The Anatomy of Market Creation: Insights from the Base of the Pyramid

by Erik N Simanis

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THE ANATOMY OF MARKET CREATION:

INSIGHTS FROM THE BASE OF THE PYRAMID

A Dissertation

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in Partial Fulfillment of the Requirements for the Degree of

Doctor of Philosophy

by

Erik N. Simanis

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This dissertation is an action-research inquiry into the unique strategic management challenge of creating a new market for an altogether new product form. The research was conducted over a four-year period while working as a project manager and consultant to two “greenfield” corporate ventures whose goal was to profitably serve the unmet needs of impoverished slum and village communities in Kenya and India. In both ventures, the new product and service offerings that were developed and commercialized were ones for which the targeted communities had no comparable, much less equivalent, products against which they could benchmark.

The principle finding from this dissertation concerns the strategic innovation processes effective for catalyzing the consumer sense-making necessary for adopting a product for which there are no consumption benchmarks. Current management innovation strategies for market creation around a new product form leave under-theorized and un-addressed the issue of personal-level consumer learning in the face of “discontinuous products.” This dissertation draws together field learnings and experiences from the Kenya and India ventures with theoretical contributions of performance theory to demarcate a market creation strategy tailored for this demand-side challenge. The strategy is based on catalyzing an initial community of practice centered on the new product form. Management frameworks for both content and
process dimensions of a market creation strategy are developed; they include a “market creation mix” and a “performance innovation process,” respectively.
BIOGRAPHICAL SKETCH

Erik Simanis is Managing Director of Market Creation Strategies at the Center for Sustainable Global Enterprise at Cornell University’s Johnson School of Management. His applied research focuses on advancing innovation and business development strategies for commercializing new product categories. Erik has led or consulted to new business ventures in India, Africa, Mexico, former Soviet Union, and the U.S., and has held management positions in the wood products and transportation industries. His most recent work has been published in The Wall Street Journal, Sloan Management Review, and the journal Innovations. Erik holds a PhD in Management from Cornell, an MBA from the University of North Carolina at Chapel Hill, and a BA from Wake Forest University.
I dedicate this work to my wife, Jo, whose love and beautiful brown eyes have sustained me throughout these many years, and whose unwavering support, gentle editorial hand, and countless hours of enthusiastic sharing and discussion can be found on each and every page.

And to our little Ramona, who saw fit that we share a walk through the woods each and every day.
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INTRODUCTION

It could be said that the year 2002 marked the “discovery” by corporate managers of a New World. Yet unlike Columbus’ discovery of the Americas, which overcame a vast expanse of un-chartered seas that spatially separated Europe from the new continent, the discovery of the Base or Bottom of the Pyramid (BOP)—the approximately two-thirds of humanity whose per capita incomes fall below $1,500 (purchasing power parity)—was occasioned by the bridging of a perceptual chasm.

That perceptual shift was triggered by the publication in 2002 of *The Fortune at the Bottom of the Pyramid* by C.K. Prahalad and Stuart Hart (Prahalad & Hart, 2002). The authors argued that low-income consumers presented not only a viable consumer market for corporations, but one of potentially enormous size and opportunity. Furthermore, by meeting the unmet needs of this segment through commercial models, corporations could play a role in alleviating global poverty. That core argument was reinforced and extended in subsequent books (Hart, 2005, 2007; Prahalad, 2004; Rangan, Quelch, Herrero, & Barton, 2007; Weiser, Kahane, Rochlin, & Landis, 2006) and publications (Bruggman & Prahalad, 2007; Gomez & Marquez, 2006; Hart & Christensen, 2002; Hart & Sharma, 2004; London & Hart, 2004; Prahalad & Hammond, 2002). The role of “big-business” in global development became a straightforward issue of doing business with a different customer.

This dissertation began as an action-research inquiry into the unique corporate innovation challenge presented by this low-income customer segment. Four years later and having spent more than a year’s time on the ground in Kenya and India leading the development of new business ventures serving rural villages and slums, my research findings ironically speak to an innovation challenge that cuts across
organizational size and consumer socio-economic levels. The management issue to which this dissertation ultimately speaks is that of new market creation—the commercialization of an altogether consumer product offering and value proposition for which there are neither current competitors nor customers.

The purpose of this introduction is twofold. First, I want to set the reader’s expectations for the overall flow and pace of the chapters to follow. Second, I explain how my key findings landed in such seemingly different territory from where I began, and how this shift is a sign of a successful research process.

This dissertation is the product not only of a non-traditional philosophical lens, but also of an unorthodox research method within the context of management research. Philosophically, I use a school of thought called post-structuralism. Post-structuralism—which focuses on the interplay between discourse, knowledge creation, and identity—shapes my choice of research approach (e.g., action research) and underpins my analysis and extension of the market creation literature.

Methodologically, I have followed an action research (AR) approach. AR is an overall research strategy that shifts the role and position of the researcher from that of objective, arm’s length observer to one of active participant in the solving of a concrete, real-life management problem.

This introduction begins with a general background on both the philosophy of post-structuralism and the action research method, followed by my specific reasons for choosing these frameworks. I then provide an overview of my research timeline and conclude with a discussion of the structure and layout of the subsequent chapters in my dissertation.
Post-Structuralism: An Overview

This dissertation brings a post-structuralist philosophical perspective into conversation with the fields of strategic innovation and entrepreneurship. Post-structuralism forms the basis for the action research approach I utilize and the lens by which I approach the concept of market creation.

Post-structuralism is a school of thought that emerged in France during the political upheavals of the 1960s. Post-structuralism, in name, stands in opposition to the structuralist movement of the 1950s and 1960s that sought to analyze critically the underlying structures and meanings of cultural systems and products, with a particular focus on language. Claude Levi-Strauss and Ferninand de Saussure were central figures in the structuralist movement in anthropology and linguistics respectively. The work of Sigmund Freud is viewed as the foundation for structuralism’s application in the field of psychology.

Post-structuralism—among whose founding thinkers include Jacques Derrida, Michel Foucault, Roland Barthes, Jacques Lacan, and Gilles Deleuze—challenges the notion that the social world can be truthfully and objectively represented. Rather, all knowledge and truth—because they rely on man-made systems of representation, such as language—are inevitably culturally-conditioned and historically bounded. Meaning is not reflected by language, but produced within language (Storey, 2006). In this regard, post-structuralism shares common ground with Thomas Kuhn’s argument that scientific research proceeds within the boundaries of a paradigm (Kuhn, 1962). As well, post-structuralism shares the same ontological assumption as does a social-constructionist perspective (Latour & Woolgar, 1979).

Post-structuralism goes beyond the Kuhnian notion of paradigm and the social constructionist perspective to argue that the creation of knowledge and truth is a political process that makes possible the social world and people’s experience of it.
Power, in the post-structuralist view, is first and foremost a diffuse, productive force that operates through knowledge to establish the social identities and norms of behavior and thought that enable social life, rather than a repressive force that inhibits choice and life. Power, in other words, is an enabling force, rather than a constraining force. Because of post-structuralism’s focus on power’s constitutive role in social artifacts (e.g., culture), post-structuralism is often considered an offshoot of the Frankfurt School of “critical theory.” Critical theory, which advanced a neo-Marxist critique of capitalist ideology and mass culture, is associated with the work of Theodore Adorno, Max Horkheimer, Herbert Marcuse, and Jurgen Habermas.

Knowledge and power are, therefore, inextricably linked in post-structuralism: “It is not possible for power to be exercised without knowledge, it is impossible for knowledge not to engender power” (Gordon, 1980a; Rabinow, 1984). Indeed, Foucault treats them as a single concept – his so-called power/knowledge couplet (Gordon, 1980b). Power shapes the social relationships and discourses that establish the conditions of possibility or “regime of truth” of the knowledge creation process. However, power is also exerted through the practices, behaviors, and identities made thinkable and socially allowable by the newly created knowledge. Foucault referred to the latter process as knowledge’s “truth effects.”

There are two important points I want to highlight about the post-structuralist conceptualization of power as they relate to strategic management. One, it does not limit or annul individual agency; rather, power’s functioning is dependent upon its very existence. Second, while power is a pervasive feature of all human relations—as Foucault argued, there is no “exteriority to power”—“power is never a fixed and closed regime, but rather an endless and open strategic game” (Burchell, Gordon, & Miller, 1991). These tenets of post-structuralism, it is important to note, expand the nature and scope of managerial agency beyond the strategic choice framework which
has served as the foundation on which the field of strategic management rests (Child, 1972).

Of particular relevance to my dissertation are the post-structuralist concepts of “subjectivity” and “governmentality,” both of which reflect the “productive” conceptualization of power. Subjectivity is post-structuralism’s unique theorization of identity and the individual. The post-structuralist individual is not a stable, internally-consistent, rational being whose identity is an outward expression of an internal truth, essence, or consciousness. Rather, individuals are in a constant struggle to define their sense of self by performing (with or against) socially-defined identities, a process that David Scott refers to as “self-fashioning” (Scott, 1999) and which political philosopher William Connolly labels the “politics of becoming” (Connolly, 1999). In post-structuralism, identities—just as all other forms of knowledge—are both effects of power and vehicles for exercising power.

“Subjectivity,” therefore, is a post-structuralist term referring to this particular idea of the self in which the individual is simultaneously acted upon or *subjected to* power (because identities are socially defined) and a source of or *subject of* power (by the authority vested in an identity). As Foucault notes, “the individual is an effect of power, and at the same time, or precisely to the extent to which it is an effect, it is the elements of its articulation. The individual, which power has constituted, is at the same time its vehicle” (Gordon, 1980b). Subjectivity, therefore, is comprised of a person’ physical body, his/her mental habits of thought, and his/her bodily practices in dynamic relation to other culturally-marked bodies, patterns of thought, and bodily practices.

“Governmentality,” a concept coined and developed in depth by Foucault, refers to the particular mode and rationality of modern state governance that emerged in the mid 1800s and was defined, in part, by its focus on the management of a
population. What makes modern forms of state governance unique, Foucault argued, is that they succeed in managing an entire population through activities and practices targeted at the health and welfare of the individual subject (Burchell et al., 1991). To use post-structuralism’s terminology, they couple “individualization” with “totalization.”

The result of this particular mode of governance is that individuals internalize behaviors and forms of discipline desired by the state (e.g., marriage before children) in the belief that such behaviors constitute a healthy and desirable life. The population is thereby managed through self-policing individuals attending to their own personal development. It is for this reason that Foucault refers to governmentality as “the conduct of conduct” (Burchell et al., 1991).

In Discipline and Punish, Foucault uses the 19th century architectural invention of the panopticon as a metaphor of governmentality (Foucault, 1977). The panopticon was a unique prison design created by Jeremy Bentham in which prison cells on multiple levels opened up to a central courtyard. The courtyard contained a glassed watch tower made of one-way mirrors that afforded a 360 degree view of all of the cells. As such, prison guards in the tower could see out and into each of the cells, but prisoners could not see into tower. The magic of the panopticon’s design was that it was not necessary to post a guard in the tower. Believing that they were under constant surveillance, the prisoners would discipline their own behavior and act appropriately at all times.

**Post-Structuralism as Method**

As a form of analysis and method, post-structuralist philosophy does not aim to judge the correctness or validity of particular knowledge claims. It does not attempt to provide a more objective analysis or a higher standard for moral and ethical
behavior. Nor does it attempt to explain causal relationships and, thereby, provide predictive value. As discussed, post-structuralism is posited as a critique of epistemology and what Nietzsche called the “will to knowledge,” not an alternative means of establishing truths or facts (Rabinow, 1986b).

Rather, post-structuralism’s intent is to create a space for new kinds of knowledge and, hence, alternative identities and forms of social organization. This is achieved by denaturalizing taken-for-granted logics, moralities, and practices and highlighting their diverse power effects and consequences. The act of disrupting norms in order to give voice and credibility to those deemed “abnormal” is precisely where post-structuralism locates the question of ethics. Foucault’s practice of genealogy, also known as a “history of the present,” and Derrida’s practice of deconstruction are examples of post-structuralist analytical methods used for this purpose. Genealogy and deconstruction have been used to historicize the concepts of development (Escobar, 1995), empowerment and citizenship (Cruikshank, 1999), secularism (Connolly, 1999), religion (Asad, 1993), capitalism (Gibson-Graham, 1996), economy (Gibson-Graham, 2006), and gender and sexuality (Butler, 1999 (1991)), among others.

In addition to this deconstructive approach, post-structuralism has been employed as a generative practice and method, the goal being the construction of new discourses and new subjectivities. One of the leading examples of this comes from the work of feminist scholar Judith Butler, whose “performance theory” incorporates a strategy of normalizing alternative forms of sexuality by publicly “performing” and acting them out (Butler, 1999 (1991)). More recently, action research conducted in Massachusetts and Australia by geographers Kathy Gibson and Julie Graham has attempted to invent a discourse of “community economy” as an alternative strategy for advancing community economic development (Gibson-Graham, 2006). Creating this
new discourse of economy entails a parallel “resubjectivization” process that aims to establish new “economic identities” and social relationships that enable and support this different way of thinking about and practicing economy.

**The Relevance of Post-Structuralism to Strategic Management**

I believe post-structuralism, both as an analytical perspective and as a method, opens new opportunities for *management practice*. Internally, genealogy and deconstruction provide practical tools for disrupting what Prahalad and Bettis refer to as a corporation’s dominant logic by tracing the historical contingencies of taken-for-granted practices, routines, metrics, and measures and by illuminating the connections between micro-level practices and corporate-level structures (Prahalad & Bettis, 1986). As Prahalad suggests, firm’s dominant logics, much like discourses, shape the field of possibilities for innovation and imagination.

Post-structuralist methods can be used also to actively create and normalize new management logics and subjectivities to enable new innovation and management opportunities. Clay Christensen, for example, has argued that successful commercialization of disruptive innovations is dependent upon establishing an innovation space outside of the firm’s core systems and routines (Christensen, 1997; Christensen & Raynor, 2003b). Henderson and Clark advance a similar argument regarding architectural-level innovation (Henderson & Clark, 1990). In short, post-structuralist methods can both illuminate the current box that shapes management innovation and practice, and aid in the creation of a new innovation box that enables possibilities outside of current management practice.

Looking outside of the firm, the post-structuralist concept of power reflected in “governmentality” radically extends management opportunities for establishing competitive advantage. To date, strategic management trades on what Foucault labels
as a “juridical” understanding of power. Juridical power is a form of power that allows one actor to impose his/her will over another and to force them to act in a particular manner. Competition for juridical power is a zero-sum game, where one actor increases his power at the expense of others (an example of such a competition for power within a management setting is reflected in William Ocasio’s “Political dynamics and the circulation of power. CEO succession in US industrial firms” (Ocasio, 1994)).

Strategic management theory is based largely on such a juridical conception of power. Power within Michael Porter’s industrial organization economics framework allows a firm to prevent competitors from entering its market, to prevent customers from switching to competing products, and to control the price at which customers buy and suppliers sell (Porter, 1980, 1985). The same juridical concept of power is present in resource-based view (RBV) of the firm (Barney, 1991) and the capabilities literature that derives from it (Teece, Pisano, & Shuen, 1998). In RBV, competitive advantage arises from ownership of rare and non-imitable resources. Possession of such resources is a source of power that allows a firm to capture economic rents across a value chain and prevents competitors from entering. In the sociology literature, Ronald Burt’s structural holes theory of social networks (Burt, 1992) and Pfeffer and Salancik’s resource dependence theory rely (Pfeffer & Salancik, 1978) on the same juridical theory of power.

As described earlier, post-structuralist power as reflected in governmentality is a productive force that creates new subjectivities and identities that simultaneously advance an organization’s own objectives. Just as states use governmentality to create a citizenry in tune with its aims, so too can firms employ post-structuralist power to create consumer and stakeholder subjectivities that further a company’s own interests.
The application of this particular form of power lies at the heart of my findings on new market creation.

**Overview of Action Research**

Action Research is a distinct research process that evolved as a critique of and response to the separation of thought and action that has arguably become the dominant organizing paradigm for the social sciences. Within the Academy of Management, there is a repeated concern that the knowledge generated through this paradigm provides limited practical utility for managers (Hoffman, 2004; Starkey & Madan, 2001; Tushman, O'Reilly, Fenollosa, Kleinbaum, & McGrath, 2007). AR is a research strategy designed to address the question of “knowledge relevance” by shifting the role and position of the researcher from that of objective, arm’s length observer to one of active participant in the solving of a concrete, real-life problem. Kurt Lewin’s famous statement, “the best way to try and understand something is to try and change it,” captures AR’s practical, hands-on view of knowledge creation. John Dewey’s philosophy of pragmatism serves as one of the intellectual foundations of AR.

AR also integrates an ethical stance based on the philosophical viewpoint that “knowledge generation” is enmeshed with social structures of power and holds material consequences for the lives of the people “studied.” This critique is reflected in a wide range of philosophical fields, including post-structuralism, critical theory, liberation theology, and post-colonial theory, and represented in the works of Richard Rorty, Hans Georg Gadamer, Michel Foucault, Paulo Freire, and Homi Bhabha.

Rather than ignore this question of power and power effects by claiming research neutrality and objectivity, AR uses participative methods that attempt to position researchers and “problem holders” as equals in the research process, thereby
leading to co-generated knowledge and solutions that are owned by all stakeholders. Through this participatory approach to knowledge creation, AR builds non-researchers’ capacity and capabilities. The aspect of knowledge co-generation by practitioners together with academics is consistent with Van de Ven et al.’s recommendation for and approach to an “engaged scholarship” (Van De Ven & Johnson, 2006).

Methodologically, AR begins with the joint definition of a practical problem rather than a theoretical gap in the literature. The research process involves a collective effort to then solve the problem. AR’s success is determined by the “workability” of the solution, where workability “is a matter of collective social judgment by knowledgeable participants about the outcomes of collective social action” (Greenwood & Levin, 2007). To move from a contingent, context-specific solution to the creation of new knowledge that can move beyond the local project context occurs by “subjecting the workable outcomes to a variety of counterfactual analyses, to searching the literature and known cases for other approaches that create similar outcomes” (Greenwood & Levin, 2007). On this dimension, AR bears resemblance to the more commonly practiced case-based grounded-theory building (Eisenhardt, 1989). In summary, through a collective process of “plan-act-observe-reflect,” (Lewin, 1948) new theoretical insights are generated, and “problem owners” build new capabilities that enable them to resolve future challenges.

**Why Action Research?**

I chose an AR framework for several practical reasons. As noted in the introduction, in this dissertation I bring a post-structuralist philosophical lens into the field of strategic management. As post-structuralism forms one of the philosophical anchors of AR, using AR establishes methodological fit.
From a practical standpoint, I viewed AR as the most effective way at the time to ensure corporate investment into the BOP would deliver on the “win-win” possibility of combining corporate growth and global sustainability. Action research offered a means of actualizing a new business practice that would not only have credibility among corporate managers, but would also “bake in” the leading edge theories and critiques of sustainable development.

It is important to note that when this dissertation was undertaken in 2003, the BOP concept was largely prospective. Its initial theoretical contours were inferred from the successes of social entrepreneurship and non-profit enterprises (e.g., Grameen Bank, Honey Care, KickStart), several corporate failures (e.g., Monsanto, Nike), and a handful of relatively small, isolated corporate BOP successes (e.g., Hindustan Lever, Cemex). Corporations, lacking a clear path and guidance on “reaching the BOP,” were hesitant to make the investment. In addition, the companies that had attempted to reach the BOP demographic had demonstrated that existing corporate business practices could inadvertently cause more harm than good for BOP communities. In short, I viewed AR was the most effective and efficient way to get in on the ground-level of the corporate BOP movement and materially shape its evolution.

**Research Timeline**

My action research vehicle for this dissertation was the Base of the Pyramid Protocol Initiative, an initiative for which I served as Co-Director. The intent of the BOP Protocol Initiative was to codify a proven corporate innovation process geared for the unique challenge of sustainably serving Base of the Pyramid markets. The initiative was launched in 2003 as a partnership among Cornell University, University of Michigan, William Davidson Institute, World Resources Institute and Johnson
Below I discuss in detail the research timeline for the BOP Protocol Initiative, tracing the three overlapping and interdependent phases of AR: problem definition, problem solution, and knowledge creation (see Figure 1 below).

**FIGURE 1: BOP Protocol Action Research Phases**

**I. Problem Definition**
- 2003-2004 Development of BOP Protocol Proposal & Background Research in Related Fields

**II. Solution Development**
- October 2004 Workshop: Designing the BoP Protocol
- March 2005 SC Johnson & Sons Protocol (Kenya)
- Jan 2006 DuPont/Solaie Co. Protocol (India)

**III. Knowledge Creation**
- Participatory Rural Appraisal
- Quick Ethnography
- Rapid Assessment Process
- Asset-Based Community Development
- Empathy-Based Design
- BoP Protocol Refinement Workshop (Oct 2005)
- SCJ and DuPont Management Team Debriefs
- Presentations at practitioner and academic venues
- Plan, Act, Observe, Reflect

**Problem Definition**

As noted in the discussion of AR, the AR process begins with the identification of a concrete management problem rather than a theoretical gap in the management literature. The impetus for undertaking the development of a BOP innovation protocol emerged from discussions among corporate members of the Base of the Pyramid
Learning Laboratory (BOP-LL), an organization I co-founded in 2000 at the University of North Carolina at Chapel Hill with Stuart Hart, and for which I served as director from 2000 – 2001 prior to beginning doctoral studies.¹ The BOP-LL brought together companies, non-profit organizations, and academics and practitioners across sectors to explore how corporations could profitably and sustainably serve the BOP demographic, an idea that was beginning to gather momentum and interest as a result of an unpublished manuscript by CK Prahalad and Stuart Hart on the subject matter.²

The BOP-LL convened twice yearly with attendees representing a wide array of corporations (including Dow, DuPont, Ford, Johnson & Johnson, Procter & Gamble, Motorola, Hewlett-Packard, Coca-Cola, and Tetra-Pak) and non-profit organizations (including Grameen Foundation, Tata Energy Resource Institute, CARE, and World Resources Institute). Each meeting consisted of presentations that highlighted different models and approaches (successful and unsuccessful) for engaging and serving the BOP. For example, a faculty member from the School of Social Work at the University of North Carolina at Chapel Hill discussed the application of participatory rural appraisal; an anthropologist at Coke shared how Coke used anthropological methods to understand how to position and brand a nutrition product targeting the BOP; and a project manager for the non-profit CARE outlined a novel “public-private partnership” with a global shoe manufacturer that resulted in the creation and training of a distribution force comprised of low-income people. In addition, dozens of BOP “case studies” focusing on for-profit and non-profit ventures were conducted by teams of MBA students and then presented as part of the labs.

¹ The BOP Learning Laboratory was relocated to Cornell University in 2004.
² The working paper, which was titled “Raising the Bottom of the Pyramid: Strategies for a Sustainable World” was published as “The Fortune at the Bottom of the Pyramid” in Strategy + Business (2002).
In this way, the BOP LL served as an initial “communication arena” for reaching a shared understanding of the management problem presented by the BOP. In AR, a communication arena “aims to produce learning and open up a process of reflection for the involved parties” (Greenwood & Levin, 2007). By 2003, there was a general consensus among the lab members that profitably serving the BOP in a sustainable, culturally appropriate manner would require re-configuring the entire business model based on an intimate understanding of local consumer needs and the local institutional setting (please see Chapter 1 for a review of the BOP management literature). Traditional marketing and business development approaches, it was believed, were inadequate for this task, as they were highly dependent upon the presence of modern infrastructure and socio-cultural institutions.

Rather, an effective corporate innovation process would have to adapt the techniques and methods developed in fields and disciplines, such as anthropology and social work, which were experienced in working in Third World contexts and with socially and economically marginalized populations. Furthermore, partnerships with various non-traditional partners—including non-profit organizations and end-users in slums and villages—were believed to be central to establishing the necessary trust and support for accessing local knowledge.

With this in mind, in 2003 I formed part of a core three-person team along with Stuart Hart and Gordon Enk to scope out and guide a multi-stakeholder initiative to codify a process—a protocol—that would enable corporate business development targeting the BOP.³ First, a project proposal to secure corporate sponsorship and participation was developed. The proposal outlined an initial two-year project horizon comprised of three phases: 1) a multi-day, cross-disciplinary workshop of expert

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³ The BOP Protocol project team consisted of me, Professor Stuart Hart of Cornell University, and Gordon Enk, an Executive in Residence at Cornell University.
academics and practitioners to develop an initial BOP Protocol framework 2) a field-test of the Protocol model in partnership with a sponsoring company 3) full-scale implementation of the Protocol with additional sponsoring companies. The learnings from the field test and full-scale implementation/s would be reflected in an updated Protocol that would be made publicly available. By March 2004, four members of the BOP LL—DuPont, SC Johnson, Hewlett-Packard, and Tetra-Pak—pledged their support.

In parallel to scoping the proposal and recruiting partners, I researched methodologies and approaches formulated in fields that intersected with the broad theme of Development, including anthropology, social work, and human geography. Key methodologies identified during this period included the following:

1) **Participatory Rural Appraisal (PRA)** – PRA is a family of development approaches and methods that empower the poor to analyze their own needs and life conditions, to identify solutions based on local resources, and to take action. The methods, which are sensitive to differentials in power, status, and education position the development professional as a facilitator of the development process, rather than an expert solution provider (Chambers, 1983, 1997).

2) **Rapid Assessment Process (RAP)** – RAP is a methodology used to quickly develop a holistic understanding of a complex issue that lacks clearly defined boundaries. RAP relies on a diverse team composition and open-ended, semi-structured interviews to develop an “insider’s” perspective of the issue and to triangulate root cause/s of the problem (Beebe, 2001).

3) **Asset-Based Community Development (ABCD)** – ABCD is a development approach that begins with the premise that poor communities are rich in resources, skills, and competencies which can and should form the
foundation for advancing change in the community (Kretzmann & McNight, 1993).

Furthermore, I explored in depth the literature on “post-development” (Rist, 2003; Sachs, 1992) and the “anthropology of development/modernity” (Coronil, 1996; Escobar, 1995; Mignolo, 2000; Mohanty, 1991; Said, 1979). These literature streams, which approach the concept of development and modernization as cultural constructs, critically assess the institutional actors associated with the development sector (e.g., World Bank, United Nations Development Project) and the theories, metrics, and practices they advocate and employ. The upshot of these literatures is that “development” is not a neutral, inherently benevolent practice, but one that embodies cultural norms and morals that often undermine and/or displace local cultures and forms of knowledge.

As such, many development efforts—from the construction of roads and dams, the dissemination of Green Revolution industrial agriculture practices, to gender empowerment programs—unwittingly erode the social bonds and bases of knowledge that sustained communities and the local ecology over many generations. Neither of these two literatures advocates a particular solution or answer to development. Rather, their primary objectives are to advance mutual learning and build solidarity across cultural and socio-economic differences through sustained dialogue, thereby enabling an ever-increasing array of strategies for sustainable development.

The findings from this research period helped to further refine the management problem that emerged through the BOP LL and were reflected in the framing of the workshop and the selection of workshop participants.
Solution Development

In AR, once a practical problem is defined, the research process entails a collective effort to then solve the problem. The solution development phase of my research spanned four years and included the holding of the BOP Protocol Workshop, the pilot test of the BOP Protocol in Kenya with SC Johnson, and then a full-scale implementation of the BOP Protocol in India in partnership with the Solae Company, a subsidiary of DuPont.

The BOP Protocol workshop, a four-day event held in October 2004 at the Wingspread Conference Center in Racine, convened approximately 40 people drawn equally from academia, the non-profit sector, and from the four corporate sponsors. The workshop, which was titled “Re-Imagining the Corporation,” reflected a conscious attempt to link the management imperative with broader development concerns and perspectives unearthed during the research phase. For example, the proposal document used to recruit the workshop participants framed the project challenge in the following manner:

“Driven by a complex of political, economic and social forces, it is suggested that companies can, indeed should, re-imagine the business so as to transform the MNC into an entity capable of providing for a diverse set of needs, including those at the “base of the pyramid” (BoP). This does not simply mean selling extractive products and services to the poor; instead it means learning how to co-develop a commercial model aimed at improving the lives of those who have been by-passed or actively exploited by globalization” (Hart, Simanis, & Enk, 2003).

Workshop participants were tasked with reaching agreement on a protocol that would enable companies to “engage the BoP in a manner that fosters a deep understanding of local needs and local perspectives” and that would “provide insight into the processes by which firms can identify and develop sustainable business
models in partnership with BOP customers” (Hart et al., 2003). I, together with the project team, designed and facilitated the workshop, which consisted of small-group breakout sessions (five groups of approximately eight people chosen ahead of time to reflect the group’s diversity) followed by plenary report-backs. Days one and two reached agreement on a three-phase innovation process—Opening Up (Phase I), Building the Ecosystem (Phase II), and Enterprise Creation (Phase III). Days three and four explored in depth the specific actions to be undertaken in each of the phases. I and the project team were also active participants in the breakout sessions. Breakout discussions were captured on flip charts. In addition, summaries of each of the breakout discussions were generated using notes volunteered by participants. The accuracy of the summaries was cross-checked with all members of each breakout group. A complete review of the BOP Protocol workshop is found in Chapter 2.

Working from the flipcharts and notes, I led the synthesis and drafting of a BOP Protocol process model that, today, is referred to as the 1st Edition of the BOP Protocol (see Chapter 3 for a full overview of the BOP Protocol 1st Edition). The draft of the three-phase process was circulated to all attendees of the workshop for their input and comments. The final version of the BOP Protocol 1st Edition was publicly released in Spring 2005.

At that time, SC Johnson, a US-based fast moving consumer products multinational and one of the project’s sponsors, volunteered to field-test the BOP Protocol. Two project sites were selected in Kenya: an urban slum in Nairobi, and a rural village in Nakuru District. I served as the project manager for the effort, working closely with SC Johnson’s US office to select sites and local partners, hire and train a field team, develop and manage the budget, generate workplans, and monitor performance against milestones.
From June through August of 2005, I led a six-person field team that implemented Phase I (Opening Up) of the BOP Protocol in the two Kenya sites. While efforts in the Nairobi slum generated a business idea that warranted continuation of the project into Phase II activities (Building the Ecosystem), the work in the rural site failed to generate a business idea of mutual interest to SC Johnson and the local community. Upon returning to the US, I continued to serve as project manager through the first half of Phase II (April 2006), overseeing the project budget and progress in the field through close contact with SC Johnson’s Kenya office and the local non-profit partner, as well as through two 15-day trips to the field in December of 2005 and March 2006. In April 2006, due to my involvement in a second BOP Protocol project launch taking place in India (see below), I handed project management over to SC Johnson and assumed an advisory role to the project, providing regular input and guidance through conference calls. I also returned to the field one additional time (December 2006) to provide in-field support.

Based on SC Johnson’s initial success, The Solae Company, a subsidiary of DuPont, launched a BOP Protocol project in a rural village and urban slum in India in the spring of 2006. DuPont, as noted earlier, was one of the four corporate sponsors of the BOP Protocol Initiative. Once again, I served as the overall project manager and Phase I field lead, which began in April 2006 and concluded in August, 2006. Phase II was launched in both sites, following the successful development of business concepts that appealed to Solae and the community partners.

Upon returning to the US, I continued to serve as the project manager through the first half of Phase II (April 2007), holding responsibility for meeting project milestones, as well as managing budgetary and logistical aspects of the project. During this period, I returned to India on three separate occasions to work with the field team. In April 2007, direct project management of the project sites was handed over to
Solae, who had established a global business team in India dedicated to BOP market development. From April 2007 to March 2009, I played a close advisory role to Solae’s project manager in India, participating in regular conference calls and debriefs, as well as traveling to India on a quarterly basis for up to a month’s time each visit to provide in-field support.

In total across the SC Johnson and Solae projects, I have spent over one year in-field on the ground. Additionally, approximately 1/3 of my time in the US between 2005 and 2009 (e.g., over one year total) has gone toward actively managing, supporting, and advising the projects. A complete review of the SC Johnson and Solae Protocol projects are found in Chapters 4 and 5.

Knowledge Creation

In AR, knowledge creation is linked directly to problem solving efforts and flows from iterative “plan-act-do-reflect” interventions. Creating regular communication arenas that allow for reflection and inquiry into additional literature streams to address the contingent problems and challenges that arise in the field is, therefore, critical to effective AR.

In my research with the BOP Protocol Initiative, regular opportunities for reflection were made possible through four distinct channels: an organized Protocol workshop, project debrief meetings with Solae and SC Johnson management teams, weekly BOP Protocol conference calls of project team members from multiple sites, and regular conference presentations.

In October 2005, following the Phase I field work in Kenya and prior to launching the Solae project in India, I together with the BOP Protocol project team designed and facilitated a second BOP Protocol workshop. The stated objective for the workshop was to provide an in-depth debrief of the Phase I activities and to then
engage the participants in extracting key learnings for the BOP Protocol. The three-day workshop convened approximately 40 participants. Of those attendees, approximately two-thirds had participated in the first workshop. Among the new participants were the complete SC Johnson field-team, as well as people affiliated with the SC Johnson project in Kenya, such as the country-director of the local non-profit partner in Nairobi.

Structurally, the workshop followed a similar format to the first. Following an extensive presentation of the Phase I workplan and outcomes, small breakout groups convened (five groups of approximately eight people chosen ahead of time to reflect the group’s diversity), followed by plenary report-backs. The breakout sessions focused on identifying key issues and concerns related to the field team’s debrief presentation, and then outlining the specific changes that should be made to the Protocol. Breakout discussions were captured on flip charts and all flip charts were photographed. In addition, summaries of each of the break-out discussions were generated using notes volunteered by participants. As in the first workshop, the accuracy of the summaries was cross-checked with the all members of each breakout group.

It is worth noting that the initial intent of the second workshop was to use the insights and learnings to re-draft immediately the BOP Protocol and to release the updated version publicly. This re-drafting, however, did not take place for more than a year due to two factors. One factor was time. The ongoing management of Phase II of the SC Johnson Kenya project, together with preparation for the launch of the Solae Protocol project in April 2006, required significant time and attention. Two, and more importantly, there was a great degree of interdependence and overlap among the three phases of the Protocol. The learnings for Phase I held significant implications for the remaining two phases. Indeed, it was becoming clear that the underlying conceptual
framework of the Protocol would require amendment. It was necessary, in short, to work through Phases II and III to ensure the redrafting of the Protocol produced a coherent, integrated process.

A second important source of collective reflection was made possible through project debriefs with SC Johnson and Solae’s senior corporate management teams into which the projects reported. The purpose of the debriefs was to provide an overview of the actions taken and the learnings to date, and then to reach agreement on next steps. These meetings ensured that that field-level processes responded to corporate level organizational and strategic concerns. Three such day-long debriefs were held:

1) SC Johnson, September 2005, Brighton, UK: I and one of the field team members from the Phase I project work presented the project results to the VP of Emerging Markets (EURAFNE) and the country managers of EURAFNE.

2) Solae, August 2006, St Louis, MO: I and Stuart Hart presented Phase I results/next steps to the Solae’s top management team headquartered in St Louis, which included the President of the company, senior VP’s of emerging markets, and a senior VP of technology development.

3) Solae, March 2007, St Louis, MO: I and Stuart Hart presented interim Phase II results/next steps to the Solae’s top management team headquartered in St Louis, which included the President of the company, senior VP’s of emerging markets, and a senior VP of technology development.

In addition to these single-company debriefs, in June 2007 I coordinated and facilitated a joint SC Johnson/DuPont debrief, that involved site visits by SC Johnson to the Solae India project sites. Following the site visits, a half-day debrief at Solae’s India headquarters in Delhi with the SC Johnson Director of Strategic Sustainability
and Solae’s Global Lead for the company’s BOP business platform (Nutrition for Sustainable Development) took place.

A third source for regular reflection was made possible through a weekly conference call comprised of BOP Protocol team members from SC Johnson, Solae, and two newly launched BOP Protocol projects, one in the US by Ascension Health and the second in Mexico by The Water Initiative (the latter two initiatives were launched in the late spring of 2008). I led and facilitate these weekly discussions, which were commenced in June 2008 and concluded in June 2009. The discussions served to update each other on the status of the various projects and to share learnings. Notes of the discussions were circulated among the participants.

