of the Hyderabad slum community in five mixed groups to photograph local community resources. When the groups reconvened, photos were projected onto a wall, and each group presented the resource's current use and all participants brainstormed alternative uses.

Ultimately, a series of business concept co-creation workshops were held. Breakout groups sketched, debated, and revised an initial set of business ideas over a period of several weeks. In Hyderabad, the Project Team converged on the concept of a "Culinary Park Network" that linked the expressed needs for local greenspaces, socialization opportunities for women, fresh and affordable produce, and healthy, high-quality food options. One of the key elements of the concept—converting slum rooftops into publicly accessible green spaces that educated the community about balanced diets and promoted the business—resulted from the resource photography workshop.
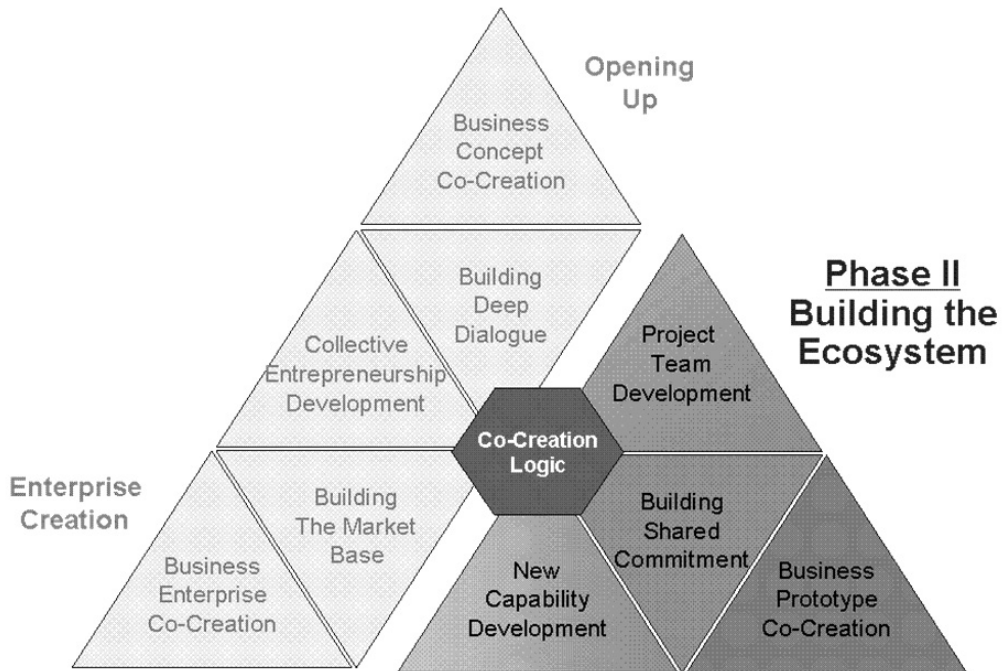
Figure 5. Building the Ecosystem.

Project Team Development

In Phase II, the Project Team begins the transition into a formal business organization. The community members of the Project Team are those original participants who remain committed to invest time and "sweat equity" in building the new business. Additional members from the community may be recruited to fill in gaps in skills and experience and to make sure all the key segments of the community (including the poorest) are represented. A final community team size of approximately 20 members is optimal.

The Project Team should include two to four corporate members per site, ideally drawn from the original corporate team to ensure continuity and to retain the personal relationships already forged. At least one of the corporate members should have experience and demonstrated ability in entrepreneurship, as well as in community facilitation and mobilization. As with new recruits to the community team, new members joining the corporate team should complete a thorough induction process.

Building Shared Commitment

A sense of shared commitment to the new business and to each other is essential for the Project Team to weather challenges and to build the new company's base for sustainable competitive advantage. Creating a shared commitment to the business requires that all members of the Project Team be in alignment on the core

Real-World Example: The Solae Company in India
Building the Ecosystem

Once Solae and the communities agreed on the business concepts, Project Teams were formalized in each site. In Parvathagiri, this involved inviting in and eventually inducting younger mothers and single women from the community, as well as representatives from the Scheduled Castes (members of the lowest caste groups). Twenty-three women from Rasul Pura and twenty-one women in Parvathagiri formally joined the Project Team. In Rasul Pura, the Team called itself "Solae Chiguru"; in Parvathagiri, the name "Solae Samatha" was chosen. In the local language, Chiguru and Samatha mean "new growth" and "equality," respectively. Offices were rented in both sites.