Lastly, regular conference presentations and guest presentations to varied academic and practitioner audiences have served as a valuable “cross-check” of my findings and helped advance theory and practice by highlighting additional gaps and opportunities. Following are events at which I have presented on the BOP Protocol:

- Cornell University (Ithaca, NY), October 2005, Base of the Pyramid Learning Laboratory
- TetraPak (Malmo, Sweden), January 2006, Global R&D Meeting
- Friesland Foods (Mumbai, India), April 2006, Project Reach
- Instituto de Estudio para la Sustentabilidad Corporativa (Argentina, via video-conference), August 2006, Argentina Base of the Pyramid Learning Laboratory
- Soya Tec Conference (St. Louis, MO), September 2006
- Columbia University (New York, NY), October 2006, Columbia Social Enterprise Conference
- Business for Social Responsibility (New York, NY), November 2006
- X-Prize (Los Angeles, CA), February 2007
• Inter-American Development Bank (Jamaica), May 2007, Opportunities for the Majority Conference
• Greening of Industry Network Conference (Toronto, Canada), June 2007
• Academy of Management (Atlanta, GA), August 2007, Market Based Poverty Reduction All-Academy Symposium
• University of Michigan (Ann Arbor, MI), October 2007, Creating Mutual Value at the Base of the Pyramid Conference
• Mediators Foundation (Bolinas, CA), August 2008, Global Problem Solving Initiative
• Empresas Polar (Caracas, VZ), October 2008
• Foco Sustentable (Caracas, VZ), October 2008, Strategies for Mutual Value Creation at the Base of the Pyramid

The knowledge generated through the plan-act-observe-reflect cycles during the first two years led to a complete overhaul of the three-phase innovation model. I led the re-writing of the model and process, which was publicly released in the spring of 2008 as the 2nd Edition of the BOP Protocol (Simanis et al., 2008a). Chapter 6 provides an in-depth overview of the changes in the BOP Protocol model and innovation process. Subsequent challenges that arose in-field eclipsed the knowledge and understanding contained in the 2nd Edition of the Protocol. The final two chapters of my dissertation are efforts to address these latest challenges and learnings.

**Dissertation Structure**

In order to illuminate the connections between theory and practice for the reader, my dissertation is structured in a chronological manner, tracing the three-phase AR process of problem definition, problem solution, and knowledge creation. Chapter 1 outlines the management problem presented by the Base of the Pyramid as
understood in 2003 when the BOP Protocol Initiative was launched. Chapter 2 describes my role in the organization and facilitation of the BOP Protocol Workshop, the first of three problem solution activities and the source for the initial BOP Protocol process (the 1st Edition of the BOP Protocol). Chapter 3 outlines the 1st Edition of the BOP Protocol that emerged from the workshop, highlighting the underlying rationale for the process. It represents the first of two managerial-focused knowledge creation outputs.

Chapters 4 and 5 provide detailed overviews of my involvement in the SC Johnson and Solae BOP Protocol projects, respectively. These projects constitute the second and third problem solution activities of my research and highlight the key strategic challenges that led me to the core theoretical insights of my dissertation. Chapter 6 reflects the second management-focused knowledge output from this dissertation based on the first two years of my field learnings in Kenya and India. It contains the 2nd Edition of the BOP Protocol. Chapters 7 and 8 contain the higher-order, theoretical insights on new market creation derived from my field work and the challenges subsequent to re-writing the BOP Protocol model. Chapter 7 reviews the literature on new market creation and highlights a gap in the literature. In Chapter 8, I draw on performance theory and the post-structuralist construct of subjectivity to address this gap and to outline the contours of a new market creation strategy.
CHAPTER 1: PROBLEM DEFINITION
THE BOP INNOVATION CHALLENGE

The objective of this chapter is to review the management literature that shaped the understanding of the BOP innovation challenge leading up to the 2004 proposal that launched the Kenya BOP Protocol project. Within the broader context of this dissertation, this chapter sits in the “problem definition” phase of my action research and reflects my own estimation of the BOP management challenge when I undertook development of the BOP Protocol.

In summary, the nature of the business challenge as outlined in the management literature was, in retrospect, grounded in the long-standing strategic management concept of environmental fit (Downey, Hellriegel, & Slocum, 1975; Duncan, 1972; Jurkovich, 1974; Lawrence & Lorsch, 1991; Miller, 1992; Venkatraman, 1989; Venkatraman & Camillus, 1984; Zajac, Kraatz, & Bresser, 2000). At its foundation, the management literature argued that the BOP presented a highly complex, non-routine external environment relative to traditional markets. Because of this complexity, systemic-level changes were required in the structure of the firm’s business model to create the necessary alignment. This argument is the foundation on which the industrial-organization based “strategy formulation school” (Porter, 1981; Rumelt, 1974) is built. Fit, in the strategy formulation school, is a question of matching strategy to the external environment; fit as a variable moderates the relationship between strategy and performance (Venkatraman, 1989; Venkatraman & Camillus, 1984).
This chapter first defines “base of the pyramid” and “base of the pyramid ventures,” as the meanings of these terms have been contested, re-worked, and adapted by practitioners and academics across management, development, and policy fields (London, 2007 (July)). As such, it is important to make clear my own position in order to ensure comparability and to provide justification for bracketing my field of study in the manner I chose. The second section focuses on the complex, non-routine nature of the BOP environment, while the third on the structural and strategic implications that this complexity holds for corporations. I conclude the chapter by demonstrating how the proposal for the BOP Protocol project in 2004 reflected the same core assumptions as these initial authors. While this literature review is written in the present tense and references papers published after 2004, I contend that these later papers refined and expanded on the same general understanding that circulated in 2004 and led to the launch of the BOP Protocol.

**Defining “Base of the Pyramid” and “Base of the Pyramid Ventures”**

The meaning of the term “Base of the Pyramid” has been debated on two related fronts: 1) the number of people globally that fall within various income brackets and 2) the “true” aggregate market potential of the BOP market (Hammond, Kramer, Tran, Katz, & Walker, 2007; Karnani, 2007). From the standpoint of corporate strategy at the BOP, I find this debate to hold limited utility. I say this for two reasons. One, the very attempt to assess “income” is dependent on the presence of both a “modern” infrastructure (e.g., tax returns, census, home ownership), as well as a modern ideal of work and economy (e.g., steady wage employment, cash-mediated transactions). Income measure of BOP economies will, by definition, fail to capture the diverse value creating activities within the largely informal economies of BOP communities (De Soto, 2000; Schneider & Enste, 2000).
Second, businesses need not be “price-takers” when it comes to economic activity. Indeed, neo-classical economics rests on the premise that gains in efficiency and productivity can grow and expand total economic activity. Corporate BOP strategies that integrate such productivity-enhancing dimensions can, thereby, increase the size of the market (Prahalad & Hart, 2002).

Thus, for the sake of this dissertation, I use the term “Base of the Pyramid” as a demographic label that refers to the approximately four billion people globally that corporations have historically viewed as a “non-viable” consumer market due to their low per-capita incomes. In this manner, my definition is consistent with that put forth by London (London, 2007 (July)).

**Base of the Pyramid Venture**

The parameters that define a “BOP Venture” have similarly been challenged (London, 2007 (July)). Debate has taken place on two interrelated issues: 1) the roles and positions of the BOP demographic within a BOP venture and 2) the kinds of entities and organizations that can undertake BOP activities. The first issue is an outgrowth of different philosophies about the meaning (and therefore, elimination) of poverty. In general, the prevailing critique of BOP ventures is that selling products to the poor is insufficient in alleviating poverty (Fisher, 2006; Jaiswal, 2008; Karnani, 2007; Leonard, 2007; Polak, 2008). Poverty alleviation strategies, these and other scholars have argued, have to increase incomes of the poor by including them as producers and suppliers within a business model and economic system. Thus was born what is known as the “BOP as Consumer” versus “BOP as Producer” perspectives (Rangan et al., 2007). Jaiswal has further divided the BOP as Consumer category into “productive” versus “non-productive” consumption. Simanis, Hart et al (Simanis, Hart, & Duke, 2008b) have attempted to contextualize the initial suite of BOP
critiques, including “BOP as Producer/Consumer,” within the wider history of development theory and practice in which the poverty debate is rooted.

Additional criticisms and extensions of the initial BOP concept have focused on the lead actor. Some have argued that Prahalad and Hart’s initial framing limited BOP ventures to corporate-led initiatives. Doing so ignored the potential for small and medium enterprises (SMEs) to effectively serve the poor (Wheeler et al., 2005). As well, others noted that non-profit entities could similarly catalyze innovations and adopt market-mechanisms into their programmatic activities as a means of tackling poverty (Novy-Hildesy, 2006).

BOP “splinter groups” have formed that embrace both the producer/consumer distinction and the role of lead actors other than corporations. The United Nation’s Development Programme’s concept of “inclusive business (United Nations Development Programme, 2008),” the World Business Council for Sustainable Development’s concept of “sustainable livelihood business” (World Business Council for Sustainable Development, 2004), and the World Bank’s concept of “pro-poor market development” reflect this broader framing. Within these reformulations, a BOP venture is one that simply interfaces with the private sector or integrates cash-mediated market transactions to create “value” simultaneously for the private sector actor and BOP communities.

While I support the spirit of this conceptual expansion, it has also led to a conceptual dilution that spawns a style of broad, generic prescription that fails to account for the diverse range of contexts faced by various actors. Indeed, Prahalad and Hart’s initial contention is that it is due to distinct corporate managerial mindsets, corporate performance metrics, and corporate control structures that the BOP demographic has remained invisible to that sector. Thus, while the use of market-mechanisms to address issues of poverty may well be a unique approach for NGOs
and governments in furthering their social missions, they employ this mechanism within an entirely different set of boundary conditions than do corporate managers. These conditions, it is important to note, do not include the need to recoup sunk costs and capital investment, to meet quarterly profit targets, nor to convince investors that they possess a more robust revenue growth pipeline than their current share price reflects.

Similarly, while I agree that corporations can provide value to BOP communities by actively including them as suppliers within their value chains, doing so constitutes an entirely different kind of business challenge to corporations than that of creating a viable business model that serves low-income consumers. Indeed, creating “inclusive value chains,” as the strategy has been called, is arguably the kind of challenge to which corporations are already pre-disposed, given the rise of export processing zones and the maquila industry and an increasing pressure to outsource all non-core activities to lower-wage countries.

For these reasons, in my review of the BOP management literature, I purposefully narrow my focus to the following: *The creation of innovation strategies that enable large corporations to profitably sell goods and services to low-income consumers in a manner that builds competitive advantage*. It is important to note that this focus merely establishes a baseline, not a finish line. In other words, it does not *a priori* exclude from a corporate innovation strategy the participation of other actors (e.g., non-profit organizations) or a role for the BOP beyond that of consumer/customer.

**Nature of the BOP Environment**

The management literature argues that the Base of the Pyramid demographic and the context in which they live pose a highly complex, non-routine business
environment for corporations, where the environment is defined as “the relevant physical and social factors outside the boundary of an organization that are taken into consideration in the decision-making behavior of individuals in the organization” (Duncan, 1972). Environmental complexity, which represents one of the two main axes by which the contingency and management decision-making literatures categorizes environments (the other axis being environmental dynamism) (Lawrence & Lorsch, 1991), deals with the diversity and number of factors relevant to management decision-making (Child, 1972; Jurkovich, 1974). Routineness is determined by the state of the information problem. Non-routine problems are ones in which critical information cannot be accessed, a significant portion of the information cannot be trusted, and the kind of information needed for effective decision making is itself uncertain (Jurkovich, 1974).

The high-level of complexity and non-routineness of the BOP environment are shaped both by the “task environment,” which consists of external sectors with which a company interacts directly, such as customers and suppliers, and in the “general environment,” which consists of economic, political, and social sectors which indirectly affect organizations (Elenkov, 1997). Below I review in depth the characteristics of the task and general environment of the BOP noted in the literature.

Viewed as a potential customer base, the distinguishing characteristic of the BOP demographic is low income. As stated earlier, despite the debates as to per-capita income estimates, I stand on solid ground in stating that the bottom four billion income earners globally earn less than five dollars a day (Hammond et al., 2007). But in addition to annual income levels, the income flows at the BOP differ from the top and middle of the pyramids. A significant portion of those in the BOP demographic are paid daily wages and have highly variable income (Beshouri, 2006; Dawar & Chattopadhyay, 2000). This hampers savings, thereby making larger purchases
difficult (Beshouri, 2006), and shapes purchasing habits towards daily purchases of small quantities (Dawar & Chattopadhyay, 2000; Weiser et al., 2006). These purchasing habits (local, daily purchases of small quantities) are further made necessary because of a wide-spread lack of refrigeration, small homes that provide little storage, and a reliance on non-motorized transportation (Dawar & Chattopadhyay, 2000).

Additionally, the BOP demographic typically has low levels of formal education, a factor suggesting to some that BOP consumers may not readily understand product benefits (Beshouri, 2006). This is compounded by high rates of illiteracy (Sethia, 2005) which render print media and packaging inadequate for communicating product information. Communication is further complicated by the enormous cultural heterogeneity across the BOP demographic. In India alone, there are several hundred languages. Mass media, a central communication platform in developed markets, is therefore largely ineffective in reaching the BOP demographic (Dawar & Chattopadhyay, 2000; Weiser et al., 2006).

The physical infrastructure on which business models serving middle and upper-income consumers depend is largely absent or in relatively poor condition. This includes communications networks (e.g., telephone, internet), roads, postal service, electricity, piped water, and sewage (Beshouri, 2006; Gómez, Marquez, & Penfold, 2006; Hammond et al., 2007; Prahalad & Hammond, 2002; Weiser et al., 2006). The absence of physical infrastructure is considered particularly relevant, as the majority of the BOP demographic lives in rural, relatively isolated villages.

Key institutional infrastructure is also absent. This includes property rights (De Soto, 2000), the “rule of law” as it applies to the protection of intellectual property and contracts (Hoskisson, Eden, Lau, & Wright, 2000; London & Hart, 2004), police security (Gómez et al., 2006), and social safety nets, including unemployment.
insurance, retirement and disability benefits (Dawar & Chattopadhyay, 2002). Often filling the formal institutional void are corrupt intermediaries (Prahalad & Hammond, 2002) and local “protection services” (Gomez & Marquez, 2006). Dawar and Chattopadhay also note that the retail trade that serves the BOP demographic is extremely fragmented, with many layers of distribution separating manufacturers from the end customer (Dawar & Chattopadhyay, 2002).

Lastly, management authors have highlighted the presence of class-based prejudices and social divisions between the educated middle and upper classes and the low-income groups. These cleavages result in a general sense of distrust and skepticism by BOP communities of “outsiders” from a higher socio-economic class (Gómez et al., 2006; Weiser et al., 2006).

The resulting high complexity and non-routineness of the BOP environment impact the cost and effectiveness of management activities across corporations’ value chains. At the stage of Research and Development (R&D), the distrust and skepticism of “outsiders,” wide-spread illiteracy, hard-to-reach homes due to poor infrastructure, and the absence of formal home ownership (which render useless much macro-data present in censuses) not only make it difficult to get accurate information about BOP consumers’ true needs, but also increase the costs of doing so. Creating small product sizes packaged for daily consumption raises packaging costs relative to the product itself.

At the point of production and distribution, production costs increase because poor roads and highway banditry raise the costs of raw material sourcing, and intermittent electricity disrupts production scheduling and output. The aforementioned transportation impediments together with poor connectivity similarly raise the costs of distribution.
Lastly, at the point of sales and marketing, the absence of effective mass-marketing communications platforms, low formal education, and high cultural heterogeneity raises branding and promotional costs. The fragmented retail trade, coupled with the poor connectivity and infrastructure, raise the costs of collections and enforcing payments, as well as monitoring and responding to consumer purchasing habits.

“Upgrading” the infrastructural and institutional deficits of the Third World up to “Western standards,” a means of reducing complexity and non-routineness, does little to help corporations profitably serve the BOP demographic. Why? Because current business models premised on a modern infrastructure already price corporations’ products beyond what the BOP can afford. To put this cost challenge into perspective, Hart notes that the loan processing costs for a bank loan originating in the United States exceeds the amount borrowed by low-income micro-finance clients of the Grameen Bank in Bangladesh (Hart, 2007). The upshot of this is that corporations must learn to work within the complexity and non-routineness of the BOP, rather than try and eliminate them.

**Strategic Fit with the BOP Environment**

Because of these far-reaching differences between corporations’ traditional business environments and those at the BOP, management researchers argue that successfully serving BOP consumers requires *whole-system innovation* grounded in the particularities of a BOP community (Beshouri, 2006; Gómez et al., 2006; Hart, 2007; London, 2005; London & Hart, 2004; Prahalad & Hart, 2002). The corporate business challenge, in short, entails the *radical localization of the business model to a particular BOP environment*. I define radical business model localization as the development of a value proposition and value chain that harnesses and reflects to the
greatest extent possible local knowledge, local resources, local infrastructure, and local socio-cultural institutions.

Conceptually, radical localization is identical to that of “national responsiveness” articulated by the international business literature (Bartlett & Ghoshal, 1998). National responsiveness refers to the adaptation of products and operations to match country-level variation. The difference between national responsiveness and radical localization is one of scale, with radical localization operating at a much smaller level, presumably at the village or slum level.  

The important observation is that this radical business model localization framing draws on the core strategic logic reflected by what Venkatraman and Camillus label the “strategy formulation school” of fit (Venkatraman, 1989). The strategy formulation school of fit evolved out of the industrial organizational (IO) economic paradigm which considers how the structure of an industry can impede or enable extra-normal profit opportunities for companies (Porter, 1981). The IO-based school of strategy argues that firm performance is a function of organizations’ ability to match their structures and processes to the external environment. The structure of the environment drives the conduct of the firm, which then determines performance. The radical localization argument put forth in the BOP literature can be read as a business-level application of this structure-conduct-performance (SCP) perspective (Anderson & Zeithaml, 1984; Hofer, 1975).

The only empirical study of corporate BOP venture performance, to date, is framed through this business-level SCP lens. London and Hart find that corporate BOP efforts that incrementally adapted existing products and business models (i.e., the business structure) when entering the BOP performed poorly, where performance was

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4 It is worth noting that “the local” remains undefined in the BOP management literature and is often used interchangeably with the term “community.”
measured as the launch of a viable BOP business (London & Hart, 2004) (London, 2005). The authors attribute failure, in other words, to poor fit with the local BOP environment occasioned by an incremental (i.e., inadequate) change to an existing “top of the pyramid” business model. To give some indication of the importance that “localization” plays in this paper, the term “local” appears 119 times. Below, I provide an in-depth synthesis of the BOP management literature through this lens of strategic fit.

The management literature’s prescriptions for achieving strategic fit for a BOP environment through radical localization of the business model can be divided into content prescriptions and process prescriptions. These prescriptions can be distilled into four main themes or “fit parameters” (see figure below). These fit parameters include: 1) culturally-appropriate product functionality to match the poor’s unique socio-cultural conditions (Prahalad & Hammond, 2002; Prahalad & Hart, 2002); 2) radical affordability to match the poor’s purchasing power (Prahalad, 2006; Prahalad & Hart, 2002); 3) local legitimacy to dispel customer distrust and skepticism (Beshouri, 2006; Gomez & Marquez, 2006; London & Hart, 2004); 4) global scalability to aggregate small consumer purchases into a meaningful level of revenue (Dawar & Chattopadhyay, 2002; Prahalad & Hart, 2002). To ensure strategic fit, each component of the business model—R&D, Production, Distribution, and Sales and Marketing—must be structured so as to address each of the four parameters.

The management literature identifies a number of features or content dimensions of a radically localized business model. At the R&D level, the literature points to the inclusion of disruptive and leapfrog technologies (Hart & Christensen, 2002; Prahalad & Hammond, 2002). Disruptive technologies (Christensen, 1997) are technologies of decentralization that allow less-skilled people to do on their own and at lower cost what previously was accomplished by skilled and trained people in
centralized locations. With disruptive technology, decentralization and lower cost come at the expense of product performance, though in terms only important to the more demanding lead customers. Leapfrog technologies, on the other hand, are those that obviate the expensive and costly infrastructure (often centralized) associated with middle and top of the pyramid environments while providing the same or better level of performance (e.g., wireless phone systems, distributed energy generation). The link between both of these technology types and the design criteria is evident, as they allow for greater localization of the business.

![FIGURE 2: Achieving Fit in a BOP Environment: Radical Business Model Localization](image-url)
The literature also suggests that R&D should focus on the development of income-enabling technologies (Development, 2004; Prahalad & Hart, 2002). Doing so converts a product from a consumer expense into a capital investment, thereby addressing the question of affordability. In addition, a product that can spawn micro-enterprise within BOP communities builds local legitimacy and better ensures the resulting service will be provided in a culturally-appropriate manner. Global scalability is made more feasible, as the micro-entrepreneur takes care of the necessary localization. Lastly, the creation of product platforms customizable by the end-user (London & Hart, 2004) provides a low-cost means of efficiently catering to a diverse array of end-consumer preferences while creating a sense of “ownership” of the design process.

Turning to the production level of the business model, leapfrog technologies once again obviate the prohibitive cost of “traditional” infrastructure (Prahalad & Hammond, 2002; Prahalad & Hart, 2002). Sourcing raw materials locally (Development, 2004; London & Hart, 2004; World Business Council for Sustainable Development, 2004) also addresses all four design constraints. It reduces transportation costs and lowers wage expenses (Dawar & Chattopadhyay, 2002); results in a product more likely to reflect the local culture and consumption habits; and builds local support for the business (Beshouri, 2006). Systematizing such a sourcing practice allows the business to better serve the diverse, global BOP demographic. Increasing the labor intensity of production operations contributes to meeting the four design constraints in the exact same manner.

Similar prescriptions exist for distribution, including labor intensive structures (Prahalad & Hart, 2002), fragmented and decentralized distribution channels (London & Hart, 2004), and micro-franchising (World Business Council for Sustainable Development, 2004). The latter two are analogous to local sourcing of raw materials in
production, as they are premised on the belief that pushing value addition/creation as close to the end consumer as possible—down to the community-level, as Beshouri suggests—generates the necessary localization and flexibility for addressing the four design constraints. Micro-franchising, as I discussed in regards to income-enabling technologies, builds local legitimacy, ensures cultural appropriateness, and offers a solution to achieving global scale.

At the point of sales and marketing, the management literature has suggested the inclusion of micro-franchising (World Business Council for Sustainable Development, 2004), collective accountability structures (Beshouri, 2006), and shared asset use (Prahalad & Hammond, 2002). The same benefits accrued from the utilization of micro-franchising in upstream value chain activities are present at the level of sales and marketing. Collective accountability structures—which entail using peer pressure to enforce a desired behavior—eliminate costs associated with legal covenants (London & Hart, 2004) and effectively enforce payment in a culturally accepted and socially-legitimate manner (Beshouri, 2006). The shared asset concept is similar to that of renting a product, as it separates ownership of a product or asset from the functionality that it provides. Sales approaches using a shared asset model, such as Grameen Phone, enables products that are otherwise beyond the financial means of the BOP demographic to be affordable. The shared asset concept implicitly involves the establishing of a local micro-entrepreneur that offers the service locally, thereby generating the same kinds of positive externalities discussed earlier.

In addition to these content recommendations for creating a localized business model, the management literature also addresses the question of strategic process. Here, there is overwhelming agreement that in order to create a business model that fits the BOP environment, corporations must engage in “non-traditional” partnerships with local organizations (Development, 2004; Gomez & Marquez, 2006; Gómez et al.,
Non-traditional partnerships are engagements that corporations undertake with cause-related organizations and actors that operate outside of the private sector (London & Rondinelli, 2003; London, Rondinelli, & O'Neill, 2005; Moss-Kanter, 1999). They include, but are not limited to, non-profit organizations operating at various scale, community-based organizations such as churches and parent-teacher organizations, government bodies such as agricultural extension agencies, and multi-lateral groups such as the United Nations Development Programme. In this case, the term partnership, much like the term participation, is used loosely and can denote everything from informal sharing of information to contractually-defined joint ventures.

Before detailing the nature of these non-traditional partnerships, I point out that the literature’s emphasis on such partnerships underscores my argument that the radical localization strategy advocated by the BOP management challenge is a derivative of a business-level SCP logic. With SCP, because the business model follows from the structure of the environment, the correctness of the business model is a function of how accurately the environmental context and variables have been assessed. For this reason, much strategic attention in SCP is devoted to industry analysis.

The correctness of a radical business localization strategy is similarly dependent upon an accurate assessment of the local BOP landscape. Successfully matching the local BOP environment requires both a deep understanding of that environment, as well as access to the local resources and infrastructure from which to then build the business model. As London and Hart concluded, “successful ventures developed a deep understanding of the local environment, and focused on generating
bottom-up business creation based on identifying, leveraging, and building on the existing social infrastructure” (London & Hart, 2004). In a BOP context, because the usual channels and methods for conducting environmental analysis (e.g., customer surveys) are not viable, coupled with the distrust and cultural barriers between BOP communities and the mainstream business sector, non-traditional partnerships provide a means for overcoming the information and resource gap.

Using partnerships to overcome information and resource barriers is not a new concept. The international business management literature has long recognized a similar information and resource asymmetry confronted by all corporations entering foreign markets and has argued that partnerships with local business entities can help entrants overcome the “liability of foreignness” associated with their informational disadvantages (Chen, 2006; Hymer, 1976; Mezias, 2002; Miller & Parkhe, 2002; Zaheer, 1995; Zaheer & Mosakowski, 1997). It is this same notion of “liability of foreignness” which is at the root of the BOP management call for partnerships, with foreignness and cultural distance driven by socio-economic class rather than national culture.

Because the scale of informational and resource needs vary at different levels of a business model, the kinds of local partners recommended in the BOP management literature similarly vary across the business model. At the R&D level, the primary information gap faced by companies is one of consumer market data regarding the unique functionality needs of BOP consumers. To get inside the head of the BOP consumer, the literature prescribes partnering and engaging with end-users themselves—low-income people who live in the villages and slums—or with local non-profit organizations that possess the understanding or local trust to acquire the needed insight.
Hewlett-Packard’s (HP) research and development field laboratory in Kuppam, India is an example of such an end-user partnership. In Kuppam and other so-called “i-communities,” HP engaged with villagers in designing a digital printing business model to make photography available to the rural poor (Hart, 2005, 2007; Weiser et al., 2006). In the United States, Fannie Mae partnered with the community development lender Self-Help to acquire the necessary consumer understanding necessary for developing an appropriate mortgage instrument for low-income consumers (Weiser et al., 2006)

At the point of production, the key information and resource gap is one of local raw material and input supply. As noted earlier, local sourcing and/or production is important in achieving necessary cost reductions and for enhancing the company’s general reputation and trust with target customers. Production and sourcing partnerships, because of scale efficiencies in many production processes, involve “macro-level” partners (macro in relation to an individual community) such as local small-medium enterprises, multilateral organizations such as the UNDP, and multinational NGOs such as CARE. For example, Procter & Gamble’s NutriStar initiative, a business undertaken to develop a fortified beverage for low-income consumers in Venezuela, outsourced production to local small-medium enterprises as part of its strategy (World Business Council for Sustainable Development, 2004).

Partnerships dealing with the distribution function tend toward micro-level partners, such as local government extension agencies, self-help group federations, and grass-roots non-profit organizations, which have the necessary trust and social capital to cost-effectively reach consumers across a network of communities. Monsanto, for example, partnered with local agricultural extension programs in India, Mexico, and Kenya to train small holder farmers in the benefits and proper use of their hybrid seeds and agrochemicals (Simanis & Hart, 2000). ICICI Bank in India
established partnerships with small, Indian micro-finance institutions in making its loan products accessible to villages (Weiser et al., 2006).

Sales and marketing partnerships focus on community-level entities that possess deep, personal connections and durable trust with the community built up over time. Hindustan Lever’s Shakti program, which seeks to build a door-to-door sales network of village-based women, partners with dozens of small non-profit organizations that have worked extensively in organizing and building capacity in self-help groups (i.e., groups of approximately a dozen individuals, often women, that collectively receive and guarantee a loan’s repayment) within a village cluster (Rangan, 2005; Weiser et al., 2006; World Business Council for Sustainable Development, 2004).

In sum, partnerships establish access to local knowledge and local resources, tangible and intangible, that fall outside of corporations’ purview but are essential to creating a radically localized business model that matches the complex, non-routine environment of the BOP.

**Radical Localization: Implications for New Management Capability**

The SCP-based radical localization logic can also be discerned in management prescriptions regarding new corporate capabilities needed for effectively serving BOP consumers. The literature identifies three closely-related capabilities: radical transactiveness (Hart & Sharma, 2004), social embeddedness (London & Hart, 2004), and native capability (Hart & London, 2005).

Radical transactiveness is defined as “the ability to continuously acquire and combine knowledge from fringe stakeholders with radically differing views in order to avoid stakeholder
backlash and build the competitive imagination that will be necessary for future business success” (Hart & Sharma, 2004). Social embeddedness is defined as the “ability to create competitive advantage based on a deep understanding of and integration with the local environment” (London & Hart, 2004). Native capability is defined as the ability to “develop fully contextualized solutions to real problems in ways that respect local culture and natural diversity. (Hart & London, 2005).

In all three cases, the underlying business rationale for engaging with the Base of the Pyramid community—a sector that falls within the fringe stakeholder category as defined by Hart and Sharma—is that, because the BOP context is radically different from traditional customer contexts, engaging with local entities affords access to unique knowledge and/or resources needed to design appropriate products and create effective business models. In short, local knowledge and resources are necessary for creating fit with the BOP environment. London and Hart, for example, state that “MNCs must develop relationships that enable them to better understand the social context of an environment that is local, diverse, dynamic, complex, and unpredictable” (London & Hart, 2004) [emphasis added].

Hart and Sharma’s RT capability emphasizes the unique consumer needs of the BOP, suggesting that the best way to acquire that understanding is through direct engagement. What is at issue here, then, is basic consumer market research. An example used by the authors is that of Hindustan Lever, whose managers gained insights into the hygiene needs and practices of rural poor in India. That knowledge resulted in new products ideas, such as a combined soap and shampoo bar.

London and Hart’s social embeddedness capability emphasizes the importance of accessing and building on local resources and local informal social institutions as a requisite for creating a successful business model: “…successful ventures developed a deep understanding of the local environment, and focused on generating bottom-up
business creation based on identifying, leveraging, and building the existing social infrastructure (for example, social capital in micro-loan programs; expertise of noncorporate partners; entrepreneurship in user communities)” (London & Hart, 2004). Consistent with the SCP thinking, they equate a “successful business model” with a “locally appropriate solution” (London & Hart, 2004) and “responsive technology and products” (Hart & London, 2005).

Native capability, also by London and Hart, re-states the core arguments and logic they outlined in their argument regarding social embeddedness. Native capability, by integrating local knowledge and resources in a business model, allows the firm to fit the local landscape. Creating fit, a condition they label as “embedded” (Hart & London, 2005), yields appropriate products and business models.

**Radical Localization: Implications for Competitive Advantage**

Interestingly, little discussion in the BOP management literature speaks to the issue of competitive advantage. When it is mentioned, the basis for building competitive advantage is consistent with a radical localization perspective. With radical localization, the ingredient that determines success is access to local knowledge and local resources. Competitive advantage at the BOP, then, stems from an ability to tap into and access local knowledge and local resources through partnerships faster and more effectively than competitors. Expectedly, “local trust” and “local social capital” are cited as the basis for a position of long-term competitive advantage. Trust and social capital, because they are resources whose tacitness makes them difficult to imitate (Barney, 1991), prevents competitors from rapidly entering.
The BOP Protocol: Filling a Capability Gap

Many of these very same observations and arguments emerged in discussions among participants of a Base of the Pyramid Learning Laboratory that I co-founded in 2001 with Stuart Hart at the University of North Carolina at Chapel Hill and which was moved to Cornell University in 2004. In fact, it would be accurate to state that the learnings from the BOP Learning Lab, through the writing of co-founder Stuart Hart and lab director Ted London, were influential in driving the broader management discussion about the BOP. As discussed in the Introduction, the Learning Lab was a membership-based consortium of corporations and non-profit organizations that met twice a year to share learnings and knowledge about how the private sector could profitably serve low-income consumers and, in the process, address issues of social and environmental sustainability.

After several meetings that involved analyzing and discussing successful and unsuccessful cases, many of which are highlighted in the management literature review above, there had emerged the view that successfully reaching the BOP required radical business model localization tailored to the unique socio-cultural environment of a BOP community. Because traditional management research tools and innovation processes were poorly suited to the BOP environment, one of the corporate members suggested creating a research Protocol tailored to the BOP. This suggestion led to the development of the BOP Protocol proposal.

The proposal outlined a three-phase initiative that would create and publish an initial “draft” Protocol developed through a workshop of thought leaders, pilot test the Protocol in a real-life setting with one of the corporate sponsors, and then revise and publish an updated process based on the field learnings. Four corporations stepped forward to fund the project: SC Johnson, DuPont, TetraPak, and Hewlett-Packard. Institutional funding and in-kind resources were provided by Cornell University,
William Davidson Institute, Ross School of Business at the University of Michigan, World Resources Institute, and Johnson Foundation.

The issue I wish to highlight is how the proposal for the Protocol reflected the “radical localization” strategic logic detailed above. For example, the proposal’s introduction states:

“Unfortunately, most managers in MNCs have little knowledge or understanding of those in the BoP, let alone their views about social equity, environmental quality, or what represents a ‘good life.’ Indeed, it has been strongly argued that the dominant conceptualizations of ‘development’ and ‘modernization’ reflect a Western cultural bias and a preoccupation with simply raising GDP per capita. Together, these shortcomings significantly hinder efforts to imagine and build healthy BoP communities and markets. The primary purpose of this project is, therefore, to create a validated research protocol, which will provide a framework for engaging the BoP in a manner that fosters a deep understanding of local needs and local perspectives.”

The emphasis is clearly on addressing what is seen as a knowledge gap about the BOP environment; similarly, the implicit purpose of the partnership with BOP customers is to acquire the deep local knowledge needed to develop an appropriate business model.

The “Assumptions, Issues and Challenges” section of the proposal also reflects a radical localization framing. Of the four main points, points two, three, and four all focus on the unique kind of local knowledge needed to create a successful business. Point two states “sophisticated local knowledge is required to build successful BoP businesses.” Point three states “the knowledge required to build BoP businesses is qualitatively different from traditional market information, requiring different methodology.” And point four states “many analytical categories and techniques used in traditional business analysis reflect a Western cultural bias.”

Lastly, as the proposal indicates, the initial design workshop at which the draft Protocol would be created was envisioned to integrate “techniques developed in fields
such as empathy-based design, participatory rural appraisal, quick ethnography, rapid assessment process, and economic anthropology.” Each of these methodologies is geared toward acquiring knowledge and understanding of another person and his/her environment.

The BOP Protocol project, therefore, was launched with the intent of solving the management problem of radical business model localization. As I shall demonstrate, the learnings from the field work phase of my research fundamentally changed my professional and theoretical understanding of the underlying management challenge posed by the BOP.
CHAPTER 2:
SOLUTION DEVELOPMENT I
THE BASE OF THE PYRAMID PROTOCOL WORKSHOP

This chapter begins the iterative Solution Development and Knowledge Creation phases of my action research dissertation. In this chapter, I focus on the October 2004 BOP Protocol design workshop, the first of three core Solution Development activities in my research process. As such, this chapter is methodological in nature. It describes the action research process by reviewing the organization and facilitation of the BOP Protocol workshop through which an initial “solution-framework” was developed.

The BOP Protocol Design Workshop

Per the BOP Protocol project proposal, I with colleagues Stuart Hart and Gordon Enk (who I subsequently refer to as the Core Team) organized a cross-disciplinary, cross-sector workshop in October 2004 to develop the initial framework for the BOP Protocol. The workshop size was limited to approximately 40 people (including the Core team and project staff) to enable close interaction and discussion. The workshop aimed to integrate within a business development framework methodologies and approaches from fields that had experience with 1) operating in developing country institutional settings; 2) facilitating discussions and work with low-income communities in which sensitivity to status and power differentials were vital to ensuring effective communication and learning; 3) acquiring a deep understanding of cultural norms and practices. The business gap to be addressed in the
workshop was, as I discussed in the previous chapter, the ability to acquire a deep understanding of local needs and perceptions of a “good life” and to reflect that in a financially viable and sustainable business enterprise.

Beginning in January 2004, relevant methods and fields were identified and, from that, developed an invitee list of academics and practitioners emerged. The primary areas selected identified included participatory rural appraisal (PRA), rapid assessment process (RAP), asset-based community development (ABCD), ethnography, and empathy-based design. PRA is a family of development approaches and methods that empower the poor to analyze their own needs and life conditions, to identify solutions based on local resources, and to take action. RAP is a methodology used to quickly develop a holistic, “insider” understanding of a complex issue that lacks clearly defined boundaries. ABCD is a development approach that begins with the premise that poor communities are rich in resources, skills, and competencies which can and should form the foundation for advancing change in the community. Ethnography is a methodology for developing a holistic, highly contextualized understanding of a culture, society, or community through field work that involves living in and observing a community for an extended period of time, as well as participating in daily life. Empathic design, or end-user design, is a form of market research that aims to surface latent customer needs by observing consumers in their natural environment as they interact with products. At least one representative from each of these fields attended the workshop.

To help ensure that the resulting framework was sensitive to the demands of a business audience, each of the four companies was asked to send two representatives. DuPont sent three representatives; two representatives came from SC Johnson and Hewlett-Packard; and one representative came from TetraPak. In addition, successful entrepreneurs from developing countries were recruited and attended. Participants
included the general manager of Grameen Bank, the Bangladesh-based organization that pioneered micro-finance, and the award-winning founder of a Nigerian enterprise that manufactured and sold an electricity-free cooling unit to rural farmers as a way to preserve vegetables. Page three of the BOP Protocol (1st Edition), which is reproduced in full in Chapter 3, contains the list of workshop attendees and their affiliation.

The workshop was held at the Johnson Foundation’s Wingspread Conference Center in Racine, WI. To help design the workshop and gauge the state-of-mind of the participants, we sent out a nine-question survey was sent to attendees well ahead of the workshop dates. The survey asked the following: 1) How do you define the Base of the Pyramid? 2) What is the appropriate role of a multinational corporation when it comes to the BOP? 3) Provide an example and description of what you believe to represent one of the most successful interventions at the BOP. 4) Provide an example and description of what you believe to be a failed intervention at the BOP. 5) What are the critical (new) elements of a protocol for the BOP? 6) What core concepts or ideas underlie your organization’s efforts to serve the BOP? 7) What do you see as important levers in executing a BOP strategy? 8) Who are the recognized experts both inside and outside your organization? 9) Are there any formal theories that you find valuable in understanding the nature of the BOP and the means by which to bring about sustainable development? The results were summarized and provided back to the participants.

The Core Team structured the workshop as a 3-1/2 day event. The objective was for the group to agree on a general structure and process for the Protocol. To help prepare for and structure the workshop, a five-step “strawman” model of the Protocol was developed ahead of the workshop that was not shared with the participants. The strawman model is reproduced below:
Prior to the workshop, all attendees were mailed an information packet containing a list of the workshop participants along with a biography, an outline of the workshop agenda, the pre-workshop survey and results, the BOP Protocol proposal, and two pre-readings. The pre-readings included:


Following is a summary of the workshop dynamics and outcomes for each of the four days.
Day 1: Tuesday, October 19, 2005

Workshop participants arrived at Wingspread Conference Center on Tuesday afternoon. That evening, the group gathered in the living room of the Wingspread home and was welcomed by the President of the Johnson Foundation and the Core Team. Following dinner, the group re-convened in the Main House, the site of the workshop sessions. There, I and the Core Team members introduced ourselves, along with the project staff (Duncan Duke & Allyson Lippert). We presented our expectation for the workshop, which was to co-develop a business framework for serving the Base of the Pyramid in a culturally appropriate and sustainable manner. We then asked each of the participants to briefly introduce themselves and to explain their motivations for participation. The general sentiment was one of excitement about the diverse backgrounds of participants. Participants expressed a feeling that the contrasting views would add depth and useful perspective to the outcomes. However, there was still ambiguity around what the workshop sought to produce. The group adjourned late that evening, with conversations continuing in the living area of the Guest house.

Day 2 - Wednesday, October 20

The day began with participants convening in the plenary room of the Main House, where the 34 participants were divided among six tables that reflected the group’s cross-functional and cross-sector diversity. Each table contained a mix of management academics, academics representing development/social work/anthropology, development practitioners, corporate managers and marketers, and social entrepreneurs. Our goal for the day was to reach buy-in on a general framework
for the BOP Protocol along the lines of our strawman model (see above) and to begin drilling down into the details of the process.

Day 2, Plenary Session 1:

The Core Team gave a brief introductory framing for the workshop to set the tone for discussion. Our presentation argued that the profile of multinational corporations’ core customers was someone in the top tier of the global income pyramid (purchasing power parity greater than $10,000 per year per capita); that consumer segment, however, occupied the base of the resource consumption pyramid and accounted for more than 80% of global resource consumption (see slides below). Modernization, which was driven by the ideals of development, economic growth, and production expansion, came with an underside that included cultural imperialism, economic inequality, and environmental degradation. Capitalism itself had become linked to the logic of growth and consumption and was experiencing increasing pushback on a global scale, exemplified by the increasing frequency and size of protests against the World Trade Organization and the World Economic Forum. Given the increasingly global push-back to this “traditional capitalist” model, we posed the following discussion question to the participants:

“How can the MNC become the driver of an inclusive capitalism?”

- For serving the base of the (income) pyramid?
- For fostering cultural diversity and social equity?
- For reducing the footprint of industrialized countries?
- For restoring ecological systems?
Each table was asked to discuss this question for approximately 20 minutes. The Core Team facilitated the report-back, asking each table to summarize the key issues raised. Each tables’ comments were captured on flipcharts.

Day 2, Plenary Session 2

Following a short break, the groups returned to the plenary room. The Core Team opened the session with the following discussion question:

“What are the perceptions of how companies create products and services to serve the top of the pyramid? Describe the current protocol.

Draw a step-by-step map of the process.”

Each table was asked to take 20 minutes to discuss this question and to present their observations to the group using the flip charts. The word “perception” caused some confusion, and many tables relied heavily on their corporate representative to structure their responses.

Day 2, Plenary Session 3

Following each teams’ presentations, the Core Team posed the following question to the group:

“How should companies develop new businesses to meet the needs of the base of the pyramid? Describe the protocol for inclusive capitalism.

Draw a step-by-step map of the process”

Again, each table was asked to take 20 minutes to discuss this question and to then present their observations to the group. Some groups tweaked their previous corporate
model, some started from scratch, and other others relied on group members with experience in BOP ventures to draft their maps.

Following the presentations, the group adjourned for an extended lunch break in Wingspread. During lunch, the Core Team assembled to synthesize the presentations from Session 3 and offer to the group a tentative framework for the BOP Protocol. We believed that our strawman model that we had developed prior to the workshop (see model above) sufficiently reflected the core principles and spirit of the approaches articulated by the six groups.

Day 2, Plenary Session 4

After lunch, the participants reassembled in plenary. The Core Team began the session with a Power Point presentation. The presentation began with the project vision statement in the project proposal:

“To create an inclusive form of development in which the corporate sector engages with marginalized voices, concerns, and interests to become a catalyst for social justice, ecological restoration, and cultural diversity”

We then presented the five-step strawman model (e.g., engagement => understand needs => design business model => pilot test => commercialization).

We asked the group whether these five process “buckets” accurately reflected the discussions from the preceding session and whether they would agree to this model as a suitable organizing framework for the remainder of the workshop. A lengthy discussion ensued, with a number of concerns raised by various individuals in the group. Some felt that the terminology of the main “buckets” was inappropriate, having collapsed the earlier discussion into a tight “business framework.” Some felt that the
categories failed to capture necessary steps. For example, one participant suggested that educating the MNC was a necessary first step. Others questioned the supporting bullets for the categories. For example, it was pointed out that PRA and RAP are not based on directed conversations as the first bullet of bucket two indicated. The linearity of the model was also challenged.

The discussion then shifted, with several people questioning the vision statement itself, arguing that a corporate board would never support such a vision. Some felt that the company simply couldn’t sell this type of a concept inside the firm—the project had to be framed as a way to access a new market. These statements elicited responses from others, who argued that the workshop had been proposed as an opportunity to “re-imagine” the corporation and to incorporate the insights and perspectives of different disciplines. Some participants asserted that they had not come to support mainstream corporate business and questioned their alignment with the protocol’s goals.

The level of frustration within the group was quite high, and some feared stalemate of the workshop. One participant proposed splitting up into “like-minded” groups to give people an opportunity to have a better understanding of each other’s particular perspectives and to get “centered.” Until this point, tables had been mixed, seating corporate, practitioner, and academic representatives together. After some discussion, however, it was agreed upon that everyone would assemble into their designated breakout teams (which, similarly, were constituted to maximize diversity) to craft a joint vision statement. The participants split up into their five breakout teams and met for approximately 30 minutes in the breakout rooms located in the Main House.
Day 2, Plenary Session 5

Everyone reassembled in the plenary room and sat at the original six tables. The Core Team facilitated the session. Each of the breakout teams was asked to briefly present their vision statement and to explain the key dimensions. Below are the five vision statements presented by the group:

1) To create an inclusive form of commerce in which the corporate sector and local communities can build value and future economic opportunities responsibly
   a. Social and ecologically sensitive
   b. Opens up markets by improving the social and economic infrastructure

2) Develop inclusive forms of commerce that create wealth at the base of the pyramid, while respecting & improving local communities and the environment.

3) Inclusive process that creates value for both the MNC and local community with whom are interacting. If the process is done right, it will have performance on many value dimensions.

4) Two visions:
   a. MNC – to create an inclusive form of commerce in which the corporate sector can build value and future market opportunities through building local wealth
   b. Foundation – to create an inclusive form of commerce in which the corporate sector can build mutual value and sustainable conditions that will drive future opportunities.
5) Purpose – The private sector as progenitors of development
   a. Task in not about firm ‘gaining a deep understanding of local context’
      but about using latent knowledge to enable local capacity
   b. How? Build capacity
      i. Venture spin-off to create entrepreneurial opportunity
      ii. Leverage existing technology in different ways – fit ‘solution’
           to problem
      iii. Light touch franchising
      iv. Targeted procurement
      v. Relationships and partnerships
      vi. Local sourcing
   c. Characteristics: Mentor, train, share, release

The group noted that there appeared to be significant overlap among the visions. Key words and phrases that everyone could agree upon were “mutual value”, “wealth”, and “inclusiveness”. That said, some participants pointed out that there remained differences among breakout team members around the very meaning of those categories. To some extent, the ability to arrive at a team consensus as to the vision statement was possible because of the ambiguity of the terms. The group’s anxiety level diminished, however, with the tangible outputs. Participants also stated that they were willing to stand behind a consolidated mission statement to guide next-day’s discussion of the Protocol. Before adjourning for dinner, each of the breakout teams was asked to select one person to be part of a consolidation team that would meet that evening to distill the five visions into one. The group adjourned. That evening, the consolidation team met to complete their work on the vision statement.
Day 3 - Thursday, October 21

Following breakfast, participants assembled in plenary at their respective discussion tables. The following consolidated vision statement was presented by the consolidation team:

“To create inclusive, mutually beneficial business processes through which the private sector and local communities build economic, social and environmental value”

Applause followed - an indication of the group’s relief in having weathered the conflict.

The Core Team moved the session forward by stating that the previous afternoon’s discussion had taken us away from the workshop’s spirit of imagination and creation. Instead of “suspending disbelief” as to what was possible, the litmus test for the project’s viability became the most stringent one possible—whether it would receive corporate board approval or not. The Core Team reiterated the need to avoid the proverbial “tyranny of the tradeoff” and the assumption that the creation of firm value would necessarily come at the expense of meeting local community needs. Unless we could relax these assumptions and suspend disbelief, the outcome of the workshop would, at best, be generic and highly watered-down. There was general agreement within the group that this was the appropriate framing moving forward.

The Core Team then presented a plan for the remainder of the day. The first half of the morning would consist of breakout discussions by self-selected affinity groups, a request made the prior evening as a way to help people center themselves. The remainder of the day would consist of three breakout sessions and report backs around three broad “bubbles” of activity involved in creating a BOP enterprise:
“opening up”, “building an ecosystem”, and “making it happen/putting it in action”.
The group agreed to the schedule and discussion structure.

Day 3, Session 1

The participants proceeded to break into affinity groups. One group coalesced around the idea of “fostering innovation at the BoP”, another around “community” and a third around “corporate learnings.” The three groups met for approximately 45 minutes, and then returned to the plenary room to report back the key discussion points. As one participant had suggested, the opportunity for the participants to work together with “like-minded” people reflecting their general background and perspective centered participants.

Day 3, Session 2

Following the affinity group reports, the participants broke up into the five breakout teams to discuss and flesh-out the details of the first main “step” of a BOP Protocol: How a company would conduct initial engagement of a BOP community, designated in the model as the “Opening Up” step of the process. The breakout groups met for 45 minutes, summarizing their discussions on flipcharts. All participants then reassembled in plenary and each breakout team gave a short report back, followed by a brief question and answer session.

After the session ended, the group walked over to Wingspread for lunch.

Day 3, Session 3

Following lunch, the group re-convened in plenary. The Core Team briefly framed the focus of the next breakout session: Each breakout team was tasked with outlining how a firm would execute the second phase—Building the Ecosystem—of
the Protocol model. This phase entailed assembling the necessary ecosystem of partners and constituencies to support the BoP venture. Breakout teams met for 45 minutes and then returned to the plenary room to report back the contents of their discussions.

**Day 3, Session 4**

After a short break the group reconvened in the plenary room. The Core Team outlined the last breakout-group task of the day: Discuss the various factors and dimensions involved in getting the BOP enterprise up and going (the “Making it Happen” step in the process). Again, the five breakout teams met for 45 minutes and then returned to the plenary room to report back.

Following the report backs and before heading off to dinner in Wingspread, the Core Team asked that each breakout team identify three people willing to participate in one of three consolidation teams (one for each of the process steps). Each consolidation team would be responsible for synthesizing the information from the five separate report-backs and presenting their findings to the group. The three consolidation groups decided to meet the following morning to do the synthesis work. The group adjourned for dinner.

**Day 4 - Friday, October 22**

The last day of the workshop began with the three consolidation teams meeting. The full group convened at 9:30 in plenary.

**Day 4, Session 1**

The Core Team began by introducing the day’s schedule. Then, each of the three consolidation teams presented their synthesized process steps which were written up
on flip charts. Group questions were limited to clarification only. Following the three presentations, the Core Team facilitated a discussion regarding the group’s questions/concerns/observations about the three-step process. A number of issues were raised, both in terms of the content of the Protocol, as well as steps going forward.

Below are some of the main points that were raised:

- Important to think big but to manage expectations, both of the community and the corporation
- Important to capture learnings from failures. However, there should be a commitment to always leave behind positive capacity in the community
- A code of conduct is necessary to ensure MNCs (and even NGOs) use the Protocol faithfully and not simply to hide behind
- What can be done to avoid abuse of the protocol? Perhaps an advisory board or watchdog if needed?
- Important to draft a set of principles to accompany the protocol.
- What will be the generalizability of a pilot? May be important to create a typology of pilot sites.
- Can this be connected to the global compact?
- Need to develop a non-income definition of the base of the pyramid.
- Important to diffuse this to MNCs based in the least-developed countries

The Core Team asked if all the participants could support the “results” of the workshop. All participants said yes. The Core team then outlined the next steps and timeline for developing a draft of the BOP Protocol process. The Core Team would pull together all of the information and findings from the workshop and develop a draft for comment by the full group. All of the notes taken during the workshop would
be made available on a website. A conference in December 2004 by the World Resources Institute was proposed as the first opportunity to begin to make public the group’s work.

Day 4, Session 2

Following a brief break, the Core Team facilitated the wrap-up session. Each participant was given two minutes to express their thoughts and reflections on the experience. There was a common sentiment that everyone had learned much from having engaged with each other and that the process of working through differences and perspectives was among the most valuable. There was a strong desire to maintain an ongoing dialogue and community around the effort. The Core Team formally closed the workshop.

Capturing Workshop Learnings

Following the workshop, I led the synthesis and drafting of a BOP Protocol process model that, today, is referred to as the 1st Edition of the BOP Protocol. To ensure that the granularity of the five breakout discussions was reflected in the process, I developed summary briefs of the three core discussions by the breakout group I facilitated. I emailed the summary to all members of the breakout team to confirm accuracy. I was provided similar briefs by Core Team and project staff assigned to three of the remaining four breakout groups. The breakout briefs, the breakout flipcharts, and the consolidation team flipcharts served as the raw material from which I develop the BOP Protocol framework.

I chose the concept of a “mutual value chain” as the overall organizing structure for the Protocol. I chose this framework because it graphically linked together two key principles embedded in the consolidated vision statement developed
by the workshop participants. One principle is that the Protocol should focus on processes, not outputs. *How* companies engaged communities should be the focus, not the resulting business. The second principle is that of “mutual value creation”—the entire process of creating a business should create value for both the company and the community.

In December 2004, the initial model (i.e., the mutual value chain) of the three-phase BOP Protocol was presented at the World Resources Institute “Eradicating Poverty through Profit” conference. In January 2005, approximately three months after the workshop, I circulated a first full draft of the Protocol for comment to Core Team members and to two additional people involved in the workshop who expressed interest in playing a role in the development of the process. Their feedback was incorporated into a final draft that was then circulated to all of the workshop participants in February 2005. On the recommendation of the workshop participants, the draft included a set of business principles and code of conduct. Participants were asked to provide feedback within six weeks. The final document was publicly released in April 2005.

The following chapter analyzes how the BOP Protocol 1st Edition was rooted in radical business model localization. I also reproduce the model and document in full.
CHAPTER 3:
KNOWLEDGE CREATION I
THE BASE OF THE PYRAMID PROTOCOL, 1ST EDITION

In this chapter, I discuss and reproduce the 1st Edition of the BOP Protocol, the first of two managerial-focused Knowledge Creation outputs from my research. It is important to present the 1st Edition of the BOP Protocol, as it was the framework that initially guided my fieldwork in Kenya and India serves as a reference point for my theoretical arguments outlined in Chapters 7 and 8.


In Chapter 1, I argued that the general assessment regarding the BOP business challenge at the onset of the BOP Protocol project was that business success was a function of achieving strategic fit with the highly complex and uncertain BOP environment. In order to achieve strategic fit, companies needed to radically localize the business model. I defined radical business model localization as “the development of a value proposition and value chain that harnesses and reflects to the greatest extent possible local knowledge, local resources, local infrastructure, and local socio-cultural institutions.” Overcoming knowledge and resource gaps was a key driver of the strategic process that shapes radical localization. This same radical localization business logic and strategic process underlies the 1st Edition of the BOP Protocol.

Before highlighting points in the Protocol that substantiate this view, I do want to note that the Protocol process was intended to bridge the practice of business with the practice of development. Importantly, the Protocol is grounded in a view of
development as a process of local capacity building. However, while the Protocol blends business and development goals, my focus in this analysis will be restricted to the business assumptions and logic of the process.

From a business perspective, the Protocol 1st Edition is first and foremost a set of activities and approaches designed to fill the knowledge and resource gaps necessary to localize a business model to a BOP community. Once the gaps are filled, the business is presumed to emerge naturally out of this base of knowledge. The following excerpt from the Protocol introduction reflects this overarching view: “The Protocol that follows is a process-based framework by which a corporation can acquire a deep understanding of local needs and perspectives and then develop sustainable business models in partnership with BoP communities.”

Phase I or the “Opening Up” stage of the Protocol is shaped largely by the need to develop a relationship that affords an accurate and deep understanding of local needs. For example, the first sub-activity of the “Training and Team Formation” activity set states that the MNC team needs to be trained in the use of techniques such PRA and ABCD which “build the Team’s skills and capability to engage in peer-to-peer, 2-way dialogues that are sensitive to differentials of power and wealth among the participants.” The business reason for learning these techniques is to ensure that managers gain accurate information in conversations and dialogues with low-status, potentially skeptical BOP residents. The “selecting community partners” sub-activity has a similar objective. By including people reflective of the community’s diversity on the MNC team, the MNC team has people who can act as bridges between managers and the community, thereby enhancing communication effectiveness.

“Immersion and Engagement,” the second main activity set in Phase I, is similarly “characterized by a number of interrelated and iterative tasks, all of which utilize participatory practices to develop a deeper understanding of local ways of life
The first sub activity, “living the local life,” plays a dual role in filling the information gaps about the BOP community. On one level, it affords more intimate insights into BOP residents’ lives and their view of the world—a kind of “radical empathy”—than could be accomplished through arm’s length forms of market research (e.g., questionnaires, focus groups). Two, it builds trust. That trust then enables a more open, candid sharing between managers and BOP communities, thereby improving the accuracy of information. Another sub activity, “building multiple access channels to the community,” advises the team to build multiple entry points into the community. Doing so “allows the Team to develop a richer understanding of local dynamics and conditions” as it affords multiple perspectives.

“Needs and Asset Identification,” the third core activity set of Opening Up, harnesses the relationship of trust established through the previous activities to “identify specific needs and aspirations, as well as the socio-economic systems and resources already in place.” The goal, in other words, is to drill down from the broad, general understanding of a BOP community into an actionable set of needs. In accordance with the radical localization argument, the “co-identifying needs” sub-activity emphasizes the importance of framing “the needs from the perspective(s) of the community members and to seek out as many voices as possible.” The “co-mapping local assets and systems” sub-activity unearths local resources necessary for creating a viable business model to address those needs.

Phase I concludes with a further narrowing down and prioritization of those needs in the “Idea Generation and Evaluation” activity set. Per the radical localization logic, the business ideas and opportunities ultimately co-created by the MNC managers and the community are ones that harness local resources to meet local needs. The business value of applying participatory methods and principles to the
entrepreneurship process is, therefore, in generating business ideas that reflect accurately and fit the local environment.

Phases II and III, “Building the Ecosystem” and “Enterprise Creation,” continue to utilize participatory approaches in developing and evolving the business, though the value of doing so is largely to ensure that value creation is distributed equitably and that the process builds local capacity. The business value of this participative approach is primarily for maintaining legitimacy. Having filled the necessary information gaps, the business process of Phases II and III follow a linear entrepreneurship model, starting with the development of a vetted business plan (the output of Phase II), and culminating with pilot tests and scaling of the business (Phase III outputs).

In sum, the radical aspects of the First Edition of the BOP Protocol were to be found in how the process integrated a range of tools and techniques from development practice within a business framework. The business logic implicit in the 1st Edition of the Protocol, however, was rooted in the traditional logic of strategic fit, which had been recast in the BOP management literature under the concept of radical business model localization.

The limits of this strategic logic and business approach were soon realized during implementation of the BOP Protocol in Kenya and India in collaboration with SC Johnson and The Solae Company, a DuPont subsidiary. Chapters 4 and 5 contain summaries of my field experiences and the challenges faced in these two projects. By way of conclusion, below I reproduce in full the 1st Edition of the BOP Protocol.
APPENDIX A

Strategic Initiatives at the Base of the Pyramid: A Protocol for Mutual Value Creation

1st Edition
©2005

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In Partnership With:
The Base of the Pyramid Protocol Workshop Group
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The Base of the Pyramid Protocol™

Introduction

The Base of the Pyramid Protocol™ working group was guided by the vision of an inclusive capitalism, one in which the corporate sector prospers by engaging local communities in the co-creation of business models that simultaneously generate economic, social and environmental value. The resulting Protocol represents a collaborative effort to articulate a radically different approach to business development that might better serve the diversity of needs and values of people across the globe, in particular, those who have been by-passed or actively exploited by globalization. This latter group comprises the Base of the Pyramid (BoP).

The Protocol that follows is a process-based framework by which a corporation can acquire a deep understanding of local needs and perspectives and then develop sustainable business models in partnership with BoP communities. The Protocol, which is written from the perspective of the corporation, is divided into three interdependent phases, each with specific business outcomes:

♦ **Opening Up** – Launch non-business specific immersion guided by two-way dialogue and humility to co-identify local needs, capabilities and business opportunities

♦ **Building the Ecosystem** – Generate a diverse network of partners to advance ideas for mutual value creation and to support the co-creation of a business plan

♦ **Enterprise Creation** – Formalize a business venture by pilot testing, evaluating, and scaling-out business experiments that generate triple-bottom-line value for all constituencies
The concept that unifies the Protocol is that of *mutual value creation* – each phase is designed to simultaneously generate value for the corporation, the local community and the other constituencies affected by the project. Therefore, each phase is modeled as a set of processes and activities that comprise a *mutual value chain* in which some activities contribute to local value creation while others generate value for the MNC.

In addition, the key content dimensions for each mutual value chain are given by a “4 Ps” model at the conclusion of each section. The 4 P’s include:

- **People and Preparation** – key people within the MNC needed for the project and the necessary training and skill-sets that they require
- **Partners** – key people outside of the MNC and from the local BoP community that need to be materially involved in the effort
- **Places and Structures** – organizational systems and infrastructure that need to be put into place
- **Performance** – dimensions that an MNC might use to evaluate its performance in applying the Protocol

Although the Protocol document is narrated sequentially, beginning with Opening Up and ending with Enterprise Creation, a corporation may enter the Protocol process at any phase, depending on existing skill sets, capabilities and relationships with the BoP community. These pre-requisites are identified in the Overview section for each phase.

To better ensure that the Protocol achieves its objective of generating mutual benefit, a set of business principles is expected to guide the MNC’s engagement with the BoP community. These business principles are stated at the beginning of the Protocol in the form of Operating Guidelines and a Code of Conduct.
BoP Business Principles

Operating Guidelines

1) Suspend Disbelief – *willingness to admit ignorance*
2) Put the Last First – *seek out the voices seldom heard*
3) Show Respect and Humility – *all parties have something important to contribute*
4) Accept and Respect Divergent Views – *there is no one best way*
5) Recognize the Positive – *people that survive on $1 per day must be doing something right*
6) Co-Develop Solutions – *mutual learning among MNCs, partners and BoP members*
7) Create Mutual Value – *all parties must benefit in terms important to them*
8) Start Small – *begin with small pilot tests and scale out in modular fashion*
9) Be Patient – *it takes time to grow the ecosystem and win trust before the business takes off*

Code of Conduct

1) Design businesses that increase earning power, remove constraints, and build potential in the BoP
2) Ensure that wealth generated by the business is shared equitably with the local community
3) Use only the most appropriate – and sustainable – technologies
4) Promote the development of affected communities as broadly as possibly in ways defined by the local people themselves
5) Track the “triple bottom line” impacts associated with the entire BoP business system
6) Monitor and address any unintended negative impacts associated with the business model
7) Share best practices with local partners to the extent possible
8) Report transparently and involve key stakeholders in an on-going dialogue
9) Commit to increase community value regardless of the business outcome
Mutual Value Chain 1

Opening Up
Opening Up: Overview

The objective of the “Opening Up” phase is to establish a deep learning process that leads to the co-generation of ideas and opportunities that use local capabilities and socio-economic systems as basis for creating mutual value. Based on principles of community empowerment, humility, and “putting the last first”, this learning process can be thought of as a two-way dialogue between the firm and the local community. It is a “learning-with” the community rather than a “learning-about” the community.

Through such a dialogue – one which requires the MNC to “suspend disbelief” and to think from the perspectives of the community – the MNC opens itself to the possibility of competitive imagination: for radically rethinking its own business models and for generating innovations with application in the BoP as well as in its current markets.

The process described below is envisioned as ongoing and iterative. It can be conceptualized as a mutual value chain comprised of four overlapping tasks that are guided by a common vision:

**Mutual Value Chain – Opening Up**
Opening-Up: Process Summary

Though the model above suggests a sequential process, the four sub-processes that comprise the Opening-Up phase are, in fact, interdependent and overlapping. Indeed, knowledge gained in one “stage” may cause a change in another. For example, having gained a deeper understanding of local diversity and needs, it may be necessary to alter the Team composition or provide specialized training to the MNC Team. For this reason, there is an emphasis on maintaining flexibility within the organizational structures created. Below are summaries of each of the four sub-processes:

1. Core Team Formation & Preparation

Four primary tasks comprise the creation & preparation of the Core Team: the creation and training of a multi-disciplinary MNC Team, the identification of a BoP site, the selection of a representative set of community partners, and the creation of a “base camp”. It is important that all members of this Core Team be recognized and treated as equals.

a. Putting together the MNC Team – The firm should assemble a small, cross-functional team of people (e.g., R&D, Sales, Manufacturing or Service Delivery) with a passion for the idea, an affinity for the culture and/or a connection to the area chosen. An example might be someone on staff with Peace Corps experience. To prepare the Team for the co-learning and immersion process, the MNC Team should be trained in participatory techniques such as Rapid Assessment Process (RAP), participatory rural appraisal (PRA), and participatory action learning (PAL). These techniques build the Team’s skills and capability to engage in peer-to-peer, 2-way dialogues that are sensitive to differentials of power and wealth among the participants. Appendix 1 provides a number of sources of information on these techniques. There should also be a mechanism (reporting or otherwise) in place that allows the knowledge and insights gained by the Team to flow back to the corporation.

b. Selecting the Immersion Site – There are two perspectives on the criteria for site selection. One argument would suggest that a firm choose a location that is generally supportive or convenient. Thus, it might seek to find one that is geographically proximate to an in-country HQ or a larger metropolitan area, has a supportive local government and populace, has a pre-disposition to wanting the firm’s products, and/or has a (relatively) good infrastructure. Though this might increase the probability that a successful venture may at some point be launched, it also reduces the likelihood of more radical innovation and idea generation. An alternative argument would be to conduct the “opening up” phase in a location that is the most divergent from what the firm is accustomed to and which presents the greatest “obstacles”. By locating in an area least apparent to use or benefit from the firm’s current products (i.e., umbrella manufacturer going
to desert climate), the firm is more likely to “suspend disbelief” and engage in non-business specific immersion.

c. Selecting Community Partners – To help the MNC Team identify and select local community team members, the MNC Team should seek out individuals or organizations with extensive local experience and expertise (e.g., academics, embassy, local NGOs or enterprises). These persons or organizations would act as a bridge, helping to assemble a provisional team that reflects the local diversity as best as possible. This person or organization can also help create a common language and shared vision among the various team members. The Team should be viewed as flexible, as people will likely be added and others dropped as the process evolves.

d. Establishing a “Base Camp” – In recognizing that this process of co-learning is an effort jointly undertaken by the MNC and the local community, the process itself as well as the output should be viewed as co-owned by the community. Therefore, it is necessary that a local office or base camp be established that serves as an “open-source” hub where information is documented and made available to the community. This base camp also increases the transparency of the project, as it provides a means by which the broader community can engage with the Core Team and report back on the Team’s activities.

2. Immersion & Engagement

An extended period of non-business specific immersion within the local community plays a critical role in building trust and developing a deep understanding of how people live their lives. This is not just about identifying needs and wants, but about coming to truly appreciate the way other people and communities make sense of the world and their daily lives. This is particularly important at the BoP for two reasons. One, the MNC Team brings with it a set of perspectives and assumptions (e.g., what constitutes ‘good health’) that may differ markedly from local conditions. Without having a clear understanding of its own biases and assumptions, as well as an appreciation of local perspectives and capabilities, a business may fail to meet local needs and/or undermine existing economic and social support structures. Second, “the local” is highly heterogeneous and dynamic, with no single snapshot in time able to represent the “true” community. Recognizing the absence of an “average person”, an extended period of immersion and engagement provides a better understanding of local contingencies and variation.

The Opening-Up phase is characterized by a number of interrelated and iterative tasks, all of which utilize participatory practices to develop a deeper understanding of local ways of life and aspirations. Again, although the tasks below are presented sequentially, they are highly interdependent and may take place concurrently.
a. **Living the Local Life** – The primary objective of this task is for the Core Team (in particular, the MNC Team members) to participate as fully as possible (or allowable) in the local way of life, thus fostering empathy and appreciation for local values and practices. The MNC Team and its partners should spend, at the very least, weeks or months, *living* within the community – eating, drinking, sleeping, cooking, grocery-shopping, walking and working alongside people of the community. As much as possible, the team members should avoid the trappings of the “development tourist” – in place of taxi-cabs and four-wheel drive vehicles, the Team should use the most common forms of transportation; instead of hotels and restaurants catering to the elite, the Team should seek out opportunities to live with local families and eat at local establishments. Indeed, the Team should try to live off of the local wage. During this period, the Team should be guided by an attitude of openness and humility, reserving judgment on the “rationality” of how and why things are currently done.

b. **Generating Community Profiles** – Employing participatory techniques (see *Appendix I*), the Team should generate ethnographic stories and other “thick” representations (e.g., video, oral, written) of local ways of life in cooperation with the community. Participatory techniques share the common goal of empowering people for social and economic change by actively involving them in generating knowledge about their own condition. Some of the key practices endorsed by participatory methods include:

- The process, as well as all of the “data” generated through the engagement, need to be documented - either by writing, video, voice recording, or some other fashion – and made available in a manner that is both useful and readily accessible to the community. The data should be viewed as co-owned with the local community.

- All engagements with local people should “reimburse” them for their time, as that is one of their most valuable assets. The engagements themselves should be understood as mutually benefiting, even empowering.

- The Team should consult not only the “community leaders” but also the “troublemakers” and those who may not be immediately visible because of physical weakness or marginality within the community. This latter group may include the elderly, children, women, ethnic minorities, homeless, etc.

The stories (broadly speaking) will be generated from both “open observations” by team members and through conversations and interactions with community members. All data acquired through “open observation” (e.g., written accounts, video) should be viewed and interpreted together.
with community members, having them comment on the contents. Conversations should be open-ended and un-rushed, generating discussions that have an organic flow and make use of all the senses (not just intellectual). Throughout the process, the Core Team should be open and transparent, its members sharing their own “stories” as well as their intentions. Analysis should be conducted across levels (individual, family, community, region, national, and even transnational), paying particular attention to the constitution of and linkages across those levels.

c. **Building Multiple Access Channels** – Because of local heterogeneity and hierarchies, the Team should cultivate multiple and parallel channels for engaging with the community, being vigilant to seek out its least visible members. Doing so allows the Team to develop a richer understanding of local dynamics and conditions. Furthermore, it minimizes the creation of a class of “gatekeepers” in the community - people who, by virtue of their being “privileged informants” (they may speak English, for example, or are in a position of power or authority within the community), come to mediate the rest of the community’s interaction and access to the Team.

d. **Documenting & Creating Opportunities for Feedback** – All video, stories, and data should be kept at the local base camp and made readily available to the community. Also, throughout the immersion process, there should be a provision that allows community members to comment on and intervene in how the Team conducts its activities. Doing so helps to ensure that participatory methodologies and techniques stay consistent with the guiding principles of co-development, transparency, responsibility, and humility.

3. **Needs & Asset Identification**

Once a working trust has been established between the Core Team and the local community, attention should shift towards identifying specific needs and aspirations, as well as the socio-economic systems and resources already in place.

Five primary tasks comprise this process: the co-identification of needs, the co-mapping of local assets and systems, the co-creation of metrics to evaluate mutual value creation, a critical assessment of the MNC’s resources, and the identification of capability gaps within the MNC. As in the Immersion phase, participatory methodologies and practices constitute the basis for engaging with the community. Both the process and the resulting data should be documented and made available to the community through the base camp. All information is jointly owned.
a. Co-identifying Needs – Working in cooperation with the broader community and using participatory techniques, the Core Team’s objective is to identify the various needs of the community. At this stage, the objective is to uncover as many needs as possible, regardless of their apparent feasibility. Every effort should be made to frame or articulate the needs from the perspective(s) of the community members and to seek out as many voices as possible. Again, analysis should be conducted across levels (e.g., individual, family, community, region, national, and even transnational), paying particular attention to the linkages across levels.

b. Co-mapping Local Assets & Systems – Using an asset-based community development lens – a perspective that starts from the assumption that the local community possesses the wherewithal for self-directed change - the Core Team’s task is to identify and categorize the various resources, assets and capabilities that currently exist within the community. The objective is to not only identify resources in isolation, but to understand their relationship with one another in forming a larger socio-economic system. These resources and systems will provide the foundation for the idea generation phase.

c. Co-creating Metrics – Concurrent with asset and needs mapping, the Core Team should begin to co-develop a broad set of metrics that reflect both the firm’s needs, as well as local understandings of value and well-being. This effort should be as inclusive as possible, being careful to capture the perspectives of those who may be disempowered (e.g. women) and/or most vulnerable in the community. It is important that the firm be transparent of its intentions throughout this process.

d. Critical Self-Assessment – The Core Team, thinking from the perspective of the local community, should begin to identify the assets and resources located within the MNC and to relate them to the community’s needs. This process requires the MNC Team to “suspend disbelief”, to think outside of its traditional categories and to relax assumptions about the firm’s core competencies. The objective is to utilize the insights and perspectives of the local community to open up new avenues of possibility within the corporation.

e. Identifying Capability Gaps – The MNC Team should also begin to identify potential gaps in its current suite of capabilities based on the initial needs and resource assessments. These gaps can be used by the MNC as a way to target those new capabilities and competencies that it wishes to develop through the creation of a BoP enterprise. The Team should assess the potential contribution of any new capabilities against the corporation’s strategic plan in order to best leverage the BoP enterprise.
4. **Idea Generation & Selection**

Having gained an understanding of local needs, aspirations, and determinants of value and well-being, the Team’s focus shifts towards the generation of specific ideas and opportunities to be pursued by the Core Team. During this process, it is important that the MNC Team members manage the community’s expectations, being careful not to over-promise on what they can do. Indeed, the Team should not be looked upon nor represent themselves as possessing solutions for the community’s problems, but instead as participants in a locally-driven effort for positive change.