The Solae team was also reconfigured at this juncture. At the corporate level, the project now reported to the general manager of the Solae India office and was managed on a daily basis by a veteran of the company. One of the original team members, an Ashoka fellow and experienced social entrepreneur, served as the project field lead. A full-time, two-person Solae team was also based in each site. One team member was a recent MBA graduate; the other was a MARI or SIDUR field-staff member involved in the Opening Up phase on secondment to Solae.

To ensure that both Project Teams shared a common vision of the businesses, numerous "exposure visits" were organized. In Rasul Pura, the Team visited various rooftop gardens at private homes and hotels in Hyderabad, and held debriefing meetings at a local plant nursery. Both Project Teams also visited various types of food production facilities, including kitchens on college campuses and local restaurants. To better understand how to set pricing for their unique products and services, each Project Team conducted "supply chain immersions" and followed a food product and its raw materials across wholesale and retail markets.

To determine an initial product and service offering, both Project Teams held a series of community expos and neighbor cooking workshops that brought together some 75 members of the community at a time to prepare, sample, and evaluate foods together. The "expos" created buzz throughout the community and built the Team's customer and presentation skills. In Hyderabad, Solae Chiguru conducted direct-to-home outreach and cooking demonstrations to more than 1,000 homes in the slum. Throughout the period, both Project Teams experimented daily with new cooking techniques and recipes and tracked the costs and nutritional profiles for every meal and food item they prepared. Within six months, Solae Chiguru and Solae Samatha were receiving daily requests from the wider community to start the business and inquiries from other women in the community about joining the Teams.

business concept and the value to be generated. Role-playing and group field visits are powerful techniques for all members to develop a rich, shared vision of the business. Collectively drafting a strategic brief of the initial business concept helps maintain alignment.

To create shared commitment among the corporate and community members of the Project Team, they must develop a shared organizational identity. The co-creation process itself is the primary mechanism for building this deep interdependency. Additional actions that foster a new, shared identity include jointly developing a "business credo," securing a space within the community to serve as the Project Team's "office" space, and selecting a provisional name for the project team that signifies an affiliation with the corporation.

New Capability Development

To ensure consistency across all interactions with the broader community, the Project Team must possess a common baseline knowledge regarding products and technologies. It must also understand general business concepts (e.g., pricing) and the local business context (e.g., local value chains) in order to develop an initial product and service offering. To build mutual commitment, team members co-identify capability gaps and find sources of expertise within the corporation, the local CBO partner, and the community.

Whenever possible, action learning techniques are used in place of classroom-style "lecturing." Action learning—which involves addressing real, work-based problems in small groups—develops practical and relevant business skills and enhances the community and corporate team members' ability to work together. It also helps sustain momentum and enthusiasm, as all learning is tied directly to important business outputs.

Business Prototype Co-Creation

The business prototype, which consists of an initial product/service offering and brand positioning, is co-created using action learning and small, field-based experiments that interact with the broader community. Because the Project Team involves the wider community in developing the business prototype, market demand is generated and the business is "built for success" from the beginning. This engagement with the broader community begins with the community team's immediate social networks, but gradually extends to involve a wider segment of the community.