Three primary tasks are involved in this phase: the co-generation of ideas, the co-evaluation of alternatives, and the retention of knowledge and preservation of options. As before, both the process and the output should be documented and made available to the community.

a. **Co-generating Ideas** – Using participatory methods, the Core Team should engage in a process of idea and opportunity generation with the broader community. This entails bringing into the discussion the firm’s existing resources and capabilities, as well as those new skills and competencies that it plans to develop. This task is about imagination, about creatively blending the firm’s current and future resource and capability endowment with local resources and socio-economic systems.

b. **Co-evaluating Ideas** – Having identified various ideas and opportunities for meeting local needs, the focus shifts to narrowing down the list to those few opportunities to be pursued by the Core Team. Again, a participatory process involving the greater community is the means by which this is done. The ideas should be assessed against the metrics of mutual value creation created earlier. It is critical to know both the possible positive and negative effects of an enterprise on the various local constituencies and to ensure that the weakest are, at a minimum, not made worse off through the intervention. The MNC Team should also consider how the various opportunities facilitate the development of new firm capabilities.

c. **Preserving Options & Retaining Knowledge** – The Core Team should also make arrangements for ideas that are not selected by the Team but for which there are interested community members. Support might include the provision of resources, technical assistance, or simply establishing a network of contacts that may help identify additional resources. An “idea bank”, for example, could be established which would serve as a knowledge repository for both the Team and the community. In addition, the MNC Team should broaden its linkages back to the firm in an effort to capture the knowledge and insights gained through the visioning process.
Opening-Up: Content Summary

The key content dimensions of the “Opening Up” process can be summarized in the following 4 P’s model:

**The 4Ps – Opening Up**

<table>
<thead>
<tr>
<th>People &amp; Preparation</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Cross-functional Team – people with a passion</td>
<td>• Core Team diversity</td>
</tr>
<tr>
<td>• Training in participatory techniques</td>
<td>• Shared vision among Core Team</td>
</tr>
<tr>
<td>• Training in ethnographic methods</td>
<td>• Days lived within community</td>
</tr>
<tr>
<td>• Training in needs analysis &amp; asset-based community development</td>
<td>• Number &amp; diversity of people engaged</td>
</tr>
<tr>
<td></td>
<td>• Number &amp; diversity of needs &amp; assets identified</td>
</tr>
<tr>
<td></td>
<td>• Number of existing &amp; “new” firm resources identified</td>
</tr>
<tr>
<td></td>
<td>• Number of options generated</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Partners</th>
<th>Places &amp; Structures</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Core community partners</td>
<td>• Base camp in local community</td>
</tr>
<tr>
<td>• Skilled advisors and trainers</td>
<td>• Knowledge link from MNC Team to corporate structure</td>
</tr>
<tr>
<td>• “Bridging” expert</td>
<td>• Feedback link from community to Team</td>
</tr>
<tr>
<td>• Community Team representative of local diversity</td>
<td>• Idea Bank</td>
</tr>
<tr>
<td>• Additional community members based on immersion</td>
<td></td>
</tr>
</tbody>
</table>
Mutual Value Chain 2

Building the Ecosystem
Building the Ecosystem: Overview

The objective of the “Building the Ecosystem” process is to incubate and advance ideas for mutual value creation by catalyzing a diverse network of partnerships among the MNC and different actors within the local community. This locally-based, semi-institutionalized network performs a number of functions, including:

- serving as a conduit or “clearing-house” for knowledge, capabilities and other resources necessary for launching a given enterprise
- maximizing the effectiveness and impact of both local resources and the MNC’s resources
- spreading the risk involved in bringing ideas to fruition
- supporting the development of new MNC capabilities and competencies
- enhancing the transparency and responsiveness of new ventures to the local community
- acting as an ongoing new-venture support network for local community members

The “Building the Ecosystem” process can be conceptualized as a mutual value chain comprised of four overlapping tasks that are guided by a common vision:

**Mutual Value Chain – Building the Ecosystem**

![Mutual Value Chain Diagram]

_A locally-based network of partnerships that pools resources and knowledge and incubates ideas and enterprises to build local capacity and generate firm value._

- **Resource & Capability Assessment**
  - Determining objectives & resource needs
  - Co-assessing local capabilities & hidden assets

- **Partner Selection & Network Formation**
  - Identifying and selecting partners
  - Formalizing & localizing the network

- **Business Plan Development**
  - Establishing metrics for value creation
  - Co-developing business plan
  - Retaining alternatives

- **Community Engagement**
  - Presenting to community
  - Establish mechanism for community input
  - Building the MNC brand
  - Re-assessing opportunities

Local Value Creation

MNC Value Creation
Building the Ecosystem: Process Summary

It is important to note that, to do the Building the Ecosystem process properly, the MNC must already possess a deep understanding of local capabilities, values, needs, actors, and socio-economic systems, as well as have formed a working trust with the local BoP community. In addition, it is expected that the idea or proposed business venture has already passed through a number of “filters”, including having received broad endorsement from the local community and having been assessed against locally-created metrics for well-being and value creation. Internally, the MNC must possess team members with experience in a number of methodologies, including participatory learning, asset-based community development, and baseline needs analysis. Therefore, it is assumed that firms have gone through an “Opening Up”-type process in arriving at the current stage. This process is not intended for companies with little to no history of working in the local community and/or for incubating “externally-conceived” ideas (i.e., ones not arrived at in collaboration with the local community through participatory means).

In addition, the Building the Ecosystem process assumes that three structures are already in place: a “Core Team”, a local “base camp”, and an organizational or “knowledge” link between the MNC Team and the corporation. The Core Team should be comprised of a multi-functional MNC Team with extensive exposure to the local ways of life, as well as a core set of partners that are representative of the community. In beginning the Building the Ecosystem phase, the Core Team will likely have taken on additional local partners based on the idea selected (e.g., the originator and or key local proponents of the idea). The base camp serves as an interface point between the Core Team and the greater community, while the organizational link to the corporation allows the MNC Team to share and leverage its learning and knowledge throughout the corporation and to deploy firm knowledge to the BoP effort.

As with “Opening Up”, the model above suggests a sequential process. However, the four sub-processes that comprise the “Building the Ecosystem” phase are highly interdependent and overlapping. Indeed, the partner ecosystem should be viewed as a fluid entity, one that adapts and evolves as local needs and actors change. Bearing this in mind, it is important that both the organizational structure of the network and the mechanism by which partners are linked together be flexible.

Following are summaries of each of the four sub-processes:

2. Resource & Capability Assessment

The objective of this step is to develop an understanding of the resources needed to launch the proposed enterprise and those that are currently available, either locally or within the MNC. Through this process, the Core Team begins to develop a map of potential partners. This is a highly iterative process, for resource forecasts will undoubtedly change as the venture begins to take shape and become more concrete. The process and the findings should be
documented and made available to the community through the base camp. There are four key tasks that comprise this step:

a. **Identifying Objectives & Resource Needs** – The purpose of this task is for the Core Team to articulate the specific objectives of the proposed venture for the various constituencies and to then forecast the venture’s resource requirements at each stage of the value chain. The stated objectives will likely influence the shape of the value chain and the type of resources needed by the venture. As stated above, this process will be highly iterative, with forecasted resource needs varying as the venture develops.

b. **Co-assessing Local Capabilities and Hidden Assets** – Employing participatory techniques (see Appendix 1); the Core Team should begin to develop a map of the locally-based resources and capabilities that can be brought to bear in launching the proposed venture. This step requires that the Core Team suspend assumptions of how things should be done, recognizing that the local BoP community may possess very different, yet effective, socio-economic institutions and norms to facilitate commerce. As an example, some banks serving BoP communities have successfully utilized trust-based “solidarity” groups instead of formal credit checks and collateral requirements in encouraging loan repayment. These “hidden assets” – forms of local knowledge hidden by virtue of Western or Top of the Pyramid norms of development – may support any number of aspects of the venture’s value chain: from the way financing is offered, to how distribution is conducted, to the manner in which customers are educated about the product. Appendix 2 provides a list of various dimensions along which the local community can be segmented in order to better understand the diverse social structures and hidden assets in place.

c. **Mapping MNC Capabilities** – At this stage, the MNC Team should begin to document and map the resources located within the MNC that could support the venture. As during the Opening Up phase, this is an opportunity for the MNC to challenge its assumptions, as the local BoP context simultaneously makes obsolete some of the MNC’s competencies while opening up new possibilities. The Core partners can play an important role in this critical assessment, using the insights and perspectives of the local community to rethink the MNC’s resources and to identify its own “hidden” resources.

d. **Staking Out Disruptive Competencies** – The context of the BoP venture presents the MNC Team with a unique opportunity to develop and incubate new competencies and capabilities potentially disruptive of its Top of the Pyramid markets. Therefore, at this stage, the MNC Team should identify the specific capabilities and competencies that it wishes to develop through its involvement in the chosen BoP enterprise, as this decision will influence the selection of partners and the business model.
3. **Partner Selection & Network Formation**

Having outlined the resource requirements and surveyed the local capabilities and MNC resources that might be deployed, the focus shifts to formalizing the network of partners that will support the enterprise. The process of growing the ecosystem should be documented and the “findings” kept in the local community. Four primary tasks comprise this process: identifying and selecting network partners, formalizing and localizing the network, bridging the MNC’s resources, and expanding the MNC’s absorptive capacity.

a. **Identifying and Selecting Partners** – Using participatory methodologies, the Core Team should engage in a process of mapping potential partners against the various tasks and activities that comprise the enterprise’s entire value chain. *Appendix 3* contains various categories of actors that should be explored as potential providers of needed resources and capabilities. *Appendix 4* provides a matrix useful for analyzing these different ecosystem actors and the roles they may play in the enterprise.

There will likely be multiple actors and solutions for the various tasks identified in the enterprise’s value chain. Two criteria would be helpful in choosing partners. First, one of the central goals guiding the venture is to build community capacity by leveraging and expanding local capabilities to fulfill needed functions. Therefore, as much as possible, local partners should be emphasized over “foreign” organizations. Second, choice of partners should also be based on the mutually agreed-upon metrics (e.g., retaining and expanding wealth in local community, empowerment and capacity building, equitable distribution of benefits throughout the community, benign or positive impact on ecological systems) against which the initiative was originally screened (see “Opening Up”, Needs and Asset Identification). Thus, if gender equity was identified as an important performance dimension, then one possible selection rule might be women-run organizations.

Indeed, as the ecosystem evolves and the venture takes shape, new activities and actors will suggest themselves and roles may shift. For this reason, the evolution of the network should be constantly monitored in order to maintain its diversity and the richness of its ties. In addition, the Core Team should periodically review the list of actors in *Appendix 2*, being sure that changes in the stakeholder environment are reflected in the network’s composition.

b. **Formalizing & Localizing the Network** – As the partners are identified and selected, it is important to establish a locally-based “office” which provides a common contact point among the partners, as well as between the network and the greater community. This local enterprise office helps to

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5 The local community should make the decision of whether an organization is deemed local or foreign.
increase transparency and accountability and can also serve to make available the data and documentation relating to the venture – knowledge that might be of value to other community members wishing to launch new enterprises. In addition, the members of the network need to be linked together in some fashion (perhaps using information communication technologies) to foster dialogue and communication. Finally, the Core Team should be expanded to reflect the ecosystem partners, with thought given to an organizational design that fosters transparency.

c. Establishing the MNC’s Role – In collaboration with the Core Partners, the MNC Team should determine the MNC’s role in the new venture and the specific capabilities and resources that it will provide. This decision should take into consideration not only what the MNC is currently capable of doing, but also the competencies the MNC wants to acquire and the implications for the greater community. Indeed, there may be situations when it is better for a local partner to provide a skill that the MNC also possesses, in order to build local capacity or provide local employment opportunities. As a rule of thumb, the enterprise should use and build off of locally-based resources and systems as much as possible, being mindful of the need to establish a sustainable business enterprise. At this point, the MNC team might be expanded to include additional key resource holders in the MNC.

d. Expanding the MNC’s Absorptive Capacity – To facilitate the acquisition of new competencies, the MNC Team needs to build a baseline of knowledge and skills that act as a scaffolding for higher-order, more tacit skills and competencies. Therefore, it is important that the MNC Team recruit into the partner network individuals and organizations that possess such knowledge and experience. In addition, the MNC Team should make sure that the network structure presents opportunities for significant engagement and collaboration with these “competency-carrying” partners.

4. Business Plan Development

With the partner network in place, the Team’s efforts shift to outlining a business plan for the proposed venture. Five key tasks are involved in this process: co-creating a set of metrics for assessing community value creation, co-developing a business plan, retaining alternative business models, clarifying the MNC’s strategic intent, and creating internal alignment. Participatory methodologies play a critical role throughout this process. Both the process and the results should be documented and made available to the broader community through the local enterprise office.

i. Establishing Metrics for Community Value Creation – Though general criteria for local well-being have already been generated through the Opening Up process, the expanded Core Team’s task is to create specific
metrics that link the operation of the proposed venture with these criteria. In collaboration with the greater community, the Core Team should create a “scorecard” that identifies these various dimensions of performance, along with a set of indicators by which to track the venture’s effects. Target levels to be achieved by specified dates will help chart the venture’s progress and alert the Team to unintended consequences. Care should be taken that the scorecard is meaningfully employed even during the early stages of the venture’s formation and that people be trained to take and to interpret the measurements. This entire cycle of collecting and analyzing meaningful performance data will help ensure that the MNC and the new venture adhere to the implicit social contract entered into by virtue of engaging with the BoP community.

b. Co-developing the Business Plan – Unlike a “traditional” business plan, the business model for the venture needs to be jointly developed with the ecosystem partners. Indeed, all of the partners should have “ownership” of the business plan and feel that they will meaningfully benefit from the partnership. To that end, it is important to explicitly discuss how the venture will generate value along the various dimensions – economic, social and environmental - identified by the Core Team and the greater community. It is important that everyone involved in the venture should share in the benefits. In addition, the Team should consider the potential negative impacts of the venture on the local community and plan accordingly. This process is fundamentally about creating a shared vision among the various partners.

c. Retaining Alternatives and Creating Options – During the co-development of the business model, alternative models may be suggested by which the same or other products or services can be produced and delivered. The Core Team should document all of these models, as they may become viable or attractive opportunities in the future. In addition, the Team should make some provision for those ideas that it chooses not to pursue but for which there are supporters within the community. Support may take a variety of forms, from providing access to the partnership network to in-kind or financial assistance.

d. Clarifying the MNC’s Strategic Intent – In developing the business plan, the MNC Team needs to clearly articulate its strategic intent with the enterprise and how the enterprise will advance corporate-level strategic objectives. This process entails creating an architecture that maps out the specific outcomes desired – financial, competency-based and otherwise – and the interim steps that need to be taken in accomplishing each objective. Metrics play an important role in this process, as they provide the means by which progress against the various goals can be assessed and by which to communicate the contribution of the BoP venture to the corporation’s strategic position. Care needs to be taken in the choice of metrics, as those
traditionally utilized in Top of the Pyramid markets may be ineffective in capturing the contribution of BoP enterprises. In particular, due to the high uncertainty yet high potential upside at the BoP, a real-options based evaluation framework is advised. In addition, given the potential size of the BoP market, financial metrics ought to focus on the net marginal impacts of the venture (e.g. Return on Capital Employed) in place of gross product margins.

e. Creating Internal Alignment – It is important that the MNC Team establish an incentive structure for its own team members that reflects the uncertainty of the new venture and can be utilized internally to community the Team’s performance. Though short-term profits are possible, it is important that financial targets be balanced with longer term, non-financial criteria in order to provide the Team with the necessary flexibility in adapting to contingencies.

5. Community Engagement

Having jointly created a business plan, the Core Team needs to re-engage with the broader community in an effort to gain broad support and trust for the venture. There are four primary tasks involved in this process: presenting the business plan to the community, establishing mechanisms for ongoing community input, building the MNC brand, and reassessing opportunities for value creation.

a. Presenting to the Greater Community – The Core Team should vet the business plan with a broader constituency of community members, other stakeholders, and possibly even competitors. The fundamental objective of this task is to listen attentively for overlooked concerns and possible alternatives, adopting a stance of humility and respect for different perspectives. Changes should be made to the business model as appropriate, and additional partners added to the Core Team as necessary. The idea is not to get unanimous agreement – since that may not be possible, even though it is desirable – but to engage in an open, respectful and transparent dialogue with the community that results in broad support of the path forward.

b. Establishing Mechanism for Ongoing Community Input – In the spirit of transparency and in recognition of the venture’s responsibility to the local community, the Core Team should institute a mechanism that allows for the broader community to periodically report-back on the venture’s performance and to raise possible concerns. One option might be to include community members in the collecting, analyzing and reporting of scorecard metrics. The data and the reports would be made public and accessible to the community through the local enterprise office. Additionally, the Core Team could institute regular “town-hall” sessions that provide a forum for raising concerns.
c. **Building the MNC Brand** – Engagements with the community present an opportunity for the MNC Team to raise awareness of the MNC’s brand. Establishing the MNC brand as reliable, trustworthy, and of high quality increases access to valuable resources and capabilities within the community, enhances legitimacy, and may generate additional business opportunities. To effectively manage this process and to leverage the MNC Team’s interactions with the greater community, the MNC Team should establish a clear brand strategy. This strategy should make explicit the relationship of the local BoP venture to the MNC’s corporate brand.

d. **Reassessing Opportunities for Value Creation** – The MNC Team should also use the feedback from the community in assessing the MNC Team’s own strategic plan. In addition to ensuring alignment between the community and the MNC’s objectives, the feedback may bring to light parallel opportunities to leverage the MNC’s current suite of products and services. Additionally, the MNC Team may identify new competencies or capabilities that it can develop and deploy locally or in its Top of the Pyramid markets.
Building the Ecosystem: Content Summary

The key content dimensions of the “Growing the Ecosystem” process can be summarized in the following 4 P’s model:

The 4Ps – Building the Ecosystem

<table>
<thead>
<tr>
<th>People &amp; Preparation</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Cross-functional Team</td>
<td>• Shared vision among partners</td>
</tr>
<tr>
<td>• Additional corporate resource holders relevant to venture</td>
<td>• Number of business models identified</td>
</tr>
<tr>
<td>• Training in participatory techniques</td>
<td>• Number of “spin-offs” supported</td>
</tr>
<tr>
<td>• Training in uncertainty management (e.g., real options)</td>
<td>• Network diversity</td>
</tr>
<tr>
<td></td>
<td>• Number of “local” partners</td>
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<tr>
<td></td>
<td>• Hidden local assets identified</td>
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<tr>
<td></td>
<td>• Hidden MNC assets identified</td>
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<tr>
<td></td>
<td>• Clear &amp; compelling strategic intent</td>
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<tr>
<td></td>
<td>• Local embeddedness</td>
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<tr>
<td></td>
<td>• Brand recognition</td>
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<table>
<thead>
<tr>
<th>Partners</th>
<th>Places &amp; Structures</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Core Team of local partners</td>
<td>• Local enterprise office</td>
</tr>
<tr>
<td>• Additional local partners related to proposed venture</td>
<td>• Knowledge link to MNC</td>
</tr>
<tr>
<td>• Ecosystem partners</td>
<td>• Ecosystem communication network</td>
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<tr>
<td></td>
<td>• Ecosystem organizational structure</td>
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<tr>
<td></td>
<td>• Incentive structure within MNC</td>
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<tr>
<td></td>
<td>Team that aligns efforts</td>
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<tr>
<td></td>
<td>• Enterprise scorecard</td>
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<td></td>
<td>• Community input mechanism</td>
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MUTUAL VALUE CHAIN 3

Enterprise Creation
Enterprise Creation: Overview

The objective of the “Enterprise Creation” process is to transition a proposed venture from concept stage to going concern by pilot-testing, evaluating, and formalizing the enterprise in a collaborative and equitable manner. The end result of this process is a sustainable business model that generates value for the MNC and expands wealth and capacity in the BoP community by producing goods and services that meet locally-defined needs. Key principles that guide this process are co-creation, mutual gain, transparency, and long-term commitment and responsibility. By engaging in this process, the MNC signals an increased level of commitment to the BoP community.

The “Enterprise Creation” process can be conceptualized as a mutual value chain comprised of three overlapping processes that are guided by a common vision:

**Mutual Value Chain – Enterprise Creation**

<table>
<thead>
<tr>
<th>Local Value Creation</th>
<th>Pilot Design</th>
<th>Pilot Test &amp; Assessment</th>
<th>Enterprise Formalization</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Leveraging the MNC network</td>
<td>• Forming an Implementation Team</td>
<td>• Staging/assessing pilots</td>
<td>• Launching &amp; leveraging new capabilities</td>
</tr>
<tr>
<td>• Building competency channels</td>
<td>• Co-designing pilots</td>
<td>• Monitoring &amp; adjusting feedback loops</td>
<td>• Creating a BoP growth trajectory</td>
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<tr>
<td></td>
<td></td>
<td>• Establishing an exit plan</td>
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</tbody>
</table>
Enterprise Creation: Process Summary

The “Enterprise Creation” process is intended for a firm that is materially involved in launching a BoP venture designed in collaboration with the local BoP community. The process assumes that the plan has received broad community endorsement and that a set of metrics has been co-created for monitoring and evaluating the venture’s performance. Organizationally, this phase requires the prior establishment of a number of structures, including:

- a Core Team comprised of a multi-disciplinary MNC Team, local partners representative of the community’s diversity, and other key resource-holders
- a formalized network of partners whose resources and capabilities will be called upon in supporting the venture
- a local “enterprise office” that is open and accessible to the local community
- a mechanism that cultivates ongoing community input into the venture’s performance
- an organizational link from the MNC Team to the corporate structure that captures and shares learning and knowledge

Due to the complexity and uncertainty of the local environment, the transition from start-up to going concern is best understood as a learning process that incrementally expands and formalizes structures through a series of small-scale, iterative interventions. As such, the sub-processes that comprise the “Enterprise Creation” phase should be viewed as highly interdependent and non-linear in nature. Organizational controls should be configured in a manner that recognizes this environmental uncertainty and encourages an iterative learning approach.

Following are summaries of each of the three sub-processes:

6. Pilot Design

Small-scale, co-designed pilot projects are a critical mechanism for testing the proposed business model and for generating real-time learning in a low-risk manner. Co-design and co-management of the pilot projects helps build local business capacity, aligns the effort with diverse needs, and marshals local resources and commitment to the effort. Four primary tasks comprise this process: forming an

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6 An alternative to a firm’s material involvement in the creation of a BOP venture is for the firm to use a venture capital (VC) approach. To do so, the firm would establish a multi-expertise “VC team” in charge of investing in BOP projects. The task of the team would be to provide seed money to individuals (e.g., sustainable social entrepreneurs, employees within the MNC wanting to establish their own businesses) and/or existing ventures (e.g., small and medium enterprises operating at the BoP, BoP-based non-governmental organizations, incubators at local universities).
Implementation Team, co-designing pilot tests, leveraging the MNC’s network, and establishing competency-building channels.

a. Forming an Implementation Team – The Implementation Team should be drawn primarily from the Core Team members involved in the co-development of the business plan. That said, it is important that the Implementation Team include people with the necessary skills and mindset for advancing a venture beyond the concept stage. Therefore, depending on the talents and experience of the team members, it may be necessary to bring onboard additional MNC people and/or NGO personnel with experience in new-venture development (particularly within the geographical area in question), as well as community members with entrepreneurial talents.

The possibility of successful implementation is enhanced if the team members can coalesce and function as one cohesive partnership. Mutual respect should be the key element of the team’s culture.

b. Co-designing Pilots – Relative to top-of-the-pyramid efforts, the pilots should be smaller in scale and greater in number in order to manage uncertainty and respond to contingencies. Furthermore, the timeline for implementation must be flexible and embrace a pace of change that is appropriate for the community. Indeed, the timeline must be tied to ‘local’ time as compared to ‘corporate’ time. The Implementation Team should be prepared to manage and negotiate among the different time horizons and expectations of the various constituencies.

To maximize learning, the pilot sites should be representative of the diverse conditions within the BoP community (e.g., ecological, ethnic, gender). As with the business plan, the pilot’s design should leverage and build off of existing socio-economic structures and local capabilities and resources, paying particular attention to mechanisms that help expand local business capacity. Community “competitions” organized around specific challenges or obstacles confronted by the Implementation Team offer one potential mechanism for tapping into the local knowledge.

The process and the resulting pilot designs should be documented and made available to the community through the local enterprise office.

c. Leveraging the MNC’s Network – In the design of the pilots, the MNC Team should explore arrangements with the MNC’s existing businesses and operations that could support the pilot’s objectives and expand local capacity while generating additional value for the corporation. For example, it may be possible to arrange for another of the MNC’s businesses to procure its raw materials from local producers or directly from the pilot itself at a lower cost. Other possible arrangements which could increase the probability of the new venture’s success by bolstering the community’s capacity include:
• Spinning-off one of the MNC’s activities (e.g., transportation) as an independent business to a local entrepreneur
• Franchising a business to a local entrepreneur
• Employing local community members to produce and provide services

d. Building Competency Channels – The pilot projects present the MNC Team with a low-risk opportunity to actively learn and experiment with the new skills and capabilities needed in building desired competencies. Therefore, the MNC Team should structure the pilots so that its Team is best positioned to interact with and acquire the skills and tacit knowledge that other partners may possess. In addition, the Team should design the pilots so that the MNC has the opportunity to test-out and further refine new capabilities and competencies.

4. Pilot Test & Assessment

Maintaining a modest and low profile in the community, the pilot projects should be executed in stages in order that interim learnings are captured and the pilots reconfigured accordingly. Five primary tasks comprise the “Pilot Test and Assessment” process: staging & assessing the pilots, monitoring feedback mechanisms, establishing an exit plan, managing a competency portfolio, and refining the strategic plan.

a. Staging and Assessing the Pilots – The pilot projects should be structured and executed as a series of milestones or stage-gates in order to build-in opportunities for periodically assessing the venture’s impacts and for responding to contingencies. At the completion of each stage and with the help of local community partners, the Implementation Team would evaluate each pilot using a scorecard of metrics and indicators that were designed in collaboration with the broader community (see “Growing the Ecosystem”, Business Plan Development). The results of the assessment should be documented, reported back to the community, and then made available through the local enterprise office. At this point, the Implementation Team would reassess the pilot’s operations and make the necessary adjustments to the product or service offering and/or the enterprise’s business model. Transparency and honesty are key principles that would guide the Team’s actions and decisions throughout this process.

b. Monitoring & Adjusting Feedback Mechanisms – It is important that the Team monitor the parallel feedback loops that allow individuals within the community to express concerns that would otherwise escape the Team’s attention (see “Growing the Ecosystem”, Community Consultation). In addition, the Team should proactively seek out “marginalized” voices (e.g., the poorest members of the community) to ensure that they are, at a minimum, not made worse off through the intervention. Doing so allows
the Team to respond in a timely manner to potentially negative (as well as positive) unintended consequences and to adjust the pilots accordingly. The scorecard and its set of metrics and indicators should also be adjusted to reflect this feedback.

c. **Establishing an Exit Plan** – The possibility exists that the Implementation Team may decide to terminate some or all of the pilots based on the pilots’ performance or other unforeseen circumstances. In preparing for this eventuality, the Team should put into place an exit plan that strives to leave the community better off than before the venture was initiated. One possibility might be to pledge all of the pilots’ assets (e.g., equipment, technology) to the community. The Team should pay particular attention to ensuring continuity in the lives of those directly involved in the establishment and operation of the pilots.

d. **Managing a Competency Portfolio** – As stated earlier, simultaneously staging several small-scale pilots allows the Implementation Team to experiment with various derivations of a business model, incrementally adapting those that appear promising while closing down ones that fail to generate the desired results. The MNC Team should approach its development of new capabilities and competencies in the same fashion, using the pilots as a way to explore in parallel the development of several new capabilities and competencies. By maintaining an “options portfolio” of new capability development efforts, the MNC Team lowers the risk associated with any one effort while expanding the possibility of developing new, disruptive capabilities.

e. **Refining the Revenue Model** – As the BoP business model begins to take shape, the MNC Team should assess the financial and strategic viability of its revenue model. This task requires that the MNC Team forecast financial flows, identifying the key factors that will shape the profitability of the venture. In addition, the MNC Team should identify and gauge potential challenges to its ability to deliver customer value and to capture part of this value in the form of profits. The revenue model should be refined and metrics adjusted to optimize the MNC’s profit potential and to enhance the competitive sustainability of its position.

5. **Enterprise Formalization**

Once a viable business model has evolved and the incremental learning from the pilots is nominal, the Implementation Team should formalize the business. At this point, the focus turns to establishing the enterprise’s governance structure and building onto the insights and achievements of the pilot projects. All decisions should be documented and made available to the community through the local enterprise office.
The “Enterprise Formalization” process is comprised of five primary tasks: formalizing the governance structure, scaling out from local systems, establishing contingency plans, launching and leveraging new capabilities, and creating a growth trajectory.

f. **Formalizing the Governance Structure** – The Implementation Team needs to address two key issues when establishing the enterprise’s ownership and control structure. First, it must ensure that an equitable portion of the venture’s profits is retained within the local community. One option would be to establish a Community-Based Organization that receives a dedicated percentage of the venture’s annual profits. Second, the governance structure should provide some degree of oversight and decision-making authority to the local community. Given that the Implementation Team itself is comprised of representatives from the local community, one option would be to create a Board of Directors that includes each of these team members. The same performance assessment and feedback mechanisms utilized during the pilot stage (e.g., the scorecard) should be continued once the business has been formalized. The principles of transparency and equity should guide this process.

g. **Scaling-out from Local Systems** – To expand the scale of the pilot projects, the Implementation Team should continue to build off of local systems and capabilities as much as possible. There should be special sensitivity to the uniqueness of each site, and every effort must be made to learn from the local situation when broadening the effort to other areas. Thus, this task is about transferring the learning processes developed throughout the enterprise’s formation, while allowing the local context to guide the specific content of the business model.

h. **Establishing Contingency Plans & Structures** – The Implementation Team should put into place plans and structures for dealing with the possibility that the MNC may decide to pull-out of the venture. The Team, guided by the principle of long-term responsibility and commitment, should create an exit plan that ensures a “soft landing” for the business, as well as the community. Again, the intention is to leave the community better off than before the venture was started. Options may include establishing a “venture transition” fund or pledging to the community any assets that the firm contributed to the business.

i. **Launching and Leveraging New Competencies** – The BoP enterprise should serve as a launching site for the capabilities and competencies developed by the MNC over the course of the pilot phase. Indeed, the MNC team should strive to integrate these competencies into the core of the new enterprise’s value proposition, thereby strengthening its own competitive position and expanding the MNC’s opportunities to further develop and refine them. In addition, the MNC Team should actively seek
out other businesses within the MNC that may be able to deploy these new competencies in their particular markets. One of the central objectives of this process is to fundamentally redefine or disrupt the mature markets currently served by the MNC by using the newly-developed competencies to provide new functionality or existing functionality at a far-lower cost.

j. Creating a BoP Growth Trajectory – The MNC Team’s experience in co-creating the BoP enterprise should serve as a platform for communicating a BoP growth strategy within the corporation and for ultimately expanding the MNC’s presence to other BoP markets and communities. Central to this process is the creation of an organizational network that brings the MNC’s country and product managers into conversation with the MNC Team and other Implementation Team members. The focus should be on identifying those aspects of the BoP enterprise’s business model and the enterprise creation process that can be creatively combined with other resources and capabilities in meeting the needs of other BoP markets. The new BoP Enterprise could serve as a BoP Center of Excellence for the MNC, providing a site for training and hands-on learning.
**Enterprise Creation: Content Summary**

The key content dimensions of the “Enterprise Creation” process can be summarized in the following 4 P’s model:

## The 4Ps – Enterprise Creation

<table>
<thead>
<tr>
<th>People &amp; Preparation</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Cross-functional Team</td>
<td>- New opportunities identified</td>
</tr>
<tr>
<td>- Additional MNC members with expertise in new business development</td>
<td>- Responsiveness to community concerns</td>
</tr>
<tr>
<td>- Training in uncertainty management and participatory techniques</td>
<td>- New community stakeholders engaged</td>
</tr>
<tr>
<td>- Key MNC country and product managers</td>
<td>- Alignment of project with MNC Team incentives</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Partners</th>
<th>Places &amp; Structures</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Core Team of local partners that reflect community’s diversity</td>
<td>- Community “capacity-building links” to other MNC operations</td>
</tr>
<tr>
<td>- Key venture network partners</td>
<td>- Multiple, small-scale pilots</td>
</tr>
<tr>
<td>- Local entrepreneur/s</td>
<td>- Local enterprise office</td>
</tr>
<tr>
<td>- Community Based Organization</td>
<td>- Enterprise Board of Directors</td>
</tr>
</tbody>
</table>

- Community feedback mechanism/s
- Contingency structure
- MNC-BoP Corporate Team
- MNC-BoP Center of Excellence
CHAPTER 4:  
SOLUTION DEVELOPMENT II  
SC Johnson BOP Protocol Pilot Project, Kenya

This chapter describes my involvement over a 21-month period in the initial pilot test of the BOP Protocol process in Kenya by SC Johnson. This project constituted the second Solution Development activity of my action research. My practical learnings from this project and a later Protocol project in India in partnership with the Solae Company (the focus of Chapter 5) were the basis for a complete revision of the BOP Protocol and the release of a 2\textsuperscript{nd} Edition of the process (which is reproduced in full in Chapter 6). In addition, the field challenges and learnings were the triggers for the broader theoretical insights I develop in Chapters 7 and 8.

SC Johnson & Sons BOP Protocol, Kenya

Background

SC Johnson, a privately-held, fast moving consumer products multinational, is a global manufacturer and distributor of a broad range of products used for home cleaning, air care, pest control, home storage, auto care, and personal care. SC Johnson, headquartered in Racine, Wisconsin, has operations in over 72 countries and sells its brands—which include such household names as Windex, Glade, OFF!, Raid, Saran Wrap, Ziploc, Pledge, and Drano—in more than 110 countries. In 2006 S. C. Johnson & Son employed approximately 12,000 and had estimated sales of $7.5 billion.
As noted earlier, SC Johnson was one of the four corporate sponsors of the BOP Protocol initiative. The company, led by their Vice President for Global Environmental and Safety Affairs (the company’s officer for corporate sustainability), had volunteered ahead of the BOP Protocol workshop to test-out the eventual process in Kenya. At that time, SC Johnson had an existing sustainability project in Kenya working to improve the livelihoods of small holder rural farmers through the cultivation of pyrethrum (a flower whose active ingredient is used in SC Johnson’s insect repellents, including Raid).

It is worth highlighting the fact that the SC Johnson project was driven and funded by the company’s corporate sustainability division. In fact, the project initially had a very loose connection to the company’s Kenya office. The Kenya office, which reflected a relatively small percentage of SC Johnson’s revenues and carried a limited range of the company’s product lines, operated as a sales office for East Africa and faced “profit and loss” (P&L) responsibility as did other country offices. The Kenya office’s relationship to our initial project team could be best described as “hosts,” as the three-month project had been represented internally as a quasi MBA internship project (as I explain below, two of the field team members were in fact 1st year MBA students on internship).

While having the impetus and support for the project come from the corporate sustainability office did protect the initiative from near term financial pressures and create a safe-space from SCJ’s traditional business development metrics and processes, it also left the project without a clear owner and driver on the ground and limited access to the company’s core business development (e.g., R&D) capabilities. This absence of ownership by the in-country office and connection to the company’s core business operations would prove to be significant challenges following our initial three-month effort to develop a business concept.
Before moving on to describe the field work, I want to note the challenges I faced in balancing the demands of “getting the job done” versus documenting and recording the process for research purposes. In Kenya, during the first four weeks of the in-field project, our six-person team lived together in the same guest house. In the evenings, we would debrief on the day’s activities and plan for the next. For the first week, we videotaped our evening discussions with the intention that it would serve as a way to document the process. After several tries, we found the videotaping to be an extremely cumbersome and awkward process (it also forced us to hold meetings in a controlled environment without background noise), and one that only added to an otherwise hectic schedule. Furthermore, our meetings would often last several hours, and the discussion would flow from topic to topic. I recognized that mining the raw footage for information at a later date would be akin to finding a needle in a haystack.

In week five, once the community engagement activities started and the team split into two, our work intensified, and our schedules became completely unpredictable. We worked late into the nights and through weekends. I found documenting and capturing learnings as a separate research activity from doing the Protocol as completely impractical. Evenings were spent planning out the facilitation and structure of the next day’s workshops and managing internal team conflicts rather than “journaling” the day’s events. Furthermore, in Kenya, internet connections—if available—were extremely poor (the SC Johnson office, for example, had dial-up connections). This rendered valueless the internet site we had used successfully during the pre-field training to store documents and capture insights via emails. It is also worth noting that my personal notebook containing what amounts to as “field notes” was stolen along with my backpack during the last week of the field project.

As a consequence, my documentation of the Kenya project, by default, took the form of meeting agendas that were typed on the computer, photographs taken of
flipcharts developed during workshops with the community, PowerPoint presentations given to SC Johnson representatives who visited the project site on two occasions, and a PowerPoint presentation that I and the team jointly created to share the Kenya experience at a BOP Protocol follow-up workshop in October 2005. The only traditional “ethnographic” documentation that I generated during the project was in the form of a personal reflection on my homestay, something for which I was able to find the time given that the team took two days vacation immediately following the homestays. This tension between fulfilling project obligations and capturing research data was even greater in the DuPont/Solae project in India, as I was working as a paid consultant.

Through the Kenya experience, however, I learned that the best way (perhaps the only way) to ensure documentation occurred under the pressure of delivering project success was to embed “research” activities into “project management” practices and into Protocol activities. This learning resulted in a more rigorous and systematic documentation of my involvement in the Solae India project (the focus of Chapter 5). The following summary of the SC Johnson project is drawn from various project artifacts, including reports, flipchart photographs, workshop and meeting agendas, and email communications.

Project Overview

For the SC Johnson pilot of the BOP Protocol, I served as the project manager and field lead for an initial three-month, in-country implementation of Phase I (i.e., Opening Up) during the summer months of 2005. I worked closely with SC Johnson’s US corporate sustainability office to select sites and local partners, hire and train a field team, develop and manage the budget, generate workplans, and lead the team in-field. Since it was a pilot of an untested idea, the full-time project team was comprised
largely of MBA interns and recent MBA graduates rather than SCJ staff members. Using a “proxy team” avoided interrupting SC Johnson’s current activities and helped expedite the pilot. As the project lead, I was ultimately responsible to SCJ for meeting project milestones, as well as for operationalizing the BOP Protocol 1st Edition and translating the concepts, theories, and principles into concrete management activities and practices.

The three-month project was launched in the rural village of Nyota Township, as well as the urban slum Kibera. While the effort in the rural village did not yield an actionable business, the work in the slum succeeded in creating a business concept sufficiently compelling to SC Johnson and a group of community partners to merit further investment. The challenges that unfolded in the field, however, took the project into territory that lay far outside the framework and scope of the Protocol 1st Edition. The model, particularly Phases II and III, was of little practical relevance to the business development issues and challenges that arose as we attempted to turn the business concept generated during Phase I into a viable and sustainable business.

Upon returning to the US after the three-month period, I continued to serve as project manager while a permanent, locally-based SC Johnson team was slowly put into place to manage and drive the project. Working from the US, I continued to oversee the project budget and progress in the field through contact with SC Johnson’s Kenya office and the local non-profit partner, as well as through two 15-day trips to the field in December of 2005 and March 2006. In April 2006, due to my involvement in a second BOP Protocol project launch taking place in India, I handed management over to SC Johnson and assumed an advisory role to the project, providing regular input and guidance through conference calls. I also returned to the field one additional time (December 2006) to provide in-field support.
The following field summary of the SC Johnson project in Kenya is divided into three chronological segments. The first segment, which reflects the time period January 2005 to May 2005, reviews my and the team’s pre-field preparations for the three-month in field component of the pilot project. These activities fell under the “Team Formation and Preparation” process step of the first phase of the BOP Protocol (see model below). The second segment reflects the three-month in field pilot project that takes place from June 2005 to August of 2005. These activities comprised the “Immersion and Engagement,” “Needs and Asset Identification,” and “Idea Generation and Evaluation” process steps of the first phase of the BOP Protocol. The third segment reviews my continued involvement in guiding the development of a business concept in the project’s urban site from August 2005 until December 2006. These activities ostensibly comprised the second phase of the BOP Protocol, though as noted earlier, the experiences in the field during Phase I had already rendered largely irrelevant the process steps envisioned for Phases II and III.
Field Summary: January 2005 – May 2005

The period January 2005 to May 2005 entailed preparations for the three-month, in-field component of the Protocol pilot test. During that time, I focused on a series of pre-field activities that included team formation and training, local partner selection, and site selection. These three areas of activity were addressed in the first process step, or “Team Formation and Preparation,” of Phase I (Opening Up) of the Protocol. In addition, I developed a workplan for the team’s in-field activities based on the Protocol.

As noted above, because of the experimental nature of the project, the project field team did not contain employees from SCJ’s corporate office or from its Kenya country office as specified in the Protocol. Instead, we formed an SC Johnson “proxy” team, drawing on current and recent MBA graduates from the academic institutions affiliated with the project, including Cornell University, University of Michigan, and the University of North Carolina at Chapel Hill. By February of 2005, I and members
of the Core Team of the BOP Protocol Project\(^7\) had successfully recruited and hired three MBA graduate students, two of who had completed the first year of their programs and would participate as summer interns, while the third was a recent MBA graduate.

In mid-Spring, however, the decision was made to run the process in two sites, one urban and one rural (see below for the explanation behind this decision). Because of the project’s time constraint (i.e., the field work would need to be completed during the MBA’s summer break), the only way to accommodate this was to have two separate field teams operating in parallel, one in each site. Because the team only had one person who spoke Swahili (the MBA intern from the University of Michigan Business School was a native Kenyan from Nairobi) and only one person with background in anthropological and development methods (me), we decided to recruit two additional people in order that each team have these skills sets, in addition to the business skill sets already present. One of the people recruited was a graduating MBA from the University of North Carolina at Chapel Hill who had worked for two years in rural Kenya in community-based wildlife management and was proficient in Swahili. The second person recruited had undergraduate and graduate degrees in anthropology from Cornell and the London School of Economics, respectively.

Once the team was finalized, I developed and facilitated an eight-week course that ensured the full team had baseline skills and knowledge regarding BoP Protocol strategy, BoP concepts, participatory methodologies, and socio-cultural aspects of Kenya (please see Appendix 1 for the course readings). This need for baseline team preparation and training was consistent with the Protocol. Due to the team’s geographical dispersion (two were in North Carolina, two were in New York, one in

\(^7\) The Core Team for the BOP Protocol project was expanded following the BOP Protocol workshop to include - in addition to me, Stuart Hart and Gordon Enk - Duncan Duke and Michael Gordon.
Michigan, and one in Rhode Island), the team held weekly three-hour conference calls to discuss the readings and field issues. In addition, one member of the team established an online bulletin board and mailing list to foster ongoing dialogue, to store files and share documents, and to archive communications. In the month of May, for example, the team exchanged 340 emails on 108 different topics. Outside of this formal curriculum, I and the non-Swahili speaking members conducted self-directed Swahili language studies. We also organized two “culture calls” with an American friend of one of the team members who had worked in a Nairobi slum.

Because of the important role that participatory rural appraisal (PRA) methodologies played in the Protocol, I organized for a two-day PRA training session with Egerton University—a leading PRA center in East Africa that had an affiliation with Cornell University—during the fourth week of the in-field work. The first day of the training would focus on the philosophy of PRA and the various types of techniques and methods that had been used with success in Kenya. During the second day, the Egerton faculty person would work with our team to develop a statement of identity and purpose articulated in a language appropriate to the communities in which we were going to work. In addition to identifying terms that would resonate with the community, the focus of the exercise would be on managing the community’s expectations.

Because team members were scattered around the country during the pre-field training, most of the team’s interaction prior to the field work was mediated through teleconferences and web discussion boards. On two occasions, several of the team members were able to meet at conferences held at Cornell University. The entire team’s first face-to-face meeting took place on a day-long layover in London en route to Kenya.
The selection of project sites and local partners were closely linked together. At a macro level, the decision to conduct the pilot test in Kenya was based on the fact that SC Johnson had an established corporate-level partnership in Kenya with an NGO called ApproTEC (the organization has since renamed itself KickStart). The SC Johnson-ApproTEC partnership, which was a project managed within SC Johnson’s department for sustainable development (i.e., corporate social responsibility), sought to stabilize the quality and price of the pyrethrum flower, a natural source for the active ingredient found in many of SC Johnson’s insecticides, by promoting the adoption and dissemination of ApproTEC’s micro-irrigation technologies among pyrethrum farmers. Because of ApproTEC’s extensive experience with Kenyan smallholder farmers, SC Johnson proposed that our field team work with ApproTEC as the key local partner and liaison for the pilot test. ApproTEC agreed to provide our team project support and assistance (e.g., transportation, identifying housing, funds access, management consultation and advice) and initial exposure to rural areas by introducing us to the organization’s customer base and business network. Because of this existing SC Johnson-ApproTEC partnership, our initial site focus for the Protocol pilot was rural Kenya.

To narrow down the potential range of pyrethrum-growing sites and identify specific rural communities, I also turned to various Cornell faculty and graduate students with field expertise in Kenya, as well as to Faye Yoshihara, a former employee of and current consultant to SC Johnson who had researched and documented the positive impacts of pyrethrum cultivation on smallholder livelihoods. Yoshihara and Alice Pell, a Cornell Professor of Animal Science and, at that time, the director of the Cornell International Institute for Food, Agriculture, and Development (CIIFAD), recommended that our team use Nakuru as its initial base due to the city’s proximity to pyrethrum growing areas. Nakuru, a city of approximately 500,000.
people, is located approximately three hours north of Nairobi. Furthermore, Nakuru
was home to Egerton University, an institution well-known for its contributions to
PRA with which Pell was familiar and had worked with in the past. Pell also
introduced me to David Amudavi, a Cornell doctoral candidate who was to join
Egerton’s faculty in August of 2005. Amudavi’s research involved participatory action
research methods among smallholder Kenyan farmers, and he was to be affiliated
with Egerton’s multi-disciplinary PRA program.

Because of Egerton’s extensive experience working in the surrounding
communities (the University has an active outreach program), it became our team’s
primary local rural partner. ApproTEC, while it possessed an extensive network of
smallholder customers for its pump technology, did not possess deep knowledge of or
relationships with broader communities.

The decision on the specific rural community within which the Team would
live and work was made after the team arrived in Kenya and spent a week learning
from and working with Egerton faculty. Ultimately, the community of Nyota
Township was selected, based in part on its relatively close location to Egerton
(approximately one-hour drive), the support of the Ministry of Agriculture’s local
extension officer, and the presence of a progressive self-help farmer’s group called the
Pamoja Pioneers. Nyota Township is a small-holder farming village in the Rift Valley
of Nakuru District settled in 1973 to provide 2.5 acre farms for black Kenyans. In the
early 1990s, Nyota experienced violent tribal clashes between the areas two dominant
tribes, the Kikuyu and the Kalenjin. The driving distance from Nyota to Nairobi was
approximately four to five hours, depending on weather conditions, as the last five
kilometers into Nyota consisted of poor dirt roads passable only by a four-wheel drive
vehicle.
In discussing the project plan with SC Johnson’s Kenya office, however, the country manager expressed concern about our team’s focus only on rural areas of Kenya. SC Johnson’s Kenya business, which is based in Nairobi, is a sales and marketing division that operates almost exclusively in urban areas of the country. To help ensure that the SCJ Kenya business would derive near-term, actionable outputs from the Protocol pilot, I decided to expand the project to include an urban slum in Nairobi. As in the case of the rural site, the selection of the specific slum community was determined by our choice of a local partner.

To help understand the landscape of urban slums in Nairobi, I turned to a non-profit organization called Carolina for Kibera (CFK) that was founded by a graduate of the University of North Carolina at Chapel Hill and administered by the University’s Office of International Studies. CFK, as the name suggests, operates in the Nairobi slum of Kibera, East Africa’s largest slum with a population of approximately 800,000 residents. First settled in 1912 by Muslim soldiers that that were part of the British King’s African Rifles unit, Kibera was a multi-tribal community with approximately half of its residents under the age of 16. As is the case with “squatter communities,” the land on which Kibera sat belonged to the government. Because of this, the homes of Kibera were constructed of mud walls and tin roofs, as the construction of permanent structures was illegal.

CFK, founded in 2001 to address tribal violence, operated several programmatic initiatives in Kibera, including a youth sports program, a young girls’ empowerment program, a health clinic, and a recently launched income-generation program with self-help youth groups based on trash collection and recycling in the slums. CFK’s office was located in the slum, and its program manager and most of staff and volunteers were residents of Kibera. The Protocol Team’s attraction to CFK as a local partner was driven by the organization’s commitment to participatory
approaches to development and to the income-generation program noted above, which was named Taka ni Pato or Trash is Cash.

In order to recruit CFK as our local urban partner, I met with the organization’s Director based in Chapel Hill, NC to discuss the objectives and philosophy of the BoP Protocol and how the Protocol Team’s work could help further CFK’s mission, particularly with respect to the Trash is Cash program. I also spoke by phone with the organization’s founder and Chairman of the Board, who was serving in the United States marines and stationed in Iraq at the time. Based on these conversations, CFK agreed to serve as the Protocol Team’s local partner in Kibera. CFK’s following roles were outlined in a memorandum of understanding:

- identify a local liaison from Kibera who would be a full-time, paid member of our Team
- help coordinate a seven-day homestay for the 3 urban Team members
- facilitate the Team’s interaction and engagement with community members
- participate in the Team’s needs assessment activities
- participate in the Team’s participatory idea-generation workshop
- help establish a “base camp” and “idea bank” for storing and sharing information and knowledge with the Kibera community developed through the Protocol project
- make available CFK’s office and meeting space in Kibera to the Protocol Team for its work

We agreed to reimburse CFK at the conclusion of the three month project for use of its facilities and staff time at a rate deemed appropriate by CFK staff members. A similar memorandum of understanding was established with Egerton University once we arrived in Kenya.
The final area of my pre-field work involved creating an initial workplan for implementing Phase 1 of the Protocol. Creating the workplan reflected my first effort to translate the Protocol concepts and approach into a structured, on-the-ground practice (Appendix 2 contains the main sections of the workplan). In general, my workplan did not introduce activities that had not already been noted in the Protocol. The one exception to this is my operationalization of the “living the local life” activity (one of the four activities in the Immersion and Engagement step of Phase I) in the form of a seven-day homestay.

Field Summary: June 2005 – August 2005

Our six-person pilot team arrived in Nairobi on June 1, 2005 for a twelve-week pilot test of Phase I of the Protocol. Our time was divided among three process steps, beginning with “Immersion and Engagement,” moving on to “Needs and Asset Identification,” and culminating with “Idea Generation and Evaluation.” Our objective was to co-create a business concept between SC Johnson and the local communities that would serve the local community and create value for both partners. As noted earlier, much of the project work was conducted in two teams of three people in order to complete the process in both the rural (Nyota) and urban (Kibera) sites.

The Immersion and Engagement step of our work required approximately five weeks to complete. The first week consisted of acclimatization, checking in at the US embassy, scheduling of meetings with our local partners, and fulfilling basic logistics, including purchasing cell phones and securing living arrangements in Nairobi for the 12 week period so as to be within walking-distance of Kibera. Weeks two and three entailed meetings and field visits with three core partners, including SC Johnson’s Kenya office, with CFK, and with KickStart. Week four involved meeting with Egerton University and finalizing project details for the rural site. Week five, which
consisted of a seven-day homestay, effectively launched our work with the communities themselves.

Given that there were no SC Johnson employees on the field team, it was vital that we acquired a deep understanding of the company’s Kenya business operations and capabilities, as our team was, in effect, representing SC Johnson to the communities in which we would be working. In order to gain this level of insight, we spent a full day at the Nairobi office. The Nairobi office was undergoing a significant transition: As part of an SC Johnson restructuring, the Kenya office’s manufacturing operations had been closed in the past year, and the East Africa region was being converted into a sales and marketing territory. The main consumer product lines available in Kenya included insect control (i.e., Raid and Baygon insecticides, mosquito coils), air care (i.e., Glade air freshener), home care (i.e., Toilet Duck toilet cleaner, Windex cleaner, Pledge furniture polish). The Kenya office had only 12 employees remaining at the time of our visit.

Our initial visit to SC Johnson included a presentation by the General Manager for East Africa on the strategy and product lines for SC Johnson’s East Africa business, as well as separate interviews with the managers for operations, marketing, and accounting. We then joined SC Johnson managers on three field visits. One visit was to an SC Johnson wholesale distributor based in Nairobi. A second field visit was to a start-up enterprise hired by SC Johnson that was using bicycles to market and distribute the company’s products to hard to reach mom-and-pop shops (called “dukas”) located in slums. Lastly, we visited three residents in the Kibera slum together with SC Johnson’s marketing manager. The visit, which was coordinated by a consumer marketing agency hired by SC Johnson, was meant to provide our team with a deeper understanding of how SC Johnson framed the business challenge and opportunity presented by the rapidly growing urban slums in Kenya.
Our visit to CFK, whose office was located in Kibera slum within a twenty
minute walk of where we were living, was my and the team’s first opportunity to meet
and speak with the organization’s program manager for Kenya. Given that CFK would
play a central role in facilitating our work in Kibera, we spent an initial full day with
the program manager discussing the history and intent of the Protocol and our pilot
test, as well as learning about Kibera and CFK’s history, mission, and programmatic
activities in the community. We outlined the general workplan and discussed the
specific kinds of support and guidance that we needed. Our most immediate need was
help in introducing us to and “immersing” us in Kibera, as well as arranging for the
team’s homestays. During our first visit, we also met a CFK volunteer who was
assigned to be our full-time community liaison for the project. The volunteer was a
young man of 19 years born and raised in Kibera who had completed a course in
Social Work.

Over the course of the first two weeks, we spent as much of our free time
“hanging around” the CFK office in Kibera. The office, we quickly discovered, was a
source of immersion: It was a hub of constant activity and provided a great
opportunity to meet people living in Kibera who either worked or volunteered at CFK
or were clients. To help the team build familiarity with the community, we walked
extensively around Kibera’s various “neighborhoods” guided by different CFK
affiliates who lived in the slum. The team also participated in a community-wide trash
clean up organized by CFK’s Taka ni Pato youth groups.

Our meetings with ApproTEC, whose headquarters were in Nairobi, fulfilled a
similar purpose, as ApproTEC had agreed to provide our team with logistical support,
as well as to introduce us to the rural areas of Kenya through their enterprise which
manufactured and sold irrigation pumps primarily to Kenyan farmers. In exchange for
their support, the team had agreed to provide ApproTEC with an assessment of the effectiveness of its marketing campaigns.

Our interaction with ApproTEC included an initial meeting to discuss our goals and objectives and to discuss workplan logistics (e.g., transportation, managing project finances). We also conducted interviews with staff in the technology development, marketing, and impact assessment teams. We then participated in a number of field visits, including a visit to a manufacturer contracted to produce ApproTEC’s pumps, to several ApproTEC customers (i.e., farmers) and distributors on the outskirts of Nairobi, and to “lead users” who had been provided prototypes of ApproTEC’s “deep well” pumps. Our team also attended a joint SC Johnson-ApproTEC marketing event outside of Nakuru that was a product of their partnership. The day-long social marketing event, which had an SC Johnson booth and information table on the company’s insect control products such as Raid and Baygon, involved a pumping tournament in which two people competed side-by-side to fill a trash-can sized vessel with water first. The intent of the event was to encourage local farmers to plant pyrethrum (the source of the active ingredient in SC Johnson’s RAID insecticide) and to irrigate using ApproTEC’s pumps.

Week four involved visiting Egerton University for the pre-arranged PRA training, meeting with the local liaison recruited by Egerton (he was an Egerton graduate student who was fluent in the local Kikuyu language), and meeting with the Nakuru-based office for the Kenya Ministry of Agriculture. The Egerton faculty person recommended that our team seek out the support of the Ministry of Agriculture, both to ensure that they were not “taken by surprise” by our presence in the villages, but also because the organization had a vast network of local agricultural extension officers who were respected and trusted by the communities (the latter being of particular importance, given the corruption scandals that had sown widespread
distrust in the Kenyan government). We met with the head of the Ministry of Agriculture in Nakuru and explained the objective of our work. The officer was in full support and connected us to the local agriculture extension officer for the area who would assist us in selecting the specific community, arranging for homestays, and facilitating engagement (including translation, as Kikuyu was the primary language spoken) with the community.

Based on our objectives, the extension officer recommended we work in Nyota Township, where there was a progressive group of local farmers called the Pamoja Pioneers learning organic farming practices. The extension officer introduced our team to the approximately dozen Pamoja Pioneers, which included both men and women, at a local Farm Fair held that same week. The meeting was very informal, with everyone sitting in the grass at the fair grounds. We introduced ourselves and explained our goals and objectives with the extension officer translating. The Pamoja Pioneers expressed interest and support for our work. The extension officer agreed to find two families where the rural team members would begin the homestay activity the following week.

Week five, which consisted of a seven-day homestay for each member of the team, is the point at which the team formally split into two. As noted earlier, the team was divided into a rural team and an urban team. I placed myself with the urban team, believing at the time that the urban site would present a greater degree of difficulty and require greater oversight and attention. It was also more intimidating or daunting than the rural site, both from the perspective of personal comfort (one often told story about Kibera concerned the “flying toilet,” or plastic bags of human waste that were thrown from homes at night because of the difficulty of accessing the limited pit latrines in the dark) and perceptions of safety (the parents of the Kenyan MBA, for
example, objected strongly to the team living in Kibera, saying that we should only enter during the daytime and be accompanied by locals at all times).

The purpose of the homestay, to quote from the BOP Protocol 1st Edition, was to “participate as fully as possible (or allowable) in the local way of life, thus fostering empathy and appreciation for local values and practices.” As such, in working with our local partners to identify homestay hosts (CFK in Kibera and the Nakuru Ministry of Agriculture Extension office in Nyota), two of the key specifications we emphasized to them were that we stay in different family situations that demonstrated the diversity of the community and that our homestay hosts not treat us as guests, but instead allow us to experience what they do on a daily basis. The instruction I gave to the team members, apart from avoiding falling into the role of “guest,” was to leave the week having learned a task from their host. This approach, which comes from PRA field methods, reverses roles among low status and high status people, thereby helping to foster a relationship of equality and sharing between outsiders and those from the community. Given that the objective of the Protocol is to co-create a business with the community, learning to engage the community in this manner would be an important skill through the remainder of the project.

For the urban team, CFK selected the people for the homestays based on our guidance and then introduced me and my two team members to our hosts the day before the homestays began. We met at CFK’s office, and the program manager of CFK reiterated to our hosts that they should treat our team members not as guests, but as everyday acquaintances. Our hosts would be doing us a service, they were told, by letting us experience their daily lives. While CFK had noted to us that we should pay our hosts the equivalent of $25 for the week, as well as contribute to some of the daily expenditures for food, CFK intentionally did not share this information with our hosts for fear that it would taint how our hosts treated us (and potentially leak out and create
a safety issue for our hosts). The next evening we showed up at CFK’s offices with a small duffel bag of clothing where me met with our hosts and departed to their respective homes.

The selection of the host families in the rural site was less than ideal and reflected a gap in alignment between our team and our local rural partners (i.e., Egerton University and the Ministry of Agriculture). The extension officer supporting the team took the team members to several homes as potential hosts, and then asked our team members to choose. Apart from the awkward position of having to choose among the families (thereby inadvertently turning the initial meeting into a kind of audition), one of the families that was championed by the extension officer and eventually chosen turned out to be the extension officer’s own home!

My homestay host, for example, was a young married Muslim man who lived in a sparsely furnished (i.e., a bed and a nightstand), one-room mud home in the neighborhood of Makina, a largely Muslim area where several generations of a family would be living in close proximity. As this neighborhood was the site of the original Nubian settlers of Kibera, there was a more “established” and “permanent” feeling to the area (e.g., exterior walls of homes were plastered, concreted “courtyards” outside the home), despite the fact that all of the homes were constructed of mud. My host wife was working in Saudi Arabia to earn cash; his daughter, who was of primary school age, was essentially cared for by my host’s mother, sisters, and cousins who all lived in Makina. All meals were taken with various male relatives at the home of his sister next door, a home that contained a television, a dining room table, rugs, and a sofa.

Every morning, I would work with my host and two of his “business partners” from 6 AM to 10:00 AM cooking and selling “mandazi,” a Kenyan fried bread, by the side of the main road bordering Kibera. Afterwards, we would hang around a local
water tap where another of my host’s friend would sell water, and I would receive Swahili lessons. Afternoons entailed learning to weave a straw mat from my host’s mother (a well-known expert in the craft; grooms would purchase the mats as wedding gifts for his bride’s parents), cooking and selling chapatti bread in Kibera with my host’s sisters, attending soccer practice for a girl’s team in Kibera coached by my host, and collecting trash in Kibera and sorting out recyclables. During the night, I peeled and fried potatoes to sell to the Kibera residents migrating home from jobs in the industrial zone of Nairobi. The last night of my homestay I prepared dinner for and served approximately ten members of my host’s family, including the women in the family (as it was a conservative Muslim community, the women prepared all of the meals and ate separately from the men).

While each of the homestay experiences was distinct, with team members participating in a wide range of chores and daily activities and working through differing degrees of communication challenges (e.g., in the rural site, there was much less English spoken than in Kibera), the experience proved to be transformative for all of the team members and instilled in everyone a sense of confidence and comfort of working in the community. As one team member described, the homestay functioned as a kind of “accelerator” of the relationship-building process between ourselves and the community. It also, we found, gave our team a powerful credibility in the eyes of the community, and made our declarations of “working with the community” ring true. In that regard, the value of the homestay turned out to be quite different than intended. It did not provide “deep ethnographic insights” into local needs and wants. In fact, all of the team members discovered how attempting to “think and act ethnographically” by taking photographs, notes, and keeping a daily journal created an awkward dynamic that turned our hosts into “research subjects,” thereby undermining
the very effort to build a relationship. This subtle shift in the underlying intent of the community engagement process became more consequential as the process unfolded.

With the conclusion of the homestays, the Immersion and Engagement phase of our work ended, and we turned our attention to the next process step, "Needs and Asset Identification." The Needs and Asset Identification set of activities varied significantly between the urban and rural sites, and the two project sites began to diverge from this point forward as a consequence. In Kibera, this step required three full weeks and involved the creation of what, at the time, we called “participatory entrepreneurship development” workshops (today we call it “collective entrepreneurship development,”) while in Nyota the team wrapped up their work in less than five days and implemented a very traditional participatory rural appraisal program. Being based in the urban site, I tried to coordinate with the rural team and provide support and coaching. Communication by phone, however, proved extremely difficult, as there was no cellular service in Nyota, and I was only able to talk to the team when they traveled into the nearby town of Molo (approximately 20 minutes from Nyota). Cut-off from the team for days at a time, I was unable to re-direct their efforts before they had settled on a traditional PRA path.

In Nyota, the team (which was down to two people, as the anthropologist member on the team could only stay for the first month of the project) decided to operationalize the Needs and Asset Identification process as a three-day PRA workshop, per the training session at Egerton University during week four. The attraction to the PRA approach was driven, in part, by the fact that the rural team was very much within the orbit of Egerton University which, as noted earlier, is a hub for PRA training across East Africa and has trained Kenyan government officials (including agricultural extension officers) in the process. The extension officer supporting the team, as well as the local liaison graduate student from Egerton (the
primary translators to the community) were both very familiar with and accustomed to PRA. The rural communities surrounding Egerton had also been exposed to PRA workshops organized by local government officials in collaboration with Egerton.

To efficiently recruit people to the workshops, the rural team attended a Ministry of Agriculture farmers’ meeting where they were given the opportunity to address more than 400 hundred local farmers. The team stated to the group that they were in Nyota to facilitate business development in the community and would be holding a series of workshops at the local primary school later that week, having received permission from the local government to do so. The workshops would identify the community’s strengths, resources, and problems, as well as determine potential income-generating solutions. All interested people were encouraged to attend. Approximately two hundred fifty people arrived for the workshops, many trickling in throughout the day. There were so many attendees that people were standing outside the windows of the school room. Needless to say, this created an enormous coordination challenge for the two-person team.

The team designed the agenda for the three-day workshops to move the group towards a “community action plan” that would outline the main leverage points for addressing key challenges faced by the community. The first day of the workshop combined several exercises, including social mapping, historical timelines, and seasonal calendars. The mapping exercises, which were done by groups of people who self-organized according to their homes proximity with one another, drew maps identifying various physical structures, such as homes/shambas, wells, rivers, footpaths, and mobile services. Those drawing timelines were asked to focus on major events and changes in Nyota in the post-colonial period (post 1973), including crop harvests, disease, and tribal violence. Groups creating seasonal calendars were asked to outline the annual cycles around crops, rains, school fees, and illness, among other
things. All of the groups used markers and flipcharts to create the maps and timelines. The team then synthesized the groups’ output, creating trend lines for household income and expenses and for farm production.

The second day was devoted entirely to a problem ranking exercise. After identifying 31 problems in the community, the team used a pair-wise ranking method to isolate those that were most important (the top five problems were corruption, HIV/AIDS, agricultural product packaging laws, human disease, and absence of technical knowledge).

On the third day, the team asked the attendees to identify the resources flowing into the community, the resources created/used/traded within the community, and the resources flowing out of the community. Again, the team synthesized the information coming from the two groups. The workshops culminated by brainstorming potential solutions to problem groupings that the team had simplified and clustered together from the second day’s workshop to facilitate the discussion. The team returned to Nakuru where they compiled a report outlining the activities and findings. The report was given to the extension officer, who the community chose as their point of contact and local information hub. Because the Nyota team completed the Needs and Asset Identification work so quickly, the team members traveled back to Nairobi and worked with the urban team for almost two weeks until the Idea Generation activities were begun in Nyota.

I reconnected with the rural team when they returned to Nakuru to prepare the report. In reviewing our overarching goal of co-creating a business that was valuable to both the community and SC Johnson, it became clear that the PRA workshops and the resulting community action plan had taken the team off of a “co-creation” path. In effect, we would have to “insert” SC Johnson into a pre-set problem/solution framework created by the rural community. Furthermore, because of the “mass
engagement” of community members, it was unclear who out of the two-hundred plus participants was truly committed and motivated to start a new business in partnership with SC Johnson and who, therefore, to invite to subsequent business ideation sessions.

In Kibera, by contrast, out of necessity we began the Needs and Asset Identification step by first trying to bound the community that was to be SC Johnson’s partner and map out how best to reach out to them. Given the hundreds of thousands of people in Kibera, as well as the diverse locations in which we conducted the homestays, the answer was not readily apparent. We ultimately resolved the issue by working through CFK’s existing stakeholder networks (thereby allowing us to trade on CFK’s trust and social capital in the community), focusing in particular on the youth groups involved in the Taka ni Pato income generation project operated in part by CFK. The Taka Ni Pato project was a project launched by four organizations, one of which was CFK, which was operating in several slums. CFK was responsible for the project in Kibera. There were six youth groups in Kibera chosen for the program by CFK through a selection process that began with 12 groups. The youth groups amounted to loosely-institutionalized “clubs” that operated within a particular neighborhood of Kibera and had typically coalesced around a desire to impact a social issue prevalent in the community (e.g., AIDS awareness). The members of the youth groups ranged in age from mid-teens to 42 in the case of one group (the majority though in their late teens and early 20’s), and included men and women. As part of the Taka ni Pato project, CFK provided technical training (e.g., composting methods) and marketing support (for the compost and the recyclables) to the groups, as well as leadership mentoring. In addition to income generation stemming from the composting and selling of recyclable materials collected around the slum, several of the youth
groups had established a paying client base in Kibera for direct-to-home trash collection service.

Over the course of a week, the urban team met separately with the leaders of each of the six groups in Kibera and discussed whether they would be interested in working with SC Johnson to create a business that was valuable to both partners. If the group leader was interested (in all six cases they were), we then held a meeting with the full youth group to discuss further. In addition, through one of CFK’s partners in the Taka ni Pato project called Pamoja Trust, we met with three additional Taka ni Pato youth groups operating in two other slums. One group was in a much newer, less established slum called Tuff Gong located by the domestic airport; two other groups were in the slum of Mathare, a tribally-diverse slum (much as Kibera) of several hundred thousand. Our reason for linking up with related groups from other slums was to build-in a mechanism for expanding the business to other areas of Nairobi.

In the course of meeting with the youth groups and inviting them to work with SC Johnson, we were struck by one recurring issue: There was an enormous gap between what the group envisioned by a “business partnership” and what we had in mind. For example, during one of the meetings when we asked whether the youth group would be interested in a business partnership with SC Johnson, one of the members responded, “Absolutely — if they (SC Johnson) buy us a truck, we will wear t-shirts with (their) logo.” Their understanding and vision for a business was conditioned by their lives in Kibera and the kinds of “mom and pop shop” enterprises (much like the mandazi business my host operated) that dominated the landscape, not to mention the ubiquitous non-profit and donor organizations that had come to be viewed as wellsprings of money and other resources by the Kibera population. It was at that point when we realized that collectively arriving at a new business concept with SC Johnson and then launching an entrepreneurial venture as equal partners would
require much more than simply identifying needs and assets. Instead, we had to build some common business foundation and business language in order for us (as representatives of SC Johnson) to be able to effectively co-create business concepts and to think and act like business partners.

Our solution to this was to re-cast the PRA exercises, such as the ones used in Nyota, in an entrepreneurial mold. We named our approach “Participatory Entrepreneurship Development” (in India, we changed the name to “Collective Entrepreneurship Development” (CED) to avoid the tendency for people to fall into a PRA mindset, as well as to better reflect the idea that we were developing the capacity of the company and the community partners to work together as a unified group of entrepreneurs).

Over the course of the next 10 days, we held four day-long workshops (from 9:30 AM until 4:00 PM) in CFK’s office hall, interspersing “homework” assignments during the off days. Lunch was provided during the workshops, and we paid only for transportation costs incurred by participants (this was only the case for youth group representatives from a neighboring slum) to help manage expectations of largesse and foster commitment. We asked each of the nine participating youth groups to send between two and four people, giving us a total daily attendance of around 25 – 35 people. To avoid creating “gatekeepers” in the groups and to provide exposure to as many people as possible, we asked the groups to send at least one new person to each of the meetings rather than the same representatives. The participants were told that the workshops would prepare them to work effectively with SC Johnson during a Business Idea Generation workshop at the end of the project. We tried to make clear to the groups that their participation in this “preparatory work” was critical to maximizing their time with SC Johnson, and that the workshops would provide business skills that would be beneficial to the groups outside of the Protocol project.
The general structure of the workshops consisted of a morning breakout exercise conducted in mixed teams (i.e., each team was comprised of representatives from different youth groups; working in mixed teams was a way to get the youths comfortable working with strangers, something they would have to do in working with SC Johnson) followed by a “report-back” to the full group. We would then break for lunch. In the afternoon, we would have a second breakout exercise followed by a report-back. On average, we had four to five breakout teams, with each team having five to seven people. Notes from each of the sessions, along with a binder, were provided to each of the groups. The groups’ representatives were asked to share the day’s learnings and outcomes with their full group, as well as to prep any new representatives attending the next workshop. Another binder with the notes was kept at CFK’s office, along with all of the flipcharts from the workshops. This practice fulfilled the Protocol’s direction to make all materials and learnings available to the wider community through a publicly-accessible “base camp.” While CFK’s office was not a true “public-space,” the organization was widely respected and recognized in the community, and would have gladly opened its doors to anyone interested in seeing the materials.