In choosing which business activities to begin with, it is useful to first map and prioritize the various components of the business concept according to their ease of implementation and anticipated importance to long-term business success. The Project Team must balance "quick wins" that can generate near-term income with activities that require more time investment but hold greater potential. Even though the Team begins with a subset of the activities, all Team members should clearly understand how these relate to the larger concept.
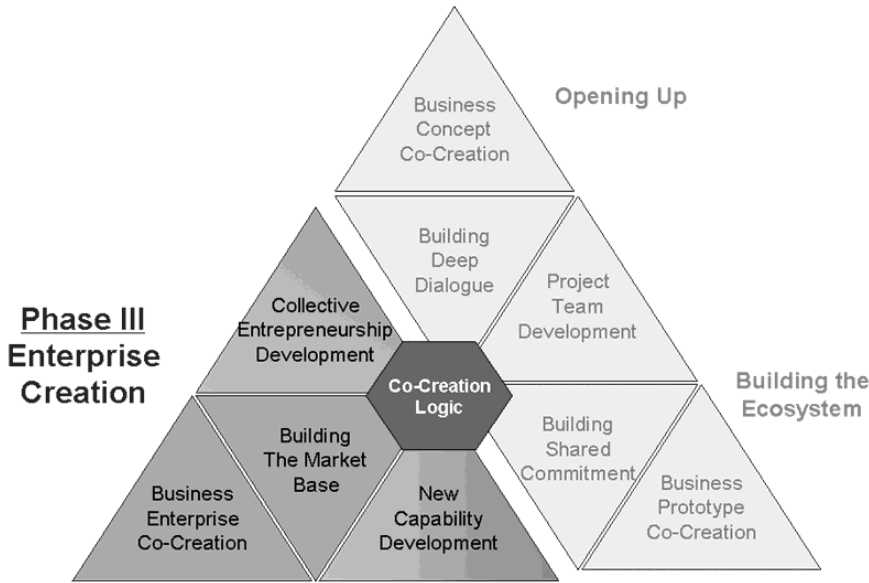
Figure 6. Enterprise Creation.

PHASE III: ENTERPRISE CREATION

In Phase III, "Enterprise Creation," the Project Team evolves and expands the initial business prototype into a complete business model. In the process it establishes a committed market base and a new organization that can sustain and grow the enterprise. The time it takes for the new business to stabilize will vary depending on its complexity, though one year of operations should provide valuable insights into seasonal variations.

The Phase III process begins with further *new capability development*, then progresses to *building the market base* and *collective entrepreneurship development.* The outcome of Phase III is a *newly created business enterprise* ready for scaling out.

New Capability Development

To shift from start-up to self-sustaining business requires that the community members of the Project Team develop the systems and skills they need to manage ongoing operations (e.g., accounting) and to grow the enterprise locally (e.g., customer feedback). The full Project Team co-identifies the needed capabilities and addresses them through action learning. As much as possible, project management processes and decisions are jointly administered to build the practical management capacity of the community team members.

Concurrently, the corporation starts to build the human resource and organizational capabilities needed to scale out the new business. The most effective way to develop future managers with the necessary skills (e.g., community facilitation) is to have them "shadow" current corporate members of the Project Team and then

transition into active involvement and co-direction. The R&D White Space needs to be formalized to ensure a consistent flow of patient capital and to effectively leverage learnings and resources across sites.

Building the Market Base

To ensure genuine demand for the new business' products and services, the Project Team engages the broader community in evolving the business prototype. This process is not about "educating" and "convincing" potential customers that the products or services are beneficial. It is about generating a community-wide sense of membership in and shared vision of the business by extending the action learning process to include a diverse and influential segment of community members and opinion leaders. By deeply vesting the community in the business success, the Team generates "pull-through" demand.

Deep, personalized connections with the wider community are forged as the Project Team engages in homestays in and around the served community. A community advisory board with a rotating and inducted membership provides a formal mechanism for engaging the wider community and communicating a consistent message. In addition, the supply chain for the emerging business should be localized whenever possible. This involves sourcing available raw materials and services from community-based vendors, and working closely with them to continuously improve the quality of their products and services.

Collective Entrepreneurship Development

If the project is to respond creatively to challenges and opportunities using the Project Team's full range of resources, then the whole Team must share an understanding of the evolving issues in the field. Getting the corporate team members out into the field and "doing the business together" on a regular basis with the community team members builds this shared understanding and fosters creative solutions. Conducting joint "sales calls" provides further insights into key issues that surface through initial business operations.

While the Project Team begins small-scale commercial operations using resources and products that are immediately available, during Phase III attention turns to exploring new products and clean technologies that are optimized for the emerging business model and customized to the community's context. To ensure that technology and product development remain aligned with the realities and demands of the business and community, it is important to build direct links with corporate R&D members and to bring them in through homestays and participation in in-field operations.