Following is a brief description of the agendas for each of the four sessions, along with the homework assignments:

- **Workshop 1: Breaking the Ice and Creating Alignment**

  Following introductions using a “Bicycle Chain Exercise” (a PRA technique that has people pair up face to face in two lines and then introduce themselves before rotating to the next person in line; the approach creates buzz within the group and helps equalize participants of different status), we arranged the chairs in a circle and facilitated an hour-long discussion about the project’s overall purpose, the purpose of these
“preparatory meetings,” and participants’ concerns or questions. Our objective was to make sure there was general alignment before proceeding. After lunch, we formed mixed breakout teams that worked at separate tables. The teams were given 45 minutes to discuss the following question; “What are the positive and negative changes in your community over the past three to five years?” Each breakout team summarized their observations on a flipchart and then reported their observations to the entire group, followed by a brief question/answer period. The objective of this exercise was to get people comfortable working with strangers and to start building a common vision about the kind of community they would like to see. This was a fairly standard PRA “temporal” technique (much like the historical timeline used in Nyota), but we facilitated the discussions to serve more as a visioning exercise, rather than a “documentation exercise.” We ended the session with a homework assignment. We asked each person to come prepared to the next meeting to discuss the following question: “What resources, talents and skills do you possess as an individual, as a group (youth group), and as a community?” Our goal was to get people to start thinking creatively about what resources they could leverage in creating new businesses. Our team visited each of the youth groups over the next two days to help facilitate the discussion offline.
Workshop 2: Rethinking Resources, Discovering Opportunities

We started the next morning with a breakout exercise based on the homework question given at the conclusion of Workshop 1 ("What resources, talents and skills do you possess as an individual, as a group (youth group). The exercise was a modification of a PRA "card sorting exercise" and involved having each group member write down on color-coded cards their individual (yellow card), group (green card), and community talents/resources (blue card). They then circulated their cards within their group and discussed what each person had noted. For the report back, each group was asked to create a "resource profile" of their breakout team on a flipchart. After lunch, they reconvened in their breakout groups for the following task: "Combine two or more resources within your team to create a new business idea." We gave an example based on one of the breakout team’s resource profile. We emphasized that they should be as creative as possible, not worrying about whether the business or idea “made sense.” The groups put their ideas on flipcharts and presented them back to the entire group, and our team facilitated the discussion. The objective was to have the group think creatively about the kinds of resources they have and to practice brainstorming. For homework, we handed out an actual solicitation for grant proposals involving micro-enterprise projects by youth groups (CFK brought this to our attention) and asked them to fill out the sections of the proposal asking for information regarding the business idea, the impacts, and the resources to be used. To help their proposals, and to get them to think creatively, we gave each
group a camera (which we later donated to our local partner) and asked them to photograph the need, the opportunity, and the resources they would use. We gave them two days to come up with the idea, take the photographs, and return the film to us so that we could have it processed before the next meeting.

- **Workshop 3: Creatively Combining Resources**
  We started the session by forming breakout teams along existing youth-group membership. Each group was asked to create a poster of their grant proposal using the photos they took, indicating what their business would do, what value it would create for the groups and community, and what resources they would use. Once the posters were completed, each group presented its business idea and received feedback from the entire group. We concluded by creating mixed breakout groups and asking each group to play the role of the “Grant Proposal Evaluating Committee.” Each group was asked to rate the various proposals in terms of their creativity, uniqueness, and sustainability. This proved effective in getting the groups to think critically about the proposals and introduced concepts such as unique customer value.

- **Workshop 4: Partnering with SC Johnson**
  Given that there were no SC Johnson employees on our team, we felt it important that the youth groups have time to get to know SC Johnson before the actual idea generation workshop. For the morning session, we formed mixed breakout teams and gave each team five issues of SC Johnson’s internal corporate magazine. The
breakout teams were asked to create profiles of SC Johnson on the flipchart posters using pictures and captions cut from the magazines, as well as to indicate why they thought SCJ would make a good partner. Each team presented their posters to the entire group. For the afternoon session, we had SC Johnson’s operations manager for Kenya give a brief presentation on what the company does (referencing the posters that the groups created, which were taped to the wall), followed by a “Question and Answer” session. We then formed mixed breakout teams and had the groups fill out what is called a “Johari’s Window.” Johari’s Window is a 2 x 2 matrix where each axis identifies a partner’s knowledge (what they know) and their knowledge gaps (what they don’t know). By creating a Johari’s window using SC Johnson and the youth groups, our goals was to highlight potential complementarities of a partnership. In addition, in terms of the Protocol, this exercise served as a way of conducting a “critical resource assessment” of SC Johnson, one of the activities noted in the Needs and Asset Identification section.

Our intent behind these workshops was to lay a foundation that would enable us to do the business ideation generation work more effectively, where “effectiveness,” in our minds, was measured by the uniqueness and creativity (i.e., the “cool factor”) of the ideas generated. As with the homestay, we later understood that, while extremely valuable, the role of these workshops was less about inciting “creativity”, and more about laying the foundation for a new, shared identity, both at an organizational and market level, and the capacity to “co-create” a business. This understanding resulted in our revamping the structure and treatment of these
workshops, in addition to the recruitment process, when we began the project in India with Solae.

The completion of the PRA workshops in Nyota and the CED workshops in Kibera marked the end of the Needs and Asset Identification step. Attention in both sites turned toward the fourth and final process step of Phase I, “Business Idea Generation.” Given the different starting points for the two sites, coupled with the “urban bias” of the SC Johnson Kenya office, the outcomes of the final process step were very different. Specifically, the efforts in the Nairobi slum generated a business idea that warranted continuation of the project into Phase II activities; the work in the rural site failed to generate a business idea of mutual interest to SC Johnson and the local community.

Before I move onto describing the Business Idea Generation activities, it is important that I note a mid-project debrief occasioned by a three-day visit by SC Johnson’s vice-president for corporate sustainability (the project reported to him) that took place during Needs and Asset Identification, as it impacted the nature of SC Johnson’s later engagement in the two sites. The visit involved a meeting with the corporate sustainability manager, SC Johnson’s Kenya management team, and SC Johnson’s regional manager responsible for East Africa. As part of the debrief, we provided a preliminary recommendation on business opportunities, noting the possibility of leveraging the door-to-door trash collection network of the Taka ni Pato groups in the slums to create a direct-to-home, service based environmental health and cleaning business utilizing SC Johnson products. Given SC Johnson Kenya’s interest and current efforts to use bicycle distributors to service small mom-and-pop-shops on the outskirts of slums, our suggestion generated excitement and was received favorably. Because of the nature of the PRA process in Nyota (which limited close interaction with the community), there was no immediately obvious recommendation
for business opportunities. In retrospect, this likely confirmed to SC Johnson Kenya’s management the limited business value present in the rural site.

In addition, during this time, I raised with SC Johnson the need to put into place a development plan to ensure that, upon the team’s departure, the people and resources were in place to sustain momentum and begin testing out the selected business concept to “verify the existence of product/service need and the basic viability of the business.” Because of the interest in the direct-to-home cleaning business concept, I was asked to submit a proposal. Before Business Idea Generation had begun, I had circulated and received verbal support for a nine-month proposal for Phase II of the BOP Protocol (Building the Ecosystem) in Kibera. The proposal outlined the need for a full time community-based liaison, 20% time of one of SC Johnson’s Kenya managers to serve as project manager, product test stock, and working capital funds for equipment, marketing, and promotions. In addition, the proposal requested funds for two field visits to Kenya by a member of the BOP Protocol team to maintain continuity and facilitate the project’s hand-over to SC Johnson’s Kenya office. I continued working to put this project infrastructure into place as we were conducting Idea Generation activities.

According to our Protocol, the objective of the Idea Generation set of activities was to “creatively blend the firm’s current and future resource and capability endowment with local resources and socio-economic systems.” Once ideas were identified, “the focus shifts to narrowing down the list to those few opportunities to be pursued.” The approach and thinking behind our operationalization of idea generation was very much in tune with this prescription: Our efforts were, first and foremost, designed to generate multiple ideas in the hope that at least one of them would be of interest to SC Johnson and the youth groups.
As our full team was present in Nairobi at the conclusion of the urban team’s CED workshops, we were able to plan out the agenda for Idea Generation together. For both sites, we recruited four kinds of participants: community members, SC Johnson employees, representatives from our local partners (i.e., Egerton University, Ministry of Agriculture, CFK), and representatives from local organizations that we believed could contribute valuable resources for idea creation.

Recruiting community members was relatively straightforward in the urban site, as we had the opportunity to vet the different participants during the PED workshops and gauge their commitment and capability. At the conclusion of the PED workshops, we asked that each youth group choose their two best representatives for idea generation. To help ensure that the representatives were indeed those most committed and interested (rather than a self-appointed leader), CFK visited each group and helped facilitate the selection process. Because the size of the PRA workshops in Nyota prevented the rural team from getting to know the community participants, community members were selected based on the team’s personal relationships and contacts made during the homestays. Invitations were extended to seven community members, with five of those able to attend. Given the low level of interest that SC Johnson Kenya had in the rural site (see below), the invitation for the idea generation focused on the opportunity to explore business partnerships with a range of organizations, not only with SC Johnson.

We asked SC Johnson to send several members to the idea generation activities, noting that their presence was critical to ensuring that the resulting business ideas reflected their interests. I believe that, for a number of reasons, SC Johnson’s expectations for and hence, interest in, the rural site were much lower than they were for the urban site. As I discovered during the site selection process, SC Johnson’s Kenya business was entirely focused on urban areas. Furthermore, in our mid-project
debrief noted above with SC Johnson’s team, we were only able to offer a concrete preliminary business recommendation for the urban site. The net result was that SC Johnson’s Kenya office sent three representatives to the two-and-a-half day idea generation workshop in Kibera. Only one SC Johnson representative attended the two-day rural idea generation workshop.

Representatives from our local partners, including CFK, Egerton University, and ApproTEC, attended both workshops. In addition, we recruited a number of additional representatives from a range of organizations we thought could be valuable to conceiving and launching a business. The organizations included two Kenya-based micro-finance institutions called Faulu and K-Rep, a technology-based non-profit organization called ITDG, an organization called Pamoja Trust that was one of CFK’s non-profit partners involved in the Taka ni Pato project, a local social-entrepreneur working with self-help youth groups, and the global non profit CARE. We met with each of the organizations ahead of the workshop and briefed them on the Protocol and the intent of idea generation. In total, there were 13 attendees at the Nyota idea generation workshop. In Kibera, there were approximately 25.

The structure of the workshops in the two sites was similar and built off some of the same techniques utilized in the PED workshops in Kibera. Both workshops started with some form of “ice breaker;” then developed success criteria against which ideas would be evaluated, moved onto identifying resources possessed by the participants, and finished by developing business ideas and rough action plans. In both locations, we used the metaphor of “building a house” as a way of framing the workshop process: the resources were the bricks and materials from which we could construct the business ideas. The primary factor that changed the structure of the workshops was time: in the urban site, we had two and a half days available to us; in the rural site, we only had two days (due to travel time).
One final structural element worth noting is that I and the rest of the BOP Protocol team played the role of facilitators throughout the process, rather than of SC Johnson “spokespersons” as we had done previously. The practical implication of this was that we would not be involved in the breakout teams driving the creation of ideas. Our reasons for assuming this position was threefold. First and foremost, there would be actual SC Johnson employees participating in the workshops. Second, as we ourselves did not have authority to commit SC Johnson to a particular path, we did not want to fuel community members’ expectations. Third, as our team would be departing back to the U.S., it was important to start transitioning SC Johnson Kenya into a formal and symbolic project leadership position. As noted, we exerted influence on the idea development by sharing our personal views on potential opportunities with the SC Johnson team ahead of and during the workshops.

In Nyota, the out-of-town participants stayed in a hotel in Molo the evening before the workshop (there were no hotels in Nyota). The workshop began the next morning at 10 AM. Upon arriving in Nyota, the SC Johnson representative noted to me that he was not expecting to leave with an idea that would make sense for SC Johnson. While these words were intended to prevent any disappointment on our team’s part, they reflected the state of mind and approach that the SC Johnson representative brought with him into the Nyota idea generation, a mindset that became a self-fulfilling prophecy.

Because of the small size of the group, we did introductions standing in a circle. Each person was asked to say their name and the organization (if any) they represented, to share something interesting about his/herself, and finally to identify a resource or skill that they were bringing to the workshop. We wrote the resources mentioned on a flip chart to bring to everyone’s attention to the breadth and depth of resources available to the group.
After discussing a basic workshop “code of conduct” (e.g., look for the positive in people’s ideas, encourage everyone to speak) and “principles” (e.g., all partners must benefit) we broke the participants into three groups to discuss the question, “What would a successful business opportunity from this workshop look like to you/your group?” Our objective was to develop a set of criteria that could be used to guide idea generation, as well as to screen and evaluate the ideas. After each group presented back their list, we noted some of the similarities among the lists and said that we would synthesize them into one comprehensive list to present back the next morning. Upon concluding this exercise, we all walked to a nearby “café” for lunch.

Following lunch, the participants returned to their break-out teams for a resource identification exercise similar to one we developed for the PED workshops. The objective, as noted to the participants, was to generate the “building blocks” with which the groups would create new business ideas the following day. For the breakout, we asked each group to “identify the talents, unique resources, and strengths that you possess as an individual and those present in your organization (or community)?” Each person in each group was given pink and green index cards and asked to list their personal skills, resources, and talents on the pink cards and those of their organization/community on the green cards. After writing out the cards, the members within a group shared their cards with each other and discussed what each had written. Following the sharing, each group was asked to “Create a resource profile of their breakout group” that summarized their resources. The three groups presented their resource profile to the full group. Among the resources noted were training people in enterprise development; availing credit facilities to registered common interest groups; recycling waste for income-generation through selling compost fertilizer; growing tree tomato fruit trees in a nursery; educating youth members of community about HIV, drugs, and social responsibility; technology for making juice
from fruits; global and local distribution systems for consumer chemical products through product wholesalers and agro-vet suppliers; dramatic performances of youth theatre group to promote awareness of social issues; farmer training at a university location; knowledge of water-harvesting via roof-catchments’ systems; and human-powered irrigation pumps. We concluded the day by reviewing the agenda for the following day.

We began the second day of the workshop by posting a consolidated list of the success criteria that we had developed the evening prior. The criteria included use of local resources (labor, natural resources, knowledge/skills, passion/creativity); creation of employment; total sustainability (generate income, be self-funding, positive effect on environment and community, recycling waste); provision of opportunities for training and learning; utilization of technologies new to the area; catalyze additional businesses. In addition, in order to refresh everyone’s memories about some of the “business building blocks” identified the day before, we handed out to each of the breakout teams a full set of resource cards (we created duplicate sets during the evening) which they then reviewed and discussed briefly.

Due to personal conflicts, as well as a minor traffic accident, three of the previous day’s attendees were unable to participate, bringing our total participants down to 10. Because of this, we formed only two breakout groups to start the idea generation. The breakout task was to “develop two business ideas by combining at least three resources (cards), being sure the business addresses the success criteria.” For the report-back to the full group, they were asked to describe the business and to explain what needs were being met by the business, what value it created for each of the partners, and what the challenges/obstacles were to starting the business.

Out of the two groups emerged three business ideas. The first group, which contained the SC Johnson representative, outlined a community organic farming
business. The second group presented two business ideas: one for producing organic fertilizer, and the second for fruit farming and processing of the fruit. None of the business ideas had a role or business link to SC Johnson. When I asked the SC Johnson representative how they would benefit from the organic farming business, his response was that the business would, over time, help raise the income level in the community, thereby allowing them to afford SC Johnson’s products. This was a clear indication that the SC Johnson representative had participated more as a “facilitator” of the community’s ideas, rather than attempting to co-create ideas that could yield tangible business benefits for the company.

The full group gave feedback on the ideas and identified additional issues that needed further consideration and development. Before breaking for lunch, we asked the participants to sign up for one of the business ideas presented to work on developing further during the afternoon. Everyone signed up for either the community organic farming scheme or the organic fertilizer business idea.

After lunch, the participants assembled into one of the business groups for the second breakout exercise. The breakout task was to create an implementation plan for your business that outlined the key activities over the next year, the actions needed to address the issues/challenges identified during the feedback, the role of each group member in the business, and additional partners/resources (if any) needed to start the business. After completing the breakout exercise, each group presented their plans and timelines followed by feedback and further discussion by the full group. There was a sense of excitement in the room and a genuine interest among all participants.

In concluding the workshop, we congratulated the group on the successful creation of interesting and actionable ideas. Furthermore, we encouraged the Nyota community participants to pursue the business ideas and to reach out to the people and the organizations at the workshop, as they all were keen to support and enable the
business ideas to move forward. We noted that a final report would be drafted and provided to the Nyota community through the extension officer.

As noted, we followed a similar workshop structure in Kibera (i.e., ice-breaker => success criteria => group resources => ideation), the main differences driven by the fact that we had two and half days within which to complete the workshop. The workshop was held at CFK’s meeting hall in Kibera. On day one, participants began to arrive and sign in between 1:00 and 1:30 PM. We then opened the workshop with a welcome and thank-you to the participants. We then did introductions using the bicycle-chain technique as a way of breaking the ice and building a sense of ease and openness among all participants.

To help ground the idea generation process in the context and realities of the slum, as well as to help generate and build dialogue among the participants, the first breakout activity consisted of what we called an “Opportunity Walk.” Modeled after a PRA technique called “transect walks,” the exercise consisted of creating five mixed breakout groups that walked a pre-selected route through one of five distinct neighborhood communities in Kibera. During the walk, which lasted approximately one and a half hours, the group was instructed “to identify resources, opportunities, and challenges for creating new businesses that serve the community.” Each group was led by one of the youth group participants who lived in the neighborhood in which the opportunity walk would take place. Upon returning to CFK’s meeting hall, each group created a flipchart of resources, opportunities, and challenges. Once everyone had returned and completed the flipcharts, each group gave a presentation, followed by question and answer.

Among the 37 resources identified were land, population, handicraft skills, retail outlets, waste, theatre, railway, and streams. Opportunities included alternative advertisement, security, black markets, consumer information, flower gardening, water
management, and informal education systems. Challenges noted included black markets, access to the area, low incomes, sanitation, congestion, and poor infrastructure. One valuable (and predictable) result was that what one group identified as a “challenge” (e.g., the numerous small shops in the slum creates high competition) another group labeled either an “opportunity” or a “resource” (e.g., the numerous shops provides a ready-made means of distributing products). Through our facilitation, the group came to the conclusion that the difference in perspectives reflected the group’s diversity and was itself a valuable resource. The participants from SC Johnson and the other organizations also noted that walking through the community with someone from the community gave them a unique and “fresh” perspective on life in the slum. We adjourned for the day over tea and snacks.

We reconvened the next day at 9:30 AM at CFK’s meeting hall with the participants sitting in one of five tables in pre-selected groups chosen to maximize diversity. The three SC Johnson representatives were separated, thereby helping to ensure that at least three of the groups would be developing business ideas that would be relevant to SC Johnson. We began by introducing a few of the new participants unable to attend the prior day, handing out everyone’s contact information and the notes from the previous day’s breakout session, reflecting on the key takeaways from the breakout, and reviewing the schedule for the day, which included developing a shared understanding of what success means to the group and then identifying potential building blocks for the businesses.

As part of the set-up for the first breakout exercise, we asked each group to take a few minutes to identify a company that they admired and that they considered to be a model of success. The companies identified ranged from small stores in Kibera, such as Mama Eddies and Mitumba (used clothing), well-known Kenyan brands such as Senator (beer), Mumias Sugar, and Unga corn flour, to large retail outlets such as
Nakumatt. As they shared their examples, we wrote up onto a flipchart some of the qualities that were admired. Using that as a starting point, we laid out the breakout task: “Given that our goal is to create new businesses, what for you would a successful business look like? What would its qualities be?” After the groups’ had completed their discussions and written up their answers on a flipchart (approximately one hour), each of the five groups gave a presentation followed by a question and answer session. Once all of the report-backs were completed with each of the five flipcharts taped to the wall side-by-side, we noted a number of commonalities across group. We then facilitated a discussion about how the information could be valuable in the business ideation. The general agreement was that it could serve as criteria for evaluating the concepts. We then broke for a lunch catered at CFK’s office.

After reassembling in CFK’s hall into the pre-formed breakout groups, we set up the afternoon breakout exercise by using the metaphor of building a house. We noted that the kind of house a person can build depends on the building materials he/she has available. Our goal with the breakout exercise was to begin to identify the resources possessed by the group, as they would be the building materials out of which they would create their business concepts. The breakout exercise was identical to the one used in Nyota and asked the groups to identify the talents, unique resources, and strengths that they possessed as individuals and as organizations/communities, listing each on different color index card. Each breakout team reported back to the full group their team resource profile. We adjourned for the day at the completion of the exercise.

The third and last day of the workshop began at 9:30 in the morning the next day. After everyone settled into their breakout tables, we began by sharing the notes from the previous day, including a complete set of resource cards for each table. We then taped three flipcharts containing the consolidated success criteria developed the
previous day. The 10-point criteria included the following: develops trust with the community; builds long-term relationships with the community and other partners; generates local employment and income creation; stimulates development of other businesses and awakens community to new ideas; empowers employees and business owners by increasing the self-reliance of employees and owners through training, tools, and technologies; creates products and services that are reliable, effective, affordable and meet felt needs; builds unity and cohesiveness with the organization and community; generates sufficient profit for investment, growth and expansion; protects the environment and assists disadvantaged/ vulnerable groups; enhances community welfare and standard of living (e.g. health, education, shelter); builds the confidence and self-esteem of its employees/owners. In order to get participants to re-connect with the success criteria, we asked them to place three colored dots next to the success criteria most important to them, noting that they should be sure that their business ideas reflected these criteria.

We then proceeded to the morning breakout exercise, which was almost identical to the one used in Nyota with only some slight changes to the wording for greater clarity. The breakout task was to create one to two business ideas using the resources of the group. In addition to a description of the business idea and the value it creates, we asked that each team’s report back specify the key success criteria the business addresses, the key resources being used and the role of each partner in the business, and the challenges and obstacles they would face in starting the business. After an hour and half, the groups reported back their business ideas, followed by discussion and questions and suggestions from the full group.

The business ideas proposed by the three groups containing an SC Johnson representative included a “Community Based Cleaning and Waste Management Company” which would provide a broad range of cleaning services to Kibera’s homes,
including trash collection, insect pest control, furniture and carpet cleaning, and latrine cleaning, using SC Johnson products; the “Kibera Creative Marketing & Sales Company” which would market and sell products across Kibera, including those of SC Johnson; and Kibera Plastics company, which would manufacture and sell to Kibera’s residents bricks, poles, water tanks, chairs, and household utensils out of recycled plastics collected in the slum. The Community Based Cleaning and Waste Management Company was consistent with the idea our team had presented to SC Johnson during our mid-term debrief. Oddly, the Kibera Plastics idea had no link to SC Johnson’s business. In retrospect, we did not provide sufficient guidance to this particular SC Johnson representative, who was a sales-person in the company and had not been present at many of the discussions and presentations at the SC Johnson Kenya office.

The ideas developed by the remaining two teams included a retail and wholesale “green grocer” that would contract with rural farmers as well as supply them with inputs and then sell the products in the urban slums; a soft board manufacturing company that would make and sell soft boards from waste paper collected in the slums to construction companies and interior decorators; and the “Community Intermediate Technological Waste Management Company” which would do composting, plastic recycling, fuel production (pellets), fertilizers, and egg trays and paper boards. These ideas clearly reflected the interests of the participants from the two technology-based NGOs (i.e., ApproTEC and ITDG) in combination with the trash/recycling businesses of the Taka ni Pato youth groups.

Following a lunch break, the participants returned for the final breakout session. As in Nyota, we announced that participants were free to move to a different group and pursue the business idea that interested them the most. All participants chose to remain in their same breakout groups, which was likely due in part to the (in
retrospect) poorly designed manner we structured the decision (it put people on the spot and would have seemed like he/she was defecting from his/her group).

Nonetheless, we outlined the breakout exercise which entailed creating a business plan for their chosen business opportunity, identifying the next steps over the course of the next year, the goals and targets for the year, the roles and tasks performed by each of the partners, and the strategies for addressing the challenges identified during the presentations to the full group. After taking an hour and fifteen minutes for the breakout exercise, the five groups presented refined business ideas along with their plans and timelines. This was followed by feedback and further discussion by the full group.

In concluding the workshop, we emphasized to the participants, particularly those from the Taka ni Pato youth groups, that they had established new and valuable contacts and were part of a new community. We noted that, over the course of the coming week, we would work with SC Johnson in determining whether the company was interested in pursuing any of the business ideas that came out of the workshop. In addition, we would create notes for the final day’s workshop and disseminate it to all of the participants, as well as make all of the flipcharts and photographs available at CFK’s office. This practice (as in Nyota) was our conscious effort to follow the Protocol’s prescription for preserving options and retaining knowledge that may be valuable at a later time and for other people in the community not in attendance at the workshop. As in Nyota, there was a sense of strong optimism and interest among the community participants.

During the remaining week of our time in country, we finalized and delivered the reports and notes from the idea generation workshop to both the rural and urban participants; created and awarded certificates of participation to all of the community members taking part in the workshops; met the community partners in both sites to
discuss next steps; and facilitated the transition of project management (for the urban business) to the SC Johnson Kenya team.

The Nyota community participants were informed that the ideas developed, while promising, were not ones that fit with SC Johnson’s goals. However, the other organizations that participated in the creation of the ideas, including K-Rep, ITDG, Egerton University, and ApproTEC, were interested in and willing to support and mentor them. Because we had de-emphasized the partnership opportunity with SC Johnson in framing the idea generation workshop, the community was not disappointed but, instead, eager to move forward.

For the urban site, we assembled the nine youth groups at CFK’s office. We congratulated them that SC Johnson was excited to take the next step in developing the idea of the Community Based Cleaning and Waste Management Company. In what was an awkward situation, we stated that the other ideas, while interesting and potentially valuable, were not as good a fit for SC Johnson. Therefore, those that wanted to continue to work with SC Johnson would have to join the Community Based Cleaning and Waste Management Company team; those that wanted to pursue their original ideas were welcome to do so, but would need to work with the other organizations involved in the idea generation workshop (e.g., ApproTEC, ITDG, Faulu).

Having received verbal sign-off on the nine-month development phase proposal and budget from SC Johnson, I discussed with CFK the prospect of retaining the community liaison (who was a CFK volunteer) for the nine-month period as a full-time hire of SC Johnson. Despite his youth and relative inexperience, the CFK manager and I both felt that he had the trust of the youth group members, had provided the team valuable support, and proved responsible. Before departing, I developed a job description and discussed the position with the community liaison and got his
agreement to the position. We secured a laptop for him, as well as working out an arrangement with CFK that allowed him use of their office space and internet connection. His formal employment contract with SC Johnson in Kenya would still need to be finalized. The CFK program manager in Kenya also pledged to remain informally involved and supporting the effort, mentoring the community liaison as needed.

Unfortunately, during the last week of our stay, SC Johnson’s general manager for Kenya/East Africa was traveling and unable to be reached. In his absence the regional manager responsible for East Africa had agreed to provide 20% of an SC Johnson manager’s time on the project.

At the time of departure, I believed we had successfully piloted Phase I of the Protocol, following the process outlined while adapting and re-directing our methods as we learned, and generated an outcome (a co-created business concept in the urban site) that would enable us to continue onto Phase II of the Protocol. Furthermore, we had put into place, in a very short period of time, the foundation for a local transition team and project structure that would enable SC Johnson to continue the work without significant interruption.

Field Summary: September 2005 – December 2006

Between September 2005 and March 2006, I continued to serve as a point person for the project and the project interface among SC Johnson corporate, SC Johnson Kenya, and CFK. However, unlike Phase I, I did not have responsibility for daily decision making in the field, as the project had, out of necessity, become an “SC Johnson” managed project. I returned to Kenya on two occasions, both times for two and half weeks. The first field visit was in November 2005, and the second trip was in March 2006. Between March 2006 and December 2006 my influence and direct
involvement in the field work decreased further due to my primary focus shifting to the management of the DuPont/Solae Protocol project in India (we launched the in-field Phase I activities at the end of March 2006). To help maintain continuity for the project, I involved another Cornell PhD student colleague (who had been engaged in the initial BOP Protocol workshop and part of the group of authors of the 1st Edition) who could play a more regular advisor role. This PhD student traveled with me to Kenya in March 2006 to meet the field teams and the communities as part of the transition. Furthermore, the Cornell MBA student involved in the Phase I pilot project had accepted a position with SC Johnson to oversee and lead the company’s BOP initiatives and would be joining the company in August 2006 following graduation. He too re-engaged the project during the Spring of 2006 in order to stay current with the work on the ground. I returned to Kenya again in December 2006 for another two weeks to assess the project. The following summary is, therefore, divided into three time periods centered on these three field visits.

For all intents and purposes, the challenges confronted and the activities undertaken during this year and half period entered territory far outside the prescriptions of Phases II and III of the BoP Protocol. At a high-level, the project was tracking the Protocol’s underlying structure of moving from a co-created business concept onto pilot tests and a business plan and concluding with the launch and evolution of the business to sustainability. Some of our activities were variations of those mentioned in Phases II and III of the Protocol (please see the models below), such as training and capability development, small-scale pilots, and development of a governance structure. As it turned out, however, it was this underlying process to the Protocol (concept => pilot test and business plan => business launch and evolution to sustainability) that was fundamentally flawed.
The period August 2005 until November 2005 was dominated by two main issues: in-country project management capacity and group cohesion. Shortly after I returned to the US in August 2005, the SC Johnson’s general manager for Kenya/East Africa returned to Nairobi and received word regarding the continuation of the urban project and the need to allocate local management time to it. We discussed over the
phone (despite enormous connection difficulties) the objective of the nine-month
development phase and the kind of management attention it required. Both the general
manager and I agreed that the best person to take on this responsibility was the
manager of operations, who had participated in both the urban and rural idea
generation workshops (also, he was in the breakout team that developed the concept of
the Community Based Cleaning and Waste Management Company) and was very
gifted at communicating and working with the youth. We also discussed the budget,
including the agreement to hire the community liaison, supply test product, and some
marketing/operational funds. The full-time community liaison was to be the main
driver of the project and report to me and the SC Johnson manager.

Apart from the difficulty of formally hiring the community liaison onto SC
Johnson’s Kenya payroll due to the company’s global hiring standards and practices,
the capacity of this two-person field team was quickly overwhelmed. First and
foremost, the community liaison was unable to perform the kinds of tasks needed to
function in what amounted to a project lead role, such as developing action plans,
coordinating and mobilizing work on the ground, and reporting back to SC Johnson
and me. From the US, I tried to work closely and mentor the community liaison,
designing the first three-month action plan with him via email, as phone connections
were extremely poor. However, the time zone difference, the community liaison’s lack
of computer skills, and the intermittent availability of internet access extended the
process to several weeks and required me to essentially develop the work plan. The SC
Johnson operation’s manager, who only had half a day a week of his time assigned to
the project, was unable to delegate basic managerial tasks to the community liaison.
Over the course of two months, little forward progress was made on the business
concept, creating anxiety for the SC Johnson manager in charge, as the project was
under the oversight of a senior vice president of the company.
To jump-start the process, the SC Johnson manager turned to the social entrepreneur who was involved in the idea generation workshop and convinced him to come on board the project. Working under a “gentleman’s agreement,” the social entrepreneur (who had a master’s degree in management science) began an extensive marketing research effort to assess current insect control measures used in the slums (one of the proposed offerings of the business). The social entrepreneur developed an in-depth market research plan that involved designing a questionnaire, pre-testing the questionnaire, training the youth groups involved in the business to collect data, surveying approximately 600 people in each of the three slums, and then evaluating the data using regression studies. Because the SC Johnson manager had extremely limited time to devote to the project, the social entrepreneur became the *de facto* leader of the project on the ground and began to proceed with the market research plan.

I returned to Kenya in November 2005 to evaluate the project’s progress and to address the capacity issue. Upon arriving, I met with SC Johnson’s general manager and the operation’s manager to discuss the team’s capacity. We decided to hire the social entrepreneur as a project field lead on a half-time basis, while shifting the community liaison into a support role. I drafted revised job descriptions for each. In addition, an entry-level SC Johnson intern recently hired by the Kenya office would allocate half of his time to the project starting the first of the year (2006). The social entrepreneur, the SC Johnson intern, and the community liaison would, therefore, become a three-person field team led by the social entrepreneur.

Lastly, we arranged for CFK to assume a more active project leadership role, including daily oversight of the community liaison, as well as to assume many of the project administrative functions (e.g., accounting and financial oversight, holding the employment contracts for the community liaison and the social entrepreneur) which
proved difficult to reconcile in an expedient manner within SC Johnson’s administrative structures. CFK’s program manager and SC Johnson’s operations manager became a two-person management team for the project. We secured approval for the budget increase from SC Johnson’s vice president for sustainability.

After discussing the capacity issue, I turned my attention to understanding what was happening on the ground. I met with all of the youth groups to assess their state of mind, along with CFK’s staff members who worked with the youth groups on the Taka ni Pato project. I also debriefed with CFK’s program manager, the social entrepreneur, and the community liaison. What quickly became clear was that there was no shared understanding of what the partnership with SC Johnson entailed and what everyone’s role was in moving the business forward. Exacerbating this was the absence of consistent communication among the youth groups, the field team, and the management team.

This lack of clarity was certainly attributable, in part, to the lack of capacity. For example, in an effort to get the project moving, the social entrepreneur had launched the market research effort in the Mathare slum where he had previous experience through a different project. The SC Johnson operations manager had conducted some general training in the company’s product lines with this same group. Yet none of the other youth groups in the other slums were aware of the research or the training, nor clear about what was happening, if anything, to advance the business. But the lack of clarity and shared understanding of the project’s forward path was also attributable to the fact that, outside of my and the Protocol team’s conveyance to the youth groups that SC Johnson was interested in pursuing the one business idea, there had never been a formal, organized discussion with SC Johnson and all of the youth groups that “sealed the deal” and set out a vision and path for the future. There were so many people and organizations interfacing with the project (not to mention that our
BOP Protocol team was “mediating” SC Johnson’s relationship to the community) that the community partners lost sight of the fact that they were co-creation partners with SC Johnson, with everyone else acting as facilitators of that relationship.

I regrouped with the SC Johnson manager and the CFK program manager to discuss the issue of how to re-align everyone before further actions were taken. I proposed, designed, and helped facilitate a “Launching the Partnership” workshop during my field visit. The workshop was designed to reinforce the close partnership between SC Johnson and the youth groups and to create a sense of shared purpose and unity between them. To begin to move forward as business partners, it was noted to the youth groups, it was imperative that there be a shared set of core values and principles that would serve as a foundation for working together.

The workshop, which was attended by SC Johnson’s general manager as well as the operations manager in charge of the project, focused on creating a shared vision and value statement by the two partners. The workshop began by having the youth groups translate SC Johnson’s corporate credo (titled “This We Believe”) into Swahili and the local “sheng” dialect. This approach, which is consistent with a PRA logic, enabled the youth groups to “take ownership” of SC Johnson’s credo and to internalize its meaning far more than had SC Johnson simply read it aloud or translated it for the youth (while everyone spoke English, there was a much greater ability to express nuance in the local language of Swahili). After translating SC Johnson’s credo, each youth groups created individual posters that shared their core values. A team of four people were then asked to come together the next day to create a consolidated values statement for the Community Based Cleaning and Waste Management Company.

The second core activity taken to re-align all of the partners was to develop and agree on a three-month plan of action. The plan of action consisted of three main areas of activity that included youth group training, the creation of a business identity,
and business piloting testing and launch. Youth group training focused on creating a baseline understanding among all of the youth groups about SC Johnson’s product lines (including those of competitors), including such things as active ingredients, proper use and handling, and general knowledge regarding insect pests and the chemistry behind cleaning products. In addition to ensuring that the products were being used properly and effectively, it was agreed that the youth groups would have to have a strong understanding of the products in order to effectively engage potential customers. The CFK program manager also raised concern about the youth groups’ broader organizational capacity to manage a business and, in particular, the inflow of money and inventory that would come with the project. We decided that, before introducing the youth groups to the challenges of starting a business and the temptations presented by money and resources—issues that in previous CFK projects had torn groups apart—that there needed to be an assessment of each group’s current capacity followed by the necessary training to ensure that a baseline capacity existed in each of the nine groups.

The second set of workplan activities focused on building a business identity that included a common marketing message and marketing/branding materials. Developing a common marketing message entailed creating the proverbial “elevator speech” about the partnership and the business intent: Who is Community-Based Cleaning and Waste Management? Who is SC Johnson and Taka ni Pato and how are they related to this business? What is our business trying to do? What products/services do we offer? In addition to ensuring that initial engagements with customers would present a consistent, accurate and professional brand image, the process of developing and practicing a common pitch would help build the youth’s confidence and professionalism. The focus on marketing/branding materials—such as flyers, uniforms (jumpsuit, t-shirts, caps), logo, and business cards—would help
motivate and build a sense of unity among the nine youth groups spread across the three slums, in addition to enhancing credibility with customers.

The third part of the business plan was focused on testing and refining the business model to the point that it was ready for a formal launch. In the workplan, we viewed business development as an iterative process that would begin by translating baseline market research into an initial business model and product offering, then testing out the offering in the market for a set period of time, followed by feedback from customers, and ultimately revising the offering and business model based on the feedback. The process would repeat itself until the right value proposition and business model were isolated. At that point, a formal business launch would occur. The purpose of the launch would be to generate broad awareness in the community about the business by using public events and high-profile community-based marketing approaches, including street theatre (which some of the youth groups had used in their social campaigns regarding HIV Aids).

Between the time of my departure in November 2005 and my return in mid March 2006, I communicated regularly (via email and, occasionally phone) with the two person management team on the ground that consisted of the SC Johnson operations manager and CFK’s program manager. I also received monthly status reports from the field team that consisted of the social entrepreneur, the community liaison, and the SC Johnson intern who joined the project in January 2006. It is worth re-stating that in January 2006 I assumed the role of project manager for the DuPont/Solae Protocol project in India. Between January 2006 and March 2006, I was juggling the management and execution of the Solae pre-field work—which included site selection, partner selection, team recruitment and training, and work plan development—with coaching and advising the SC Johnson Kenya project.
Between my November 2005 and March 2006 field visits to Kenya, the increased human resource capacity resulted in an acceleration of activity on the ground. The attempt to re-position the community liaison into a support role, unfortunately, was not successful. The documentation and coordination demands continued to outstrip the liaison’s capacity. Starting January 1, 2006, CFK’s program manager for Taka ni Pato, an experienced social worker, replaced the community liaison, thereby adding further to the groups’ capacity.

Progress was made in all three of the areas outlined in the work plan. Based on assessments of the nine groups by the field team and the youth groups’ own input, the team decided to conduct training workshops on basic accounting and book keeping, marketing, customer management, and product introduction and accreditation. The local SC Johnson accountant conducted the accounting and book keeping training at SC Johnson’s office in Nairobi, bringing together three representatives from each of the youth groups. Marketing training, which focused on the four P’s of marketing, was conducted in CFK’s office by SC Johnson’s operations manager. Five representatives from each of the groups attended. Customer management training was conducted by the social entrepreneur at CFK’s offices. SC Johnson’s operations manager led workshops on SC Johnson’s product line. A follow-up “accreditation workshop” tested the youth on their knowledge.

The baseline marketing survey was completed in the two of the slums (Kibera and Mathare) by the youth groups under the guidance and direction of the field team (in particular the social entrepreneur, who had training in conducting surveys). The process involved an initial field reconnaissance to understand who the survey should target. A baseline mapping exercise was done to chart out the areas in which the survey would be conducted. The social entrepreneur then trained the group in how to administer a questionnaire. The field team together with the youth groups developed a
draft questionnaire, which was pre-tested by the groups. The revised survey was conducted with several hundred respondents in both communities. The survey collected data on the kinds and quantities of insect control products used, methods used to control insect pests, and the attitude of the community towards the youth groups. The survey sampled small shopkeepers in the slums, in addition to households.

The work to begin developing a business identity in January 2006 brought to the forefront a central question: how were the nine distinct youth groups, each with varying levels of organizational development and even interests (despite their common involvement in Taka ni Pato) to be brought together into a single business structure? Who, exactly, was the organization that SC Johnson was partnering with? The ultimate resolution of this issue emerged from the findings of the group assessments conducted in November and December 2005. At that time, the field team noted the nine groups ranged considerably in their degree of organizational capacity and group leadership. On one extreme, one of the youth groups operated a successful car wash business along with its trash collection and composting activities, generating stable money for all group members. The group had an office space in the slum, branded uniforms, and a strong book keeping systems (which the SC Johnson accountant highlighted and used as a template for the other groups in the accounting training session). On the other extreme, another group had no office, no uniforms, and no successful revenue generating activities; the members came together informally with most of their time together focused on play writing and theatre performance.

The field team and project management team decided that the youth groups should be brought together into a federation with each group represented equally. This would create a single interface for SC Johnson while ensuring that the individual youth groups would all be strengthened. The youth groups all agreed to this approach,
one that would entail harmonizing their organizational structures and building baseline leadership capacity in each. The federation was named “The Coalition of Young Entrepreneurs” (CYE). It was envisioned that the Community-Based Cleaning and Waste Management Business would be the first of many future business partnerships that CYE would form with companies other than SC Johnson. I strongly supported the decision, as it seemed to expand the opportunities for people to be involved in the business, thereby better diffusing entrepreneurship capacity in the community. The groups began working on a formal organizational structure for CYE. In addition, work began on developing logos and promotional materials for both CYE and the cleaning business, which led to re-naming the business “Community Cleaning Services” (CCS) in an effort to simplify and sharpen the message to consumers.

When I arrived in March 2006 for a 2-week assessment, I followed the same general schedule as in my previous visit: I began with an initial debrief with the project management team at SC Johnson, followed by debriefs with field team members individually, and then debriefs with each of the youth groups. We then held a full team meeting that included the project team, the field team and the SC Johnson general manager to discuss issues, challenges, and the path forward. Additionally, during the second week of my visit, a two-person Cornell student team participating in a practicum project on the SC Johnson BoP protocol business joined me in the field, as did the Cornell PhD student I was transitioning to a more direct role given my involvement in the DuPont/Solae project. The two person student practicum team, which was composed of a first-year MBA student and a third-year PhD student in applied economics, was asked by SC Johnson to help define and quantify the business potential of CCS.

I noted three interrelated issues during my initial assessment: a drift in strategy, an inability to systematize an initial product offering, mounting impatience among the
youth groups. The strategy drift had occurred on both a process and a business model level. At a process level, rather than working as equal partners in co-creating the business, the SC Johnson team had shifted into a facilitation role to the youth groups. In other words, the SC Johnson team did not take responsibility for and ownership of the new business being created; rather, they saw their responsibility as one of capacitating the youth groups to create the business. I will explore the implications of this further below.

I think the SC Johnson team shifted into a facilitation role for several reasons. First and foremost, the concept of co-creation was unique and one that we had only begun to explore during Phase I. Furthermore, once I disengaged from daily project management, I was more fearful that SC Johnson would fall into a “business as usual” approach and move quickly to drive sales growth; for that reason, I emphasized the importance that the project was one of developing a new business organization and capacitating the youth groups to manage the business independently. SC Johnson’s hesitancy to act as a driver of the business reflected, I believe, a genuine attentiveness to and concern for over-imposing and disempowering the youth groups. Lastly, CFK had assumed an important role in the project, both at a field and management level. CFK as an institution is focused on capacity building through facilitation. As the program manager stated to me, CFK’s objective is to obsolete itself from oversight and management of projects. The CFK managers involved in the CCS business were simply doing what they did best.

One consequence of assuming a facilitator role was that SC Johnson disempowered itself from shaping and directing the business in a manner that reflected its needs and interests, as well as in the business interests of CCS. For example, I learned upon arriving that one of the strong, better organized youth groups was attempting to offer insect control services using RAID to wealthier neighborhoods
around Kibera and even selling cans of RAID at prices that undercut the retail dealers. SC Johnson was conflicted on how to address this, as they felt it was inappropriate to dictate to the youth groups how to manage their CCS business. Ironically, there was agreement among the project and field managers that these kinds of actions were not only detrimental to SC Johnson, but also to the prospects of CCS. As a business, CCS had absolutely no competitive advantage (nor credibility) selling readily available consumer products to the wealthier demographic. Yet, by acting and framing their role as facilitators, SC Johnson’s team de-legitimized their right to say “yes” and “no” to the actions of CCS.

The second consequence of the shift to a facilitator role was to essentially put the onus of business development onto youth groups that lacked experience and understanding of business management and entrepreneurship. Nothing in the youth groups’ experience had prepared them for envisioning the path to transform a business concept into a viable business, not to mention doing so within the complex organizational structure of a federation. The field team certainly provided general guidance and coaching and motivated the youth groups to take action; but they felt it inappropriate to prescribe and dictate actions. Forward progress on the business was proceeding very slowly. Coupled with the intent to ensure all youth groups progressed and developed, the youth most energized to lead and drive the process were feeling held back.

Strategic drift also had occurred at the level of the business concept itself. The initial business concept was essentially providing “home-health” and “home-beauty” cleaning services direct-to-the home in the slums using SC Johnson’s wide range of applicable products (e.g., insecticides, air fresheners, surfactants for glass and ceramics, wood polish). The business would promote the SC Johnson brand, rather than individual product brands, in order to build a strong association between SC
Johnson the company and the slum communities (an issue I felt was critical for preventing competitors from entering which was of great concern to SC Johnson). This approach would also create the opportunity to add additional services to CCS’s offering at a later date using SC Johnson products currently not available in East Africa. In March 2006, the focus of the youth groups and the field teams was exclusively on insecticides, with initial mock-ups of marketing materials highlighting RAID and BAYGON (SC Johnson’s insecticides in East Africa).

I believed the shift in the business concept in the field team’s mind was largely a function of churn—the SC Johnson intern and the CFK community lead both joined in January. The lack of alignment among the youth groups, however, was likely a carry-over effect from the manner we structured ideation, where separate groups developed distinct ideas. The CCS idea that was ultimately “chosen” was only well known to five members of the breakout group that created it (and even for them at a very high, abstract level, given that they created the idea within a day’s time). Apart from the flipcharts and descriptions this group had developed during the final day of the idea generation workshop, there were no other written descriptions or models of the business, nor efforts to solidify a shared understanding of the business concept once other group members signed on. It is also worth recalling that the business concept was something for which there was no analogue or existing example in the community. In retrospect, the majority of the youth groups involved probably had little idea or understanding of what business they were actually pursuing.

The other challenge the team and youth groups struggled to overcome was that of systematizing an initial product offering in order to start the iteration of small-scale pilots. As noted above, when I arrived, the field team and youth groups were narrowly focused on providing insect extermination services. Yet even within that narrow framing of the business concept the field team and youth groups struggled to figure
out how to start and what to do. There had been no thought and effort put into formalizing and routinizing the service. There were, admittedly, issues that complicated development of the service, most notable among them being the product configuration of SC Johnson’s aerosols. The aerosol cans, which were designed for casual home use where metering the amount of spray used was of minimal concern, were a poor fit for a service business in which the amount of product applied affected costs significantly. For example, the youth had been practicing spraying the insecticides in the homes of their friends, family, and neighbors. The records they kept regarding the amount of product used per home by different groups varied by a factor of three. Creating a consistent spray routine that enabled the field team and youth groups to track costs and determine pricing became more complicated than had bulk product been available.

Apart from these challenges, there was a mounting impatience among the youth groups to “start selling.” Part of this impatience stemmed from the fact that the youth groups had been involved in the project for almost eight months and had yet to receive any income. They had been advancing the work based on their sweat equity, something that I had emphasized from the project’s inception to ensure true commitment from the participating community members. Recognizing this, the SC Johnson general manager for East Africa arranged for the youth groups to re-package product that had been damaged in transit, a service for which they were paid. Impatience was also fueled by the initial business planning process itself. Following the market research and the accounting training, each youth group had been asked to forecast its sales and profits over the next few years. Perhaps expectedly, the forecasts were very aggressive, with thousands of dollars of profits coming to each of the youth groups. Lastly, the sense of impatience and urgency to “start selling” was also a result of the lack of shared vision of what the business idea actually was, coupled with the
office-based workshops and trainings. Starting sales and getting out into the community would make the business feel real to the youth.

Prior to my departure, we discussed these issues in a full team debrief. The key next steps to be taken before the business launch included shifting the business’s focus to a broader orientation on home cleaning, systematizing a cleaning routine (including how much product should be sprayed), finalizing costs and pricing, and developing and practicing sales scripts. CYE and CCS would also be formalized as legal entities. Developing the routines by practicing the service “out in the field” (i.e., providing a “test cleaning” to a school) would also address the issue of impatience and shared vision.

April 2006 – Dec 2006

Due to my work on the DuPont/Solae project in India, my ability to remain closely involved in the SC Johnson project decreased sharply. Between April 2006 and August 2006, I was intermittently in contact with the SC Johnson project and field teams, as I was in India leading the Phase I of the DuPont/Solae Protocol project in India during that time period. Upon returning from India in July 2006, my primary focus and contractual responsibilities until Spring 2007 continued to be to the DuPont/Solae project. With SC Johnson’s hiring of the Cornell MBA involved in Phase I of the project to lead the company’s BOP efforts and with my Cornell PhD colleague playing a more active advising role, my involvement in the SC Johnson project for the remainder of 2006 was in the form of advisor to these two individuals. I returned to Nairobi for two weeks in December with these two individuals to assess the project and provide my insights.

During April and May of 2006, the field team and the youth groups continued work to develop an initial service offering, though with little progress. Instead, the
youth group’s central focus turned to the issue of CYE’s governance structure. In order to legally register CYE, the organization needed to submit by-laws that detailed decision-making authority and ownership. A lengthy process ensued that resulted in political posturing within and between the nine groups, as the federated structure required having a board consisting of representatives from each of the youth groups in addition to a leadership structure for the board. Discussions also ensued regarding how revenues generated by one of the youth groups through the CCS business would be split among the other members of the youth groups as well as with all of the youth groups involved in CYE.

It is important to note that within each youth group, only a few of the dozen or so members were actively involved in CYE and CCS; however, because the youth group was the entity involved in the CCS business, the entire group membership would vote on issues pertaining to CCS. Meetings and elections and politicking regarding profit distribution and term-lengths of leadership positions dominated everyone’s attention. In retrospect, the leadership vacuum and slow forward progress created by SC Johnson’s adoption of a facilitator role vis-à-vis the business together with the office-based workshops that did not get the youth actively working in the field to develop the business created the conditions for this diversion.

Because of the difficulty the field team and the youth groups were experiencing with getting beyond the growing impasse for registering CYE and systematizing an initial service offering, we (using funds from the BOP Protocol Initiative) hired the third-year PhD student involved in the practicum (whose research was on bed net usage in East Africa) to return to Nairobi for the summer of 2006 to assist. Over the course of the summer, this person worked with the field team with the goal of formally launching the business before summer’s end.
Between June and August, elections were held in each of the nine youth groups to elect representatives to CYE’s board. A CYE election was also held to elect the chairman of the board. CYE was formally registered. In terms of the business identity, logos were finalized for both CYE and CCS. Uniforms (jumpsuits) and t-shirts were created with these logos. Additional field-based exercises were done (in the homes and family of the youth groups) to systematize insect spraying and cleaning services. An SC Johnson employee in the company’s R&D division (in entomology) in Racine, WI was connected up to the field team and the youth groups to help guide the groups in providing an integrated pest control service effective in dealing with the nature of the insect infestation in the slums. The field team and youth groups outlined three initial cleaning service offerings of increasing scope and price. The offerings included combinations of spraying for insects, trash removal and home cleaning, cleaning of solid surfaces, latrine cleaning, and rug cleaning among others.

In July, high-profile business launches were conducted in each of the three slums. The launches entailed a procession through the heart of the slum with puppets and music and CCS members wearing their uniforms and t-shirts. At the end of the procession, music and skits were performed to involve the gathered crowds. The brochures explaining the business were handed out. Over the course of the next two weeks, with energy and excitement at a high among the group with the business formally started, the CCS youth groups went door to door in their respective neighborhoods in search of customers. To the dismay of everyone, the CCS representatives not only were unable to find paying customers, but essentially had the door closed in their faces as they went from home to home. After going two weeks with almost no customer interest, morale plunged and the number of committed members to the CCS business fell dramatically. Those that had successful trash and recycling-related income generation activities stemming from Taka ni Pato re-focused
their attention back on those efforts. Significant turnover occurred within CYE and CCS (some of which was also due to members leaving for college or taking a job).

The initial assessment was that building interest and awareness for the business would take time and persistent marketing. Also, many of the CCS members were young men, and the women answering the door during the day were skeptical of them – not a single business in the slums provided direct-to-home services slum, much less a “cleaning service.”

To help build the sales and marketing skills of the youth groups, the field team decided to focus their efforts on one group at a time. Working across three slums, in addition to addressing the idiosyncratic organizational issues and leadership gaps within each of the nine groups, diluted the team’s effectiveness. Between November and my arrival in December 2006, the field team worked intensively on marketing and business management for a full two to three weeks with a single youth group before proceeding to the next group. The team started with the stronger groups in the hopes of demonstrating short-term success and re-building momentum. The other groups continued to work largely on their own, with short status check-ups by the field team several times a week to maintain communication.

When working with a group, the field team would conduct joint sales calls, help develop daily sales routines, identify potential revenue opportunities (e.g., carpet cleaning), and discuss branding and marketing strategies. The three-tiered offering that outlined the CCS service was essentially shelved, and each group was pursuing different opportunities in its neighborhood. During this time, the newly-hired MBA graduate had assumed his position at SC Johnson to oversee the company’s BOP work, including the CCS business. He was based in the company’s UK headquarters and traveled to Nairobi every couple of months.
When I arrived in December 2006, the field team had experienced some success with the focused strategy: two of the youth groups on which they had concentrated their energy were consistently going out on sales calls and periodically turning up new needs—such as rug cleaning (many of the Muslim homes in the slums had rugs), furniture polishing, and even rodent control—and then attempting to generate business around those needs. In this regard, the team was following the iterative pilot testing model we had outlined in the work plan in November 2005. Occasionally, customers were identified through this process; but revenues and particularly repeat customers failed to grow in proportion to the added effort. Without the motivation of sustained, much less growing, income, the “bump” in the youth group’s intensity and marketing activities would begin to erode once the intensive support and intervention of the field team shifted to another group.

In addition to this overarching dynamic, the other main issue that I noted following debriefs and visits with the field team and a number of the youth groups was the continued positioning of SC Johnson as either a facilitator or supplier to CCS, rather than an equal business partner with joint responsibility for the development of CCS. For example, one of the youth groups that had recently been the focus of the field team’s attention was recommending that CCS calendars be created and handed out as a marketing tool. The response from SC Johnson was that the youth group needed to present the equivalent of a business proposal to SC Johnson that outlined how the costs of the calendars would be recouped through sales. While the intention of the SC Johnson lead was to empower the youth group and instill disciplined business thinking, the onus on developing the business, again, rested invariably on the shoulders of the youth groups, a responsibility they were ill-equipped to take on (again, the field team was working intensively with the groups, though on building the capacity and capability of the youth groups to lead and run the business). The sense of
frustration stemming from this was palpable in this particular youth group. Ironically, this approach was also steering the business into areas that would not generate revenue or value for SC Johnson: SC Johnson had no products related to carpet cleaning and rodent control, though those were the business opportunities that were highlighted and being actively pursued by the youth groups following the intensive intervention by the field team.

On a second occasion, when I asked one of the new CCS members that had recently joined the business and become a strong leader of one of the youth groups how he described to potential customers SC Johnsons’ role in CCS, he responded that SC Johnson provided CCS with the products it uses. In talking more with this person, he was largely unaware of the past year of effort on behalf of SC Johnson to create CCS. Coupled with CCS’s diversification into service lines for which SC Johnson did not have relevant products, CCS was morphing into a business that provided little discernible value to SC Johnson from either revenue or branding perspectives.

The December 2006 visit to Nairobi turned out to be my last. My engagement and support of the Protocol project there remained limited, as the SC Johnson BOP lead assumed full responsibilities for guiding the project. While the project continues today, little remains the same. CCS is no longer a project of CYE, nor does it involve the Taka ni Pato youth groups. Rather, it is an entity managed by a two-person SC Johnson field team that supports independent micro-entrepreneurs that number approximately 30. The CCS business today is focused strictly on latrine cleaning using SC Johnson’s toilet duck product, a service niche that was surfaced in Mathare during 2007 and for which there remained sufficient demand to sustain a small group of dedicated youth group members. CCS entrepreneurs operate in Mathare and have expanded to four new slums; no operations exist in Kibera or Tuff Gong.
Because the DuPont/Solae project lagged the SC Johnson project by approximately nine months, I was afforded the luxury of “a second chance” and able to adapt the Protocol based on the learnings and experiences in Kenya. The core insights and theoretical developments I outline in Chapters 7 and 8 only came about because of this fresh opportunity to re-engage the process.
This chapter describes my involvement over a period of three-years in a second BOP Protocol project. This project was launched in India by The Solae Company, a subsidiary of DuPont. This project constituted the third and final Solution Development activity of my action research.

DuPont/Solae BOP Protocol, India

Background

Based on SC Johnson’s initial Phase I success in co-creating a business concept, the Solae Company, a majority-owned joint venture of DuPont, launched a BOP Protocol project in a rural village and urban slum in India in 2006. DuPont, as noted earlier, was one of the four corporate sponsors of the BOP Protocol Initiative. The Solae Company, which is headquartered in St. Louis, Missouri, is a business-to-business company that produces a range of soy ingredients—such as such protein isolate, soy lecithin, and soy protein concentrates—used by food manufacturers. Solae employs about 2,700 people in manufacturing operations in the USA, Brazil, Denmark, France and the PRC and generates revenues of approximately $1 billion. The company’s Indian office, which is headquartered Delhi, was established in the 1980s. Despite India’s population and the prevalence of vegetarianism (soy protein is the only non-animal source for the eight essential amino acids that comprise protein),
Solae had minimal success in India; 2006 India sales for Solae were approximately $5 million.

Whereas the SC Johnson project was driven out of the company’s corporate sustainability office and championed by the company’s Vice-President for Global Environmental Affairs, the Solae project was a business development initiative championed by the President of the company and driven (initially) by Solae’s Director of Global Accounts. Solae’s interest and investment in serving the BOP demographic was in response to a call to action by DuPont’s then CEO for the company’s various business units to explore BOP opportunities as a source of growth.

Prior to the BOP Protocol initiative, Solae had attempted to reach Latin America’s low-income segment by creating a low-cost soy protein product that could be added into ground meat to serve as a “meat extender.” While the product succeeded in generating sales, the consumer base that Solae reached through this lower-cost product was of a decidedly higher income level than that of the Base of the Pyramid demographic. The failure of this venture to reach the BOP consumer segment bolstered Solae’s interest in the BOP Protocol and, at least in the mind of Solae’s President, signaled the need for a business model and approach that was radically different from the company’s core processes and models.

As noted in the prior chapter, because the Solae project lagged the work in Kenya by approximately four months, my and colleagues’ work was informed by a number of the learnings that continued to emerge from Kenya. However, because of the short time between concluding Phase I in Kenya and starting intensive pre-field work for the Solae India project (and the ongoing management focus in Kenya), there was no time to fully flesh out the learnings and to re-write the Protocol. Rather, I and my project partners simply translated the learnings from Kenya “on the fly,” implementing them directly into our actions plans for India. Not having a revised and
up-to-date document for the Protocol process to share with Solae and with the field team and project partners on the ground in India made considerably difficult the task of creating and maintaining alignment as to the project purpose and approach. The revised, 2nd Edition of the BOP Protocol was not completed until December 2007 – two years after the Solae India project began.

Lastly, an important difference with the Solae project that I noted in Chapter 4 was the nature of my relationship with Solae. For the pre-field phase, Phase I, and the first half of Phase II, Solae hired me and other members of the BOP Protocol initiative as project consultants. Our role was to direct, manage, and execute the Protocol process and to ensure a smooth hand-off to a Solae management team; our deliverable to Solae in the contract was a co-created business model for each of two project sites. Post hand-off, I was contracted to play an ongoing coaching role to Solae leadership. Working under a consulting arrangement where the deliverable was the creation of a viable BOP business for Solae meant that my research objectives (including documentation) had to be embedded within my consulting work. Reports and debriefs to management became my field notes. Integrating and testing out new theories had to be presented and accomplished in a manner that made business sense to Solae’s management and advanced the work on the ground. These operating conditions forced my research to maintain a strong grounding in management realities and practice.

Project Overview

Solae learned about the SC Johnson BOP Protocol pilot project in a September 2005 meeting of the Base of the Pyramid Learning Laboratory at Cornell University, less than two months after my team’s return from Kenya. At the meeting, which was attended by representatives of Solae, I and team-mates presented the experience and learnings from the pilot. Over the next two months, while I was attempting to manage
and guide the Kenya effort from a distance, I led the development of a proposal to Solae to manage and lead a Protocol project in India similar to what was done in Kenya. It is important to note that, at the time of writing that proposal, our key learnings from Kenya regarding business and market co-creation had not yet occurred. Our primary insights were in terms of initial project set-up (e.g., partner, team, and site selection), effective community recruitment and idea co-creation (e.g., participatory entrepreneurship development), and ensuring continuity into Phase II of the Protocol.

We secured Solae’s approval at the end of November 2005 for a nine-month project that entailed Phase I pre-field and in-field activities leading to the co-creation of business ideas. I was the project director and would, as in Kenya, serve as the overall project manager and lead in the field. In that capacity, I worked closely with Solae’s corporate lead to recruit an all-Indian field team, identify and select local partners, and select community sites. The project was launched in both a rural village and an urban slum community in the state of Andhra Pradesh. Two adjacent villages in Parvathagiri Mandal in the district of Warangal constituted our rural project site; the urban site was in the slum of Rasul Pura in the city of Hyderabad. The sites were separated by a distance of approximately three and a half hours. Over the course of this contract period, I traveled to India on two occasions; the first visit consisted of a two-week scoping visit in January 2006, and the second consisted of the core twelve-weeks of field work from April to July 2006.

The in-field work of Phase I, which was restructured based on learnings from Kenya, resulted in the successful co-creation of business concepts in both sites. I returned home to the US in July 2006 to further refine the business concepts in preparation for a debrief meeting with Solae’s President and top management team in St Louis in August 2006. At the meeting, the project was given a green light to continue. To create a corporate “home” for the company’s BOP efforts that could
provide the necessary enabling environment, the President revealed his plan to create a new platform in the company called “Nutrition for Sustainable Development” (NFSD). The platform was to be headed by a manager in charge of the company’s South Africa operations, who would relocate to Solae’s India office in Delhi where NFSD would be headquartered.

Because of the transition time involved in defining the structure of this new platform and relocating the Solae manager who would assume leadership of NFSD and the Protocol project, work in the field was put into a two-month state of suspension. Eventually, I and project colleagues were re-contracted for an additional five months time to continue leading and guiding the field work as a way of helping transition the new Solae corporate lead into his role. This five-month period equated to the first half of Phase II activities of the BOP Protocol. I continued to occupy the role of project lead, managing the project budgets and supervising the field team’s action plans. From the US, I communicated approximately 10 hours per week via skype with a field lead hired to oversee both project sites; this field lead also provided monthly field reports. Over the course of this contract period, I returned to India on two occasions (October 2006, and January 2007) for a combined total of 28 days. By this time, the more fundamental learnings from Kenya had materialized, thereby leading to on-the-fly adaptation of the process. As in Kenya, Phases II and III of the Protocol as initially drafted provided no direction.

The project was formally handed-off to Solae in April 2007 at the conclusion of this second, five-month contract. As noted above, both project sites were in the middle of Phase II activities at the time of hand-off. Between April 2007 and March 2009, the end point of my action research, I/Cornell was hired to play a coaching role to the Solae NFSD team, though my de facto involvement increased significantly with the unexpected resignation of the project field lead in August 2007. I remained in
contact with the project through emails, bi-weekly update calls with the project field lead, and was copied on all correspondence from the field team to Solae management. I traveled to India on seven additional occasions for a combined 110 days to assess progress on the ground and assist the field teams in developing the businesses.

The following field summary of the Solae India Protocol project is divided into five main chronological time periods delineated by key transition periods in the project—these transition periods ended up becoming the milestones around which the revised BOP Protocol model was constructed. The first segment, which reflects the time period December 2005 to March 2006, deals with pre-field activities I led to establish and train a local project team, select sites, and form partnerships with local organizations. The second segment, which takes place over the time period April 2006 to September of 2006, reflected my and team members’ in-field efforts to implement a revised Phase I of the Protocol and to then gain buy-in from Solae’s top-management team to continue the project. The third segment, which reviews the time period October 2006 to March 2007, reflects what, in retrospect, consisted of the first half of Phase II of the BOP Protocol as outlined in the revised, 2nd Edition (which was publicly released in March of 2008). At the end of this period, I handed over primary project management responsibility to Solae’s India office. The fourth segment, which spans from April 2007 through December 2007, reviews activities that culminated with the formal launch of an initial set of products and services by both businesses—the milestone which today marks completion of Phase II in the 2nd Edition of the BOP Protocol. The fifth and final segment spans 15 months from January 2008 through March 2009 and consists of activities geared toward evolving the complete business models in both sites and growing sales and local management capacity to the point that the two businesses would be financially self-sustaining. These activities fall under Phase III of the 2nd Edition of the BOP Protocol.
Field Summary: December 2005 – March 2006

Per our contract with Solae, the period December 2005 to March 2006 consisted of four main activities that included the formation of a core team, the training of the core team, site/community selection, and local partner identification. These activities fall under the “Pre-Departure Preparation” phase of our project timeline (see below).

**FIGURE 6: Full-scale Protocol Implementation**

Before discussing the four activities (team selection and training have been compressed into one bullet in the timeline above), it is important to note the nature of the relationship with the Solae lead that had begun to form during the proposal stage and the focus of our discussions and negotiations throughout the proposal stage and pre-field process. Two interrelated issues became the source of significant discussion and, eventually, disagreement once the field work began. The first issue concerned the
output of Phase I for which we were being contracted. In the Protocol and in our proposal, we stated that the output of Phase I was a “business model.” We discussed at length, over phone calls and at a face-to-face meeting at Cornell, what kind of information could be expected in the business model. For Solae (and managers in general), “business model” implied a clear revenue model and specific product set supported by baseline market research, a defined supply chain, and an estimation of the larger opportunity presented by the target population. A business model was sufficiently specified that one could pilot test the model and, if successful, scale it up. In one meeting, the Solae lead even presented to us the Six-Sigma based market research process the company used internally to generate the kind of data and insights needed to vet new product opportunities.

Phase I of the Protocol, we argued, would generate a high-level business model—we would identify general product categories and could sketch out the supply chain, but we would not have specific products and costs. In retrospect, using the term “business model” was an error on our part, as our use of the term was inconsistent with general management practice. It resulted in our having highly abstract debates over degrees of specificity. A pictorial drawing of Solae’s business operations became an agreed upon reference point for the kind of business model we would deliver (please see Appendix 4). Yet, even this failed to bridge the gap, as our interpretations of the level of detail captured in the drawing diverged from that of the Solae lead. In the end we started the project without clear alignment of the Phase I output.

The second issue—which was implicit to our discussions with the Solae lead and is something that I only fully appreciated in retrospect—concerned the business logic of the Protocol. From my vantage point today, it is clear that the Solae lead’s interpretation of the Protocol (based on the presentation of the Phase I work in Kenya) was that it was a form of consumer and market research—the relationship-building
aspect of the Protocol’s co-creation approach was valuable in as much as it established trust with the community, thereby ensuring the community felt empowered and comfortable enough to share their opinions and insights. As proof of this, an internal pitch document that the Solae lead had developed to describe the project to the company’s President (to who he reported) labeled Phase I of the Protocol as “Market Understanding.” He saw the Protocol process, therefore, as a complementary tool with what Solae currently used (i.e., the Six-Sigma process noted above). The kind of data he expected to see from Phase I of the Protocol was of the same kind that Solae generated for its other new market initiatives. In addition, once Phase I was completed, the belief was that Phases II and III of the Protocol were traditional pilot testing, though done on a small scale and with the continued support of the community.

To be fair, this latter interpretation of the business logic behind the Protocol was, as I suggested in Chapter 3, actually consistent with the 1st Edition of the BOP Protocol. The Protocol mainly emphasizes the community development aspects of the co-creation—the business reason for using the Protocol is that co-creation would yield radical insights and new ideas that traditional approaches couldn’t deliver under the unique socio-cultural and institutional contexts in BOP communities. And Phases II and III were, in fact, framed as small-scale pilot testing followed by scale out. At the time the Solae work was initiated, there was nothing distinct about Phases II and III. Given that the Solae lead was anticipating and preparing to go into pilot-test mode at the completion of Phase I became an additional point of disconnect as the learnings in Kenya regarding the futility of a “market research + pilot test approach” surfaced.

The pre-field work was formally initiated on December 1, 2005 once Solae approved our proposal. Given that field work was to start in March 2006, we had a very short timeframe within which to complete all of our pre-field activities. Also, I
and the Solae corporate lead planned to do a two-week trip to India during the end of January 2006 to visit with potential partners and sites and to interview team candidates.

Solae asked that the project take place in India with the caveat that we were not to disrupt or unduly distract the India country office which was based in Delhi—a fact that impacted the team formation process. I worked with the Solae corporate lead over a period of several weeks to narrow the site focus down to the state level. The Solae lead insisted that we use a rating matrix to ensure rigor in the selection process. The ten weighted criteria included such things as protein malnutrition rates, non-meat protein substitutes, the presence of NGOs, Solae presence, DuPont presence, and the presence of a local business school. Ultimately, the decision to start in Andhra Pradesh (AP) was based largely on the fact that DuPont’s Pioneer Hybrid business unit was headquartered there, which gave us access to their offices if needed. Also, Pioneer had an existing relationship with the global NGO, CARE, in AP that involved a micro-loan program with small holder farmers. This would give us an initial point of contact to begin the search for local partners and community sites. The lead person for Pioneer involved in the CARE work was also the company’s head of sustainability and among the participants at the BOP Protocol design workshop. So choosing AP helped build and sustain a link to DuPont’s broader sustainability network. The matrix ended up “confirming” the logic of starting the project in AP and Hyderabad.

Concurrent with the selection of the state, I reached out across Cornell to start to identify potential local partners, to select specific communities, and to recruit a team. I began by connecting with Cornell faculty across departments that were involved in projects and/or conducting research in India. I met with faculty from Food Science, Anthropology, City and Regional Planning, and Government. In the process, I was connected to a woman who was on a one-year graduate fellowship program at
Cornell. She was a mid-level government employee of AP and was a key person in the state government’s program that organized women self-help groups. This person proved to be an enormously valuable contact and introduced me via email to several key organizations and people in AP. The people/organizations included the CEO of APMAS, a well-known micro-finance organization; the Director of Velegu, a World-Bank funded program administered by the AP government that operated an extensive network of women’s rural self-help groups throughout the state; the South Asia Director of Aide-et-Action and one of India’s leading experts on participatory rural appraisal; and the Department for International Development’s (DFID) India office. Through the BOP Learning Laboratory at Cornell, I also contacted two faculty members at SP Jain University in Mumbai, a leading business school in India. An additional colleague connected me to the Director of the Wadhwani Center for Entrepreneurship at the Indian School of Business (ISB) in Hyderabad.

Through email and/or skype, I contacted each of these individuals and organizations. I introduced the project and asked for help in identifying local partners, community sites, and potential team candidates. Once AP was selected as the state and we knew what local language skills would be needed (the mother tongue in AP is Telegu), I also circulated a job description (please see Appendix 5) to these contacts. One of them operated a well-know Indian development blog and agreed to post the job description there. Several of the contacts expressed support and agreed to meet with me during the January trip.

Per our proposal to Solae, the field team would consist of myself, a colleague who participated in the Kenya Protocol project, and four local Indians. The intention was—as in Kenya—to run the urban and rural sites in parallel. Each site team would consist of a person that had prior experience in Kenya as a project field lead (me in one site, and my former Kenya Protocol team colleague the in the second) along with
two Indians, one with business experience and one with development experience. Despite wide circulation of the job description and receiving more than fifty resumes through the blog posting, finding suitable Indian candidates to interview during the January 2006 trip proved difficult for a number of reasons.

One challenge in team recruitment was language—few of the applicants were fluent in Telegu. The second challenge was timing. Many of the applicants were completing Master degree programs in the US and would not be available until June 2006; others were working outside of India and could not transition quickly. The third issue was the length of the contract position. The Solae corporate lead, wanting to maximize flexibility and have the option to continue or discontinue the project based on the results of Phase I, required us to hire the team on four month contracts (April through July 2006). The cultural norm in India, particularly among MBA graduates, is to take full-time positions—a short term position was viewed very unfavorably and with significant skepticism. This policy was further complicated by the fact that the job market in India during this time was very strong and high-quality candidates completing degrees had several positions to choose from. When I and the Solae corporate lead departed for India in January, we only had one candidate scheduled for an interview.

I departed for the 16-day pre-field trip to India on January 26, 2006. The Solae corporate lead joined me for half of that time. During the trip, I/we met with both business schools that I had contacted: SP Jain in Mumbai and ISB in Hyderabad. At SP Jain, we met with several faculty members interested and involved in social enterprise. Unfortunately, they did not have graduating or former students from any of their degree programs that fit the project requirements. Instead, they offered to arrange and supervise a team of 1st year MBAs that were required to take part in an 8-week project (starting in mid March) as part of the school’s Developing Corporate
Citizenship Program. The MBAs could implement Phase I of the Protocol in a Mumbai slum. The Solae corporate lead was excited to have this happen, as it would require minimal funds and would provide additional market research that could be relevant and helpful for the AP work. We also felt it would expose the MBAs to the Protocol and create a talent pool from which to draw should Solae require additional people in Hyderabad when the MBAs graduated.

In Hyderabad, we met with ISB’s Director of the Wadhwani Center for Entrepreneurship, in addition to other faculty interested in the Base of the Pyramid concept. ISB, who was interested in starting an India BOP Learning Lab, agreed to assist with team formation by identifying graduating students at ISB who would have a strong interest in the project. They also agreed to provide us with use of their facilities during Phase I as needed.