Business Enterprise Co-Creation

The Project Team gradually expands the scope and complexity of business operations through small-scale "business experiments" intended to reveal nuances in customer needs and unanticipated consequences. At this point the ultimate shape

Real World Example: The Solae Company in India
Enterprise Creation

Solae Chiguru and Solae Samatha marked their transition into formal business operations by registering as legal business cooperatives. Because they had generated a high level of visibility during Phase II, both Solae Chiguru and Solae Samatha were immediately flooded with catering orders from local schools and government offices and for festival-related functions. To begin, sales in both sites included nutritionally fortified packaged snacks for children, freshly prepared breakfast foods and catered meals incorporating Solae protein, and packaged Solae protein made available during direct-to-home cooking demonstrations. A direct-to-home cooking and nutrition "advising" service—which was more complex to develop but was believed to be an engine for long-term growth—was being developed in both sites in parallel with the other sales activities.

In both Parvathagiri and Rasul Pura, milestones were co-developed along three dimensions: management systems, business model infrastructure, and business performance. Revenue and profit targets over a six-month period were based on sales results generated during the action learning activities in Phase II and were calculated as an increasing percentage of the business' total fixed cost burden. In addition to profit targets, performance targets were also set for the business teams' "reach" into and personal connections with the community.

In Parvathagiri, to deepen connections with the two dozen small villages within the county's five-mile radius, Solae Samatha dispatched six pairs of team members to six villages. Each pair of women stayed for two nights with friends or relatives of other Samatha team members. Word spread quickly through networks of family and friends about the women and the business. During the day, as the women walked through the neighborhoods, they found themselves the center of attention, fielding inquiries about food and nutrition and about when the business would start. Before they entered the new communities, the team developed a "frequently asked question" list to ensure consistent communications.

To begin the transition to local management independence, Solae Chiguru and Solae Samatha opened business accounts into which working capital and project revenues were placed. At the end of each day, a two-person accounting team for each site recorded the day's transactions and balanced the accounts. The businesses formed teams that focused on specific functions, including food production, office management, and marketing and outreach. Teams developed records and ledgers for operations (e.g., production orders), accounting (e.g., receipt and payments), and marketing (e.g., customer follow up). The timing for the installation of various elements of the business infrastructure—including cooking production facilities, model cooking demonstration homes, push carts, and the rooftop gardens—was determined according to the priority given to the various sales channels.
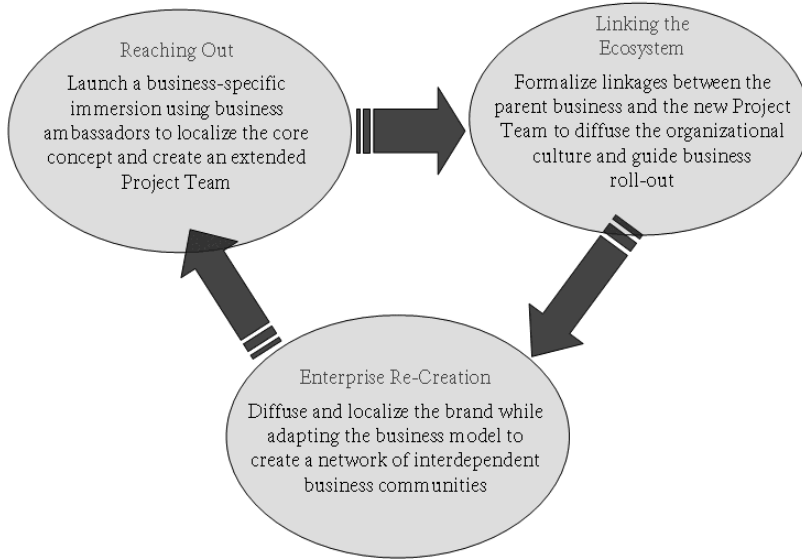
Figure 7. Scaling the BOP Protocol.

of the business model and the sources of revenue growth will be uncertain, so it is crucial to maintain organizational flexibility. The Team can preserve flexibility by minimizing investments in fixed assets when phasing in business activities, and by postponing binding decisions as to organizational structure (e.g., ownership) and profit sharing.

The performance of the new business and the Team should be evaluated against milestones that emphasize learning and "failing forward," rather than meeting arbitrarily selected revenue and product sales targets. The Team must set and reach revenue targets that ensure a baseline level of income for community team members if the business is to continue operating. It is important that the corporation remain open about its own revenue capture model in terms of the emerging business, and that it not recede into a peripheral supplier role.

SCALING THE BOP PROTOCOL

The BOP Protocol culminates in a new "locally embedded" business founded on trust and shared commitment between the corporation and the community. In order for the corporation to generate a level of value that justifies the commitment of an initial BOP Protocol initiative, the business needs to be efficiently re-embedded in hundreds, if not thousands, of other communities. To reinforce the shared commitment established by the initial business, our preliminary experience suggests that an effective replication process should follow an "open pollination model" that follows a three-phase process analogous to that of the BOP Protocol.

The first phase of the scaling process involves *Reaching Out* to new communities through business ambassadors and planting a "seed" business concept using a

concept-specific immersion. Through this process, representatives from the original parent or "pollinating" business effectively spread the core value proposition to a new community while simultaneously encouraging local adaptation.

In the second phase, *Linking the Ecosystems*, a formal organizational linkage is established between the new community and the parent business to accelerate the development of the initial business pilot model and the professionalization of a new Project Team. "Community exchanges" between the parent business and new Project Team allow key business and organizational skills to be rapidly and effectively disseminated through a train-the-trainer learning system.

Finally, the *Enterprise Re-Creation* phase uses small-scale business pilots to re-embed the original business model within the unique context of the new community. Pilots are co-designed and co-managed by the new Project Team together with business liaisons from the parent business to ensure that prior learnings are reflected in the process and to transfer tacit business skills (e.g., sales and customer management).

This scaling process would be repeated for each round of "pollination" the business undergoes in every new community. Importantly, as the size of the network grows, the faster the propagation process proceeds, as each newly established business site can then serve as a parent business to guide a new community through the business propagation process. The scaling process is, therefore, best understood as one of "scaling out" rather than "scaling up."

APPENDIX

BOP Protocol Business Principles

Operating Guidelines
• **Suspend Disbelief**—*be willing to admit ignorance*
• **Put the Last First**—*seek out the voices seldom heard*
• **Show Respect and Humility**—*all parties have something important to contribute*
• **Accept and Respect Divergent Views**—*there is no one best way*
• **Recognize the Positive**—*people who live on $1 per day must be doing something right*
• **Co-Develop Solutions**—*creating a new business takes mutual learning by all partners*
• **Create Mutual Value**—*all parties must benefit in terms important to them*
• **Start Small**—*begin with small pilot tests and scale out in modular fashion*
• **Be Patient**—*it takes time to grow the ecosystem and win trust before the business takes off*
• **Embrace Ambiguity**—*the greatest opportunities often arise from unplanned events and circumstances*

Code of Conduct
- Design businesses that increase earning power, remove constraints, and build potential in the BOP.
- Ensure that wealth generated by the business is shared equitably with the local community.
- Use only the most appropriate—and sustainable—technologies.
- Promote the development of affected communities as broadly as possibly in ways defined by the local people themselves.
- Track the "triple bottom line" impacts associated with the entire BOP business system.
- Monitor and address any unintended negative impacts associated with the business model.
- Share best practices with local partners to the extent possible.
- Report transparently and involve key stakeholders in an ongoing dialogue.
- Commit to increase community value regardless of the business outcome.

---

1. C.K. Prahalad and Stuart L. Hart, "The Fortune at the Bottom of the Pyramid," *Strategy +Business*, 26 (2002), 1-14.
2. Simanis et al. "The Base of the Pyramid Protocol: Towards Next Generation BOP Strategy" (Ithaca, NY: Center for Sustainable Global Enterprise, Johnson School of Management, Cornell University, 2008).
3. For excellent critical reviews of the field of development, see Gilbert Rist, *The History of Development: From Western Origins to Global Faith* (London and New York, Zed Books, 1999), and Arturo Escobar, *Encountering Development: The Making and Unmaking of the Third World* (Princeton, NJ: Princeton University Press, 1995).
4. Ivan Illich, "Needs." In W. Sachs (ed.), *The Development Dictionary: A Guide to Knowledge as Power* (London and New York, Zed Books, 1992): 88-101, 88.
5. Illich, 96.
6. C.T. Mohanty, "Under Western Eyes: Feminist Scholarship and Colonial Discourses." In L. Torres (ed.), *Third World Women and the Politics of Feminism* (Bloomington and Indianapolis: Indiana University Press, 1991): 51-80.
7. We borrow and extend the concept "New Commons" from Gustavo Esteva. G. Esteva, "Development." In W. Sachs (ed.), *The Development Dictionary: A Guide to Knowledge as Power* (London and New York, Zed Books, 1992): 88-101, 20.
8. Paul Hawken, *Blessed Unrest: How the Largest Movement in the World Came into Being and Why No One Saw it Coming* (New York, Viking, 2007).
9. Neem is a tree indigenous to India whose bitter bark and aromatic seed oil are used medicinally.
10. Jeffrey Sachs, *The End of Poverty: Economic Possibilities for our Time* (New York, Penguin Press, 2005).
11. Amartya Sen, *Development as Freedom* (New York: Anchor Books, 1999).
12. Muhammad Yunus, *Banker to the Poor: Micro-Lending and the Battle against World Poverty* (New York: PublicAffairs, 1999).
13. Procter & Gamble, *Global Sustainability & Philanthropy Report* (2006), 29.
14. Nancy Landrum, Advancing the "Base of the Pyramid" Debate. *Strategic Management Review* [Online] 1:1 (May 21, 2007). http://www.strategicmanagementreview.com/ojs/index.php/smr/article/view/12/16; C.K. Prahalad, *The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profits* (New Delhi: Pearson Education/Wharton School Publishing, 2005).
15. W. Easterly, *White Man's Burden: Why the West's Efforts to Aid the Rest Have Done so Much Ill*

and So Little Good (New York: Penguin Press, 2006).

16. H. De Soto, *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else* (New York: Basic Books, 2000).

17. For an in-depth analysis of "embedded innovation" and second generation BOP strategy, please see Simanis and Hart, "Beyond Selling to the Poor: Building Business Intimacy through Embedded Innovation." Working Paper, Johnson School of Management, Cornell University, 2008.

18. For further development of the idea of native capability, see Stuart Hart, *Capitalism at the Crossroads: Aligning Business, Earth, and Humanity* (Philadelphia: Wharton School Publishing, 2007).

19. The second edition of the BOP Protocol can be accessed at: <http://www.johnson.cornell.edu/sge/>.

20. The following has been adapted from Erik Simanis and Stuart Hart (with Justin DeKoszmovszky, Patrick Donohue, Duncan Duke, Gordon Enk, Michael Gordon, and Tatiana Thieme), *The Base of the Pyramid Protocol, 2ⁿᵈ Edition: Toward Next Generation BOP Strategy* ©2008.

21 PRA is a family of development approaches that empower the poor to analyze their own life conditions, to identify solutions based on local resources, and to take action. For more information, see Robert Chambers, *Rural Development: Putting the Last First* (Essex, England: Pearson Education Longman Limited, 1984) and *Whose Reality Counts?: Putting the First Last* (London: ITDG Publishing, 1998).

22. ABCD is a development approach that begins with the premise that the resources and competencies that exist within communities should form the foundation for advancing change in the community. For more information, see John Kretzmann and John McNight, *Building Communities from the Inside Out: A Path Toward Finding and Mobilizing a Community's Assets* (Evanston, IL: Institute for Policy Research, 1993).

23. For more information on creation approaches to entrepreneurship, see: Saras Sarasvathy, "Causation and Effectuation: Towards a Theoretical Shift from Economic Inevitability to Entrepreneurial Contingency," *Academy of Management Review* 26(2) (2001): 243-263, and Sharon Alvarez and Jay Barney, "Discovery and creation: Alternative theories of entrepreneurial action," *Strategic Entrepreneurship Journal* 1(1) (2008): 11-26.