Before arriving in India, I had also arranged to meet with DFID, Velegu, Aide et Action, and CARE. All of them had offices in Hyderabad. In discussing our project needs with the DFID India Director, he emphasized the importance of selecting an “implementing NGO” rather than what he called a “funding agency”—implementing NGOs were those that were on-the-ground and in the communities. He noted that there were few organizations that worked in slums, as most of the government and NGO focus directed at rural development. In Hyderabad, he recommended that I meet with the Founder/Director of an organization called Society for the Integrated Development of Urban and Rural Areas (SIDUR). I arranged to meet with SIDUR the following day.

The meeting with SIDUR involved both the Founder/Director and his wife, who led the organizations efforts in the slums, much of which focused on issues of healthcare. I explained the project intent and the role we would hope SIDUR could fill, including identifying and selecting a community, assisting the team in logistical
matters (i.e., local housing), facilitating the team’s entry into the community, identifying a community liaison from among SIDUR’s field staff that could support the team, and housing and administering the project funds. SIDUR was very supportive of the work and agreed to be our local partner in Hyderabad. We discussed different community options in Hyderabad and arranged to visit several slum communities where SIDUR was working to determine what would be the best fit.

The next day, we traveled to three different slums where SIDUR operated, settling on the Begumpet slum cluster called Rasul Pura which was located by the airport. In comparison to the SC Johnson project in Nairobi, the slums in Hyderabad were considerably more developed and established—many of the homes were made of block and tin (rather than mud) and had greater amenities (e.g., television, cookstoves), and some of the alleyways and walkways had stones inlaid. The main reasons for choosing Rasul Pura were that the slum community was designated by the government as a “recently notified” slum, meaning it had been officially recognized by the government and was therefore eligible to receive government infrastructure investment in the future (and, thus, safe from being bulldozed or relocated, as had happened to other slums); the population was 80/20 Hindu to Muslim, making it more representative of the general population; SIDUR had a physical structure in the slum by way of its “Healthy Hut,” which was a small office/clinic where they provided medical care; and the women from the community that I met during an informal meeting were open to “outsiders,” something that SIDUR indicated wasn’t the case for other slums, particularly those that had a predominately conservative Muslim population.

During the following days I met with Velugu, CARE, and Aide et Action. Velugu, as noted above, was a state-administered effort that had organized thousands of self-help women’s group throughout the rural areas of AP. They too were very
interested and supportive and suggested that we work in a rural community in the far northeast of the state where they were sponsoring a project. Because of the need to coordinate the two sites, the distance proved too far (it was approximately seven hours from Hyderabad). Velugu recommended the District of Warangal—some three hours drive from Hyderabad—and one of their implementing organizations called Modern Architects for Rural India (MARI). During my meeting with CARE India, after describing the project and our needs, they too suggested Warangal District and the organization MARI, an organization that was one of their implementing agencies for a community-based micro-finance project. Lastly, during my visit with the South Asia Director of Aide et Action, he too singled out the work of MARI and its Founder/Director, as MARI was also an implementing organization for one of its programs! Aide et Action contacted MARI on my behalf, explaining the project and coordinating a trip for me and an Aide et Action senior staff member to meet them in Warangal and visit potential community sites.

Before visiting Warangal, I and the Solae corporate lead met with AeA to discuss their interest in playing a larger role in the project. AeA, aware of the difficulty we were having in recruiting team members on short-term contracts, proposed to hire the team through AeA, as the organization was expanding its Hyderabad office and was actively recruiting new graduates from prestigious Indian educational institutions. Because AeA was a highly regarded global non-profit, it was able to attract top-level talent. AeA’s Director offered to extend full-time employment to the people we wanted for the project; in the event that Solae did not continue beyond Phase I, AeA would simply move them into a different AeA project. Given the difficulty we were having in attracting talented people on a short-term contract and had only two months to go before our targeted launch date, this seemed like a viable alternative. For Solae, it also meant that they didn’t have to handle and manage any of
the administrative burdens associated with hiring a team of independent contractors. Both I and the Solae corporate lead supported this.

In addition to the role in hiring the team, the AeA Director expressed an interest in playing a more significant project support and advisory role. He offered us use of the AeA office as our team headquarters, field support and access to AeA staff members experience in PRA, and any other kind of project management support that was needed. The AeA Director was very interested in working with companies and using business-based approaches to address issues of poverty—one of the organization’s newest programs involved a training/apprenticeship program that prepared for low-income people for jobs with companies contracted by AeA. As such, he saw this as an investment in building AeA’s experience and exposure in an important future programmatic area for AeA. In discussing this with the Solae corporate lead, we both felt that AeA’s connections and capacity could be valuable and important not only in the Phase I work, but even more so later on if/when the time came to scale and replicate the businesses to new communities. We reached mutual agreement that AeA would be an “implementing partner” in the effort.

Two days before the end of my trip, I traveled with a senior staff member of Aide et Action to Warangal to meet with MARI’s Founder/Director. As with SIDUR, I explained the goal and intent of the project and the kind of local partner support we were hoping MARI could play. Because of my connection with AeA—an organization that MARI had worked with in the past—I believe there was a higher level of receptivity to the idea. The Director offered his full support.

Afterwards, we traveled to three villages in a county of Warangal called Parvathagiri Mandal. There were approximately two dozen villages in the county within a 12 kilometer radius. MARI had worked in Parvathagiri Mandal for more than a decade. At one of the villages called Chowtapally, we met with a farmer’s group
associated with an integrated pest management program MARI was operating in partnership with Oxfam. After a thirty minute drive, we arrived in two other villages that were located a few miles from one another: Parvathagiri (the village had the same name as the county) and Annaram Sharif. In both villages, I met with women’s self help groups that MARI had helped form and institutionalized as part of its work with CARE and Velugu. The Director thought that these three villages would all be excellent places to launch, as they were among the most progressive locations and where MARI had excellent results in its prior projects. I noted that starting in all three would be difficult, due to the distance from Chowtapally to the others, but that we could launch in both Paravathagiri and Annaram Sharif.

When I returned to the US, I worked closely with the AeA Director to hire the team. Even with the ability to offer full-time employment, recruitment on short notice proved difficult and necessitated delaying the start date from mid March as initially targeted to April 17, 2006. Recruitment for the four-person team was completed two weeks before I was to depart to India to begin Phase I field activities. The business professionals were eventually sourced through ISB. ISB collected approximately half a dozen resumes from 2nd year MBA students interested in the position. None of them, however, spoke Telegu. The AeA Director met with each of them, and he and I debriefed on the phone. We extended offers to three of the candidates, of which two accepted. One of the two, however, had accepted a full-time position in the US that would start in September, 2006 and, therefore, would be unavailable to the project beyond Phase I.

To fill the two development-professional positions on the team, I and Solae ultimately turned to AeA. AeA offered to assign two of its senior members to the project, with the understanding that they would remain available to the project beyond Phase I if needed. Both were Telegu speakers and had extensive field experience, one
in the area of health and nutrition and the other in micro-finance. The four team members were finalized less than two weeks before the April launch of the in-field project.

Having only two weeks before Phase I field work was to commence, combined with the fact that the two ISB team members were in their final exams period, we decided to add a week to the field schedule and to compress the training into the first full week that the team was together in India. For that week, I also arranged to have AeA provide training to the team on participatory rural appraisal methods that the Director and his colleagues had used successfully in their work in India. We were able to hold one group conference call via skype with the full team, though the quality of the connection was poor and confirmed the decision to do any training on site. The call essentially served as an ice-breaker; each team member introduced themselves and explained their interest in the project. We also covered basic logistical issues, such as who was bringing a laptop.

Upon returning from the India trip, I also finalized the contractual arrangement with SIDUR and MARI as our community partners in the effort, arranged to have the field project funds wired to them, and worked with each of them and AeA to secure housing/logistics in both of the project sites. Initially, my intent was for the team to stay in “team housing” in both Hyderabad and Parvathagiri. However, given that all of the team members lived in or outside Hyderabad, AeA felt that it was asking too much to have the team live together throughout the entire process. In addition, SIDUR was reluctant to locate housing for the team inside the slum due to lack of amenities; they also said that it would be difficult to find housing on short notice. We decided, therefore, to allow team members participating in the Hyderabad site to remain in their current housing. I and my Protocol colleague would stay in the AeA office, which was being remodeled to include a few guest rooms. Additionally, I arranged to have the
anthropologist that participated in the Kenya project to support the 8-week Protocol-based effort with SP Jain in Mumbai. I participated in several conference calls with her and the SP Jain team to discuss the process and how they could best apply it in their case.

In discussions with AeA, we also decided that it would be valuable to engage the field team during the first training week in the creation of the workplan. Doing so would help them better understand the process and to develop a sense of ownership for it. Also, it would allow for their experiences and insights to be built into the process. Rather than develop a week-by-week workplan, I therefore drafted a project overview document that explained the core tenets of the process and the general flow of events that could be expected. This document (please see Appendix 6) was provided to MARI and SIDUR and to the team. This document clearly demonstrates the learnings from Phase I in Kenya (particularly with respect to recruiting a project team and training the team and the company to be partners) and outlines a more defined and structured flow of activities, beginning with low-intensity community activities, followed by deep immersion and homestays, then on to a community recruitment stage, then to a local needs and assets analysis that simultaneously develops partnership skills, and culminating with idea generation workshops and opportunity evaluation. That said, the process as outlined continued to invoke the “radical localization” business logic described earlier. The insights regarding this issue had not yet occurred in the Kenya project.

Field Summary: April 2006 – September 2006

I departed for India on April 9, 2006. I arrived in Mumbai where I spent several days advising the SP Jain team and my anthropology colleague who was
assisting them in implementing Phase I of the Protocol. From there I traveled to Hyderabad to begin the 12-week fieldwork portion of Phase I of the project.

Because of the delay in recruiting, the first week was dedicated to team building, training in Protocol concepts and methods, and workplan development. For the training, the participants throughout the week included me and my Protocol colleague, the four Indian recruits, and the Director and senior manager of AeA, given that AeA was positioned as an “implementing partner” in the project. As had been arranged, our team used AeA’s newly renovated office space in Hyderabad as the team office. The four Indian team members returned home in the evenings, and I and my Protocol colleague stayed at a nearby hotel as the construction of the guest housing in AeA’s office was running behind schedule and was not completed.

Day 1 began with welcomes and introductions using a PRA technique (recommended by AeA) that involved forming into pairs and having one person draw a caricature of the other. Once the group reassembled, the person would introduce their partner to the full group using the caricature. Introductions were followed by a discussion of the project objectives and deliverables (an immersion report, a business concept report, and a development phase plan) and my Protocol colleague gave an extensive power point presentation that provided a history to the Protocol’s development and debriefed our experience in Kenya. In the afternoon, we held a conference call with the Solae corporate lead to help cement the feeling that we were part of a “Solae” team and to start building a relationship between the team and the Solae lead. Lastly, I handed out a list of seven topics along with their associated readings that we would discuss over the following two days as part of the team training; the four Indian team members chose 1-2 concepts for which they would lead the discussion. The topics included:
1) **Development** – What is meant by development and how has this concept been traditionally practiced? What is the Protocol approach to “development.” What does it define, implicitly or explicitly? How are “health” and “nutrition” related concepts and discourses?

2) **The BoP** – What is meant by the concept “Base of the Pyramid”? How does the Protocol talk about the BoP? What is the strategic logic for serving the BoP? What opportunities exist from the corporate perspective? The development perspective?

3) **Native Capability** – What is “native capability”? Why does an MNC need it? How does the Protocol relate to it?

4) **What is “Radical Transactiveness”** – What is meant by the concepts of “marginalized” or “fringe” stakeholders? What is the strategic logic behind RT? How is it relevant to the Protocol?

5) **Co-Creation** – What does the Protocol mean by co-creation? How does it relate to mutual value creation? What makes co-creation different from “traditional” business development? How do companies have to think and act differently?

6) **PRA/Participatory Methods** – What is PRA or Participatory Methods? Why does the Protocol emphasize them (i.e., why are they important to new business development in the BoP)? How are they reflected in the Protocol process?

7) **Community** – What constitutes a community? How do you identify one? What do PRA and the Protocol suggest about working with communities? Can a company truly become a part of the community?
The next three days were used to discuss and debate the topics. I summarized our discussion and the key implications of each topic on the Protocol. Please see Appendix 7 for the concept summaries.

A significant shift occurred mid-week. I was informed by the AeA Director that the team member who was on secondment from AeA and had extensive experience in micro-finance decided to remove himself from the project. The Director said that he had asked an experienced AeA employee based in Chennai to join the team immediately and would try to recruit a new candidate that week, as he was continuing to hire new people for AeA’s needs. The new AeA person arrived from Chennai the next day; he had extensive experience working with post-disaster relief efforts and possessed basic Telegu language skills. I tried to catch him up on where the team was and what the project goals were. In addition, AeA invited for an interview a former Ashoka fellow who was a fluent Telegu speaker, who was experienced in facilitating enterprise development in poor communities using an approach that was closely aligned with the Protocol. We literally hired him on the spot. Our team now consisted of five local Indians, two of which were fluent Telegu speakers and a third which had basic language skills. Also, two of the five were women, and we had a balanced between business and development skills.

We resumed the training by spending almost a full day investigating specific PRA methods and techniques, and then comparing those to the PED techniques we had evolved in Kenya. The AeA Director led a half-day session providing an overview of different categories of PRA techniques and his personal experience using them in the field. I and my Protocol colleague then discussed the PED techniques we developed in Kenya that had adapted PRA. Our intent was to ensure the team understood how the PRA techniques had to be adapted to fit the objectives of the Protocol and to avoid the experience in the rural site in Kenya. We ended the day with
a meeting that brought the team together with the various organizations that had expressed support for the project. The attending organizations included MARI, SIDUR, ISB, and Velegu. The meeting was designed to start building a sense of community among the partners (and between the two sites), to ensure we were all aligned on the goals of the project, and to plan out the initial visits to the rural and urban sites with our local partners in the following week. We concluded with a group dinner.

The last two tasks we completed as part of the training and team preparation period were outlining a workplan and creating a concise statement about the project and the team that would be shared with the community. The main structural element of the workplan was reaching agreement to run the urban and rural projects in parallel. Because the rural site consisted of two separate villages and was deemed to be a more challenging business context (the Solae corporate lead was more interested in the urban site and was skeptical that a viable business could be created for the rural context), we planned to have four people on the rural team, and three on the urban team. The slums in India were also considerably less intimidating than those in Kenya. Taking this into consideration, I decided to attach myself primarily to the rural site, and my Protocol colleague would lead the urban group. The timeline consisted of one week of homestays, one week of vacation, three weeks of partner recruiting, two weeks of PED workshops, and concluding with two weeks of idea generation.

To develop a concise statement about the project and project team, we focused on addressing three questions: Who are we? Why are we here? What is the benefit of our work to your community? Who is Solae? To reach a unified statement, we iterated between working in pairs and then reconvening in the full group. One issue that emerged concerned the team representation: There was reluctance on the part of the AeA members to represent themselves as being from Solae; nor did the ISB graduates,
who were hired by AeA, view themselves as Solae employees. We eventually converged on a framing that allowed people to retain their organizational affiliations while creating a sense of shared mission. In retrospect, not framing the team as a “Solae team” from the start was a mistake, as it created role ambiguity both for the community as well as for the partners. I’ll speak later to this issue in greater depth.

The second and third weeks constituted the “Community Immersion” segment of our work. Week two consisted of visits by the full team to each of the two local community partners to gain alignment on roles responsibilities, to have initial exposure in the communities, and to finalize homestay hosts. Bringing the full team to each of the sites was also done to help “cross-train” the team and have the community and partners comfortable with any of the team member’s presence.

Due to scheduling, we started with a two-day visit to MARI and the rural site. Our first stop was at the MARI office in Warangal (a two hour train ride from Hyderabad) and then traveled an additional hour by car to the two sites. The MARI visit included MARI’s Director, the Director of Finance, approximately ten field staff across programmatic efforts, and two women from the communities of Parvathagiri and Annaram Sharif who worked for MARI to coordinate loan disbursement and repayment to the approximately dozen women’s self-help groups (SHGs) operating in the communities. Anticipating that news of the project would spread to villages across the county, the Director wanted to be sure that there was alignment across his staff to ensure that everyone spoke consistently and accurately about the project. During the meeting, we discussed and reached agreement on the roles and responsibilities of MARI, the team, and Solae in relation to the community. The statement of project intent that was collectively developed read as follows:

“Solae and the community will work together to find and create new mutual business opportunities for the poor by combining the
knowledge, skills, and experience that each of them has. MARI will facilitate this process. All of us together will build the people’s knowledge and skill so they better their economic and physical health and opportunities around business and development.”

At that time, the MARI Director also indicated that three of his people present would support us as community liaisons. The three people consisted of a field staff person experienced in maternal and child health and two women supporting their community’s SHGs. The field staff and one of the community women spoke basic English, while the third had minimal English comprehension. We also discussed the purpose of the homestay and our hope to participate in a range of life situations. The MARI Director and our liaisons said that they would work with the community to identify two homestay hosts in Parvathagiri and two in Annaram Sharif.

Following the meeting, we traveled to the villages of Parvathagiri and Annaram Sharif. In Parvathagiri, MARI had organized for us to meet with one of the women’s SHGs that they had established and mentored. The meeting, which was conducted on the ground outside of the home of the group’s leader, gave us an opportunity to practice introducing ourselves and our project, as well as establishing rapport. The women shared their experience in forming an SHG and the business lessons they had learned through farming and petty trade. They also, much to our surprise, told a story of a recently failed business venture led by MARI in which they had participated and still had outstanding personal loans. This failed business experience, which we later learned from MARI entailed the creation of a chili-processing factory in Parvathagiri owned collectively by many of the SHGs in the area, was a sensitive issue that we had to constantly keep in mind as the project progressed. We departed with the promise that we would be back the next week to start our homestays and the project work.

From there we visited the local “anganwadi”—a government-operated crèche that provides a free meal and the equivalent of pre-school education for poor children
under the age of five—and conducted another informal discussion with a group of young mother’s served by the anganwadi. The anganwadi was located in a part of the village where mostly “Scheduled Caste” (SC) residents live. SCs are the lowest caste group. By contrast, the SHG members we had met were mostly of the “backward caste” (BC). BC is considered a higher caste status than SC. Both BC and SC are considered as the “untouchable classes” and have the equivalent of affirmative action status in India.

We had dinner at MARI’s sparse field office in Parvathagiri, and our team slept there on the floor. The next day we drove to Annaram Sharif, a village of approximately 1,000 residents approximately five kilometers from Parvathagiri, and visited two SHG groups there. Our conversations and discussions were of the same flavor and had the same objective as those in which we had participated in Parvathagiri. It is worth noting that Annaram Sharif is a unique village, as it is home to a famous shrine that draws approximately 5,000 visitors per week for the shrine’s healing powers. Because of this influx, there are a lot of small shops and businesses that cater to the tourists. In the late afternoon, we returned to Warangal and caught the evening train back to Hyderabad to meet with SIDUR and visit the urban community the following day.

As with MARI, we first met in SIDUR’s Hyderabad office. The meeting consisted of our full team, SIDUR’s senior program manager who oversaw the organization’s work in the slums, and approximately six of SIDUR’s field workers. As in the MARI meeting, we shared our project objectives, discussed and reached agreement about the kind of support and assistance we were looking for from SIDUR, and then talked about the setting up of the home stays for the next week. One of the field workers present, who had worked in the Rasul Pura slum, was to be our community liaison. SIDUR said that it was important that we hold initial introductory
meetings in the community to ensure that our team is accepted and that the community’s expectations are managed. Specifically, SIDUR wanted to be sure that the community understood that our team was not focused on people of a particular religion, caste, or political party; that we were not going to build a factory and hire people; and that we weren’t going to be giving out money in any form, be it grants or loans.

To that end, the next day SIDUR organized two community sessions for us in public spots—one under a tent in the Indiramanagar neighborhood of the slum and another at a temple in the bordering Krishnanagar neighborhood. In both sessions, SIDUR had set up rows of folding chairs for community members and chairs up front for us to sit on. Our community liaison from SIDUR went around the neighborhood encouraging attendance. In both locations, there were approximately 50-75 people in attendance, though men occupied all of the seats up front and dominated the discussion. The women were largely silent. SIDUR’s program manager played a master’s of ceremony role, introducing who we were and our intentions. The two members of our team who were fluent Telegu speakers provided further description of our project goals and our desire to engage with the community broadly. In our team debrief, we decided not to replicate such engagements, as they invited a formality that distanced us from the community and gave voice to those in dominant positions.

Following the two community meetings, the SIDUR program manager and the community liaison guided our team around the slum to various residents who had expressed a willingness to serve as homestays hosts. Reminiscent of our experience in rural Kenya, our three team members who would be doing their homestays in the community were asked to evaluate and choose the host/home they preferred. As in Kenya, this created a very awkward situation for both our team members and the hosts and established the wrong dynamic and expectation for the host. Once this became
clear after the first visit to a potential host, we intervened and asked that the visits not be presented or structured as “interviews,” but rather as introductions to our team and further explanation of why we were interested in doing a homestay. SIDUR would then reconnect with the hosts to determine if they were still interested in being hosts.

The week ended with two team challenges. One, the team members hired through AeA were receiving different levels of remuneration for expenses—some were able to expense travel, phone, and group meals; some had per diems; others received no form of reimbursement. This was making it difficult to function as a team. I raised this issue with AeA, and we tried to work out a solution; but the issue surfaced tension, as AeA felt that issues pertaining to team employment were within its purview.

The second issue concerned a team member’s discomfort with her site. After the visits to Parvathagiri, Annaram Sharif, and Rasul Pura slum, one of the business-trained team members slated to be stationed in the rural site noted that she felt uncomfortable with the environment there and was not willing to stay in the village; instead, she preferred Rasul Pura where she could communicate using Hindi (there was little Hindi spoken outside of urban areas of Andhra Pradesh). This created difficulty, as the other Indian team member with business skills needed to be in the urban area to be close to his wife who was in the early stages of pregnancy. In addition, because of language skills, we weren’t able to shift the other urban team member with development experience to the rural team, as that would leave the urban team without a Telegu speaker. In the end, we had no choice but to have four of the seven team members staying in Rasul Pura; this also resulted in the urban team having both of the team’s women, and both of the members with business training.

All of week three was dedicated to a seven day, six night homestay by each of the team members. As noted above, our team split into two groups with three of us,
including me, stationed in Parvathagiri and Annaram Sharif and the remaining four in Rasul Pura, Hyderabad. As we learned from Kenya, the purpose of the homestay was not to gain ethnographic insights into people’s lives, but to help accelerate the relationship-building process with the community and to demonstrate our commitment. And as in Kenya, team members were instructed to participate fully in house chores and livelihood activities and to learn a task from their host, rather than assuming the role of “guest.”

As noted earlier, MARI had agreed to select the homestay hosts for our team during our meeting with them the prior week. I and my two teammates arrived at MARI’s office in Warangal the day our homestays were to begin. From there, we traveled together with the three community liaisons from MARI. En route, the liaisons explained that I would be staying in Parvathagiri with a four-person family whose father operated a small health clinic; the home was next-door to one of our liaisons. My two teammates would stay in Annaram Sharif.

We arrived during the evening hours first at the home of my homestay host. My host family consisted of the father, his wife, a teen-age daughter and son, though their son was attending school in a city several hours away (the practice of sending children, particularly sons, to attend urban schools was common in the village). The family lived in a two-room, roofed block home behind the small clinic where the father provided basic medical care to the community. One room contained a television and a small bench; the other room, which had only just been constructed, contained the kitchen that contained a gas cookplate and a set of metal dishes. In the backyard were a well and an outhouse. The family was of the Backward (BC) caste and was better off than then scheduled or SC caste families in the village whose homes had thatched roofs (and, in the case of the poorest, thatched walls).
Once our liaisons were secure in the idea that I could be left alone, they departed with my two teammates for their homestay families in Annaram Sharif. Soon after they departed, teen-age friends of the family who had received word of my arrival showed up at the home. Two of them spoke some broken English. Given that none of my homestay family members spoke English, my hunch was that they had been summoned in order to help the family communicate with me. Based on my experience in Kenya, I had brought my laptop, which contained photos of my family and where I live; I also carried a digital camera. A combination of hand-gesturing, pointing, and frequent consultation of my Telegu-English dictionary allowed us to communicate and have a lively first evening.

The MARI community liaison that lived next door and spoke rudimentary English dropped by to inquire how I was doing. We ate dinner on the floor in the front room, with me and the father eating together and being served by the daughter and mother. After the first night, I was allowed to wash my dishes; dish washing was performed outside by the well using ash.

The first few nights I slept on the floor of the “gold store” next-door where the local gold-smith worked and made jewelry. I slept on the floor of the store along with the store owner and the next-door neighbor’s son; I presume they thought I would feel safer in their company, though sleeping in a closed metal building without ventilation when the day-time temperature was 115 degrees and the nighttime temperature was in the 80s made for long-nights. Without explanation (though the neighbor’s son indicated I snored a lot), I slept the remaining nights outside on the ground in the backyard, which was welcome in terms of the cooler temperatures but made difficult by mosquitoes.

The family woke early in the mornings (around 5:00 AM), and the mother did a ritual cleaning and decoration of the entry to the home with chalk patterns on the
ground (the daily Hindu ritual was called a “pooja”) before preparing breakfast. The father saw patients in the clinic in front of the house.

My days were filled with a variety of activities, though not necessarily with my host family. This was so for several reasons. One, it was difficult for me to participate in any meaningful way in the father’s work; two, I wasn’t able to inject myself freely into the mother’s housework, as I could sense very clearly the boundaries between men and women and did not want to create an even greater feeling of unease regarding my presence; and three, I wanted to be sure to participate in the work lives of SC caste. I explained this to my neighboring liaison, and she arranged for me to work in a variety of settings during the week. As I was in the rural area where the majority of people lived through small-scale farming, I felt it was important that I work in the fields.

The liaison arranged for me to work in one field that belonged to a BC farmer and on another field belonging to an SC farmer. With the mid-day temperatures reaching 115 degrees, work in the fields began at daybreak. It was harvesting time for the rice. Upon arriving at the fields with others who had been hired as day-laborers by the farmer, I was provided a scythe and warned to watch out for snakes, as cobras were commonplace in the fields. I watched and imitated the farmers’ routine (the majority of who were women): cut an armful of the rice stalks, bundle and tie them up with twine, and then carry the bundle on your head over to a large pile and stack uniformly. The rice would later be threshed to release the grains.

Apart from my time spent harvesting rice. I also spent an afternoon at the anganwadi center (i.e., crèche for low-income children) located in the SC side of Parvathagiri. I was accompanied by the liaison, who introduced me to the anganwadi “mother” and helped translate for me when she was able. I helped the anganwadi mother cook the mid-day meal over an outside fire for the approximately forty
children in attendance. I served the food and helped clean up. My liaison also took me around to all of the shops and vendors in town, introducing me to her friends and acquaintances. On another day, I spent the afternoon with the neighbor’s son at a computer class he attended twice a week at the local primary school. Several evenings, friends of my host family pulled me away after dinner to various festivities and celebrations, including a wedding, and to drink the local brew under the “toddy trees” from which it was extracted. During my last day of my homestay, the mother invited me to cook with her, allowing me to cut vegetables and combines and stir ingredients going into the curry (meanwhile, her husband took several photos of me in action using the digital camera I brought). Given that the kitchen and the act of cooking are considered the domain of the mother and an area that men are not supposed to enter, I felt that this invitation was a sign that my homestay was successful in building a solid relationship with the family and their friends and neighbors.

It is important to note that mid-way through my homestay I received a call from my Protocol colleague regarding issues that had surfaced in the Hyderabad site. All three of the Indian team members were not adjusting well to the homestays. One of the business team members was unable to tolerate the heat and returned home. He continued to visit the slum during the day. One of the senior development people stated that she had back pain and also could not stay in the slum. She too visited during the day. During a later debrief, I learned that this person—though she was in her mid 30’s with a Master’s degree from a U.S. university—felt that her parents would not agree to her living in the slum. The third person—the business lead previously slated to stay in the village—suspected that her homestay host was a sex worker and would not continue to stay in her home. I and my colleague held an emergency conference call and discussed the importance and objective of the homestay. Though the two who left for health reasons did not resume overnight stays,
they tried to remain in the slum and with their host family through dinner. Working with SIDUR, we were also able to shift the third team member to a different homestay host, though her poor handling of the issue created a disruption in the community, was taken as an affront against SIDUR, and undermined a core principle of our work. Despite the debacle, I and my colleague in consultation with SIDUR and AeA decided to keep the person on the team, as we agreed it was due to her inexperience working in low-income communities and that she needed stronger mentorship.

At the conclusion of the homestay week, the full team re-assembled in Hyderabad. Our first order of duty was to meet and debrief with the Solae corporate lead who had timed his travel to India to visit us for a day. Indicative of the ongoing misalignment, he insisted that we spend half the day reviewing the basics of Six-Sigma and how Solae applies it in their new product development efforts. During the group discussion, I and my colleague tried to create a discussion with the team and the corporate lead regarding the objectives of our work and if/how the six-sigma could be used. I and the team noted that the process would fit better in the later stages of the process once an initial business had been scoped out. The corporate lead, however, stated that he didn’t believe we had a process and that it was important that we applied some structure to ensure rigor. The Indian team members, though hesitant to voice their opinions during the meeting, were concerned about the misalignment.

After the Solae corporate lead’s departure, our remaining objectives for the week were to solidify the workplans for each site and to purchase thank-you gifts for our homestay families. A major team issue, however, forced a significant shift in plans. A contractual dispute between the social entrepreneur we had hired during the first week of the project and AeA resulted in his deciding to quit immediately the team. This created a significant capacity gap for us, as the social entrepreneur was one of two members fluent in the local language. Without two fluent team members, we
would be unable to run the sites in parallel, given the importance of effective facilitation and translation to our success.

We discussed the issue with AeA. They had just hired a young, recently-graduated Telegu speaker with internship-level experience in the development field. Given her inexperience and complete newness to the project, we did not feel that she would be capable of playing a leadership role at one of the sites. To compensate for the gap in the team, we decided to run the sites sequentially with a small overlap, beginning in the rural area. This would give us effectively five weeks in each of the community sites, with approximately one week devoted to recruiting local community partners (a process step we called “building a sub-community”), two weeks of participatory entrepreneurship development and reaching out to other local institutions, and two weeks of concept ideation. Our hope was that having all seven team members in one location would give us the increased capacity necessary to execute an accelerated timeline. I developed a timeline and workplan that reflected this new approach (please see Appendices 5 and 6).

To ensure that the Hyderabad community did not lose confidence and trust in us during our absence, the members of the initial Hyderabad team returned to the community and distributed a one-page flyer explaining the plan and the dates of the team’s return, along with our contact information and that of SIDUR’s local liaison. The full team then traveled to Parvathagiri where we had rented out and furnished two residences in the village.

Weeks five and six consisted of our efforts to build a sub-community of partners and to prepare for the PED workshops. To recruit people from the community to serve as Solae’s business partners, we conducted small-group meetings with 11 women’s self-help groups (SHG’s) across Parvathagiri and Annaram Sharif, as well as with a group of youths. The SHG’s were ones that our local liaisons worked with as
part of their jobs for MARI, so the members were often friends and acquaintances of the liaisons. The meetings, which had approximately a dozen people present along with their children, were always held in the evening and at the home of one of the SHG members. The meetings typically lasted two hours. Our team member fluent in Telegu led the sessions, and the two team members with Telegu understanding helped translate to our team while taking notes. Our objectives for each of the meetings was four-pronged: 1) to build a sense of energy and enthusiasm about the opportunity of starting a business with Solae; 2) to build the attendees confidence and have them understand that we believe they possess valuable and unique knowledge for starting a business; 3) to communicate the dates of our PED sessions and the initial commitment required; 4) to set a day and time when our liaisons would return to get the names of those people interested in pursuing the opportunity. Approximately 45 people “signed up” to come to the PED workshops.

As a team we would debrief the meetings the next day and discuss how to improve the effectiveness of our message and our responses to different questions and concerns raised. As we experienced in Kenya, the recurring themes, misunderstandings, and doubts in the SHG meetings included: 1) Tell us what you want us to do. You are hiding something from us. 2) Will we need to leave our current jobs to participate? 3) “Partnership” involves Solae pooling money with our money. 4) Why are you not including all of the SHGs? 5) Will Solae take our ideas and go? Appendix 10 contains an example of the field notes from one of the meetings with the SHGs.

During the same week and in parallel with these meetings, we also organized a series of community interactions using participatory rural appraisal techniques. The three techniques we chose to use included a social map, an institutional linkages map, and a food map. Given the experience in the rural Kenya site, we attempted to be
deliberate in our use of these approaches and to link them clearly to our project’s objectives. The objective of the social map was to identify who are the weaker members of the community, so as to try and engage them in the project and to ensure that the eventual business idea addressed this segment. The objective of the institutional linkages map was to identify which types of resources are currently not available in the community to help guide us in inviting other organizations to the idea generation. The purpose of the food map was to identify where and what is produced and consumed, given that “food consumption” would somehow have to figure into any business concept involving Solae. Each of these techniques—which is conducted outside, on the ground, and in a visible, well-trafficked location in the community using chalk and other locally-available materials so as to encourage widespread participation—was conducted in both the Backward Caste and Schedules Caste neighborhoods of Parvathagiri, as well as in Annaram Sharif.

Our liaisons and team members from AeA spearheaded the sessions, given that they had extensive experience with PRA methods. From the perspective of our objective, however, the results of these sessions were mixed. The locations that were centrally located did attract the interest and attention of some 80 members (though only a dozen people were actively involved across all of the locations), thereby generating awareness. In terms of data, however, the output was of a very high-level and provided minimal input to our work. Also, in Parvathagiri, the perception that we were collecting data inadvertently raised the concern that we had ulterior political motives. Furthermore, one of the SHG members we had met with during a recruiting meeting and who attended the social map session remarked that it was inconsistent with our claim to be there to work as partners, which would entail us sharing and combining our resources and knowledge. In debriefing with the team, we decide at a minimum that future uses of PRA would need to state more clearly how the PRA fits
into the process and demands of building a new business. The main value from the sessions, I felt, was the ability to generate enthusiasm and discussion about the project with a large number of people in the community; in addition, it created an opportunity for a number of informal conversations with those participants who were present and mingling around but not actively engaged. Leveraging these initial connections to sustain the broader dialogue and participation among the wider community would require shifting from a view of the PRA sessions as one-off events to simply conversation starters.

As our recruiting and PRA sessions wound to a close, we developed a list of topics of interest that we felt would be valuable input to our development of a business concept with the community partners. The topics included: farmers and food consumption in the fields, the nature of restaurants in the villages, the history of the failed Chili Factory by MARI, recreation and socializing in the villages, the history of a women’s catering business started by a members of one of the SHGs in Parvathagiri, and food and lodging needs for the visitors to Annaram Sharif’s shrine. To develop insights into these topics, we divided ourselves into two teams and assigned each team half of the topics. We then used rapid assessment process (RAP) methodology, which involves the use of informal, semi-structured interviews by a diverse team. Appendix 11 contains notes from one such RAP session with a group of women regarding recreation. It is important to note that the team’s ability to use RAP effectively stemmed in part from the use of liaisons and the interest and credibility generated by the homestays. It was common for the respondents to mention their contact with or knowledge of a team member involved in a homestay. While there were some insights that came from the RAP, once again it wasn’t clear how helpful the actual data were. The act of getting out in the community and initiating informal discussions itself seemed to be the core value, as it helped build the team’s comfort-level of engaging
and discussing with community members. It also provided some “stories” that we were able to draw on in discussing issues about the business concept, particularly branding.

Week seven consisted mostly of the PED set of activities in Parvathagiri. Based on our experience in Kenya and the kinds of issues around which we needed alignment to effectively discuss potential business ideas, I and my Protocol colleague outlined four main topic areas to be addressed in a series of participatory workshops: successful partnerships, unique customer value, focused business concept, and rethinking resources and capabilities. Furthermore, as we learned in Kenya, the primary objective of the workshops wasn’t to teach the participants about these concepts. Rather, it was to use the workshops and the discussions about these topics as a way to start building a collective identity and co-creation capacity among Solae and the community partners. As such, we required that participants attend all four workshops in order to be able to participate in the concept ideation process. This too was a departure from our Kenya approach, where we encouraged the youth groups to send different people to the workshops.

Each of the workshops was scheduled to run from 11 – 5:30 PM so that the women attendees had time to return home and prepare dinner. All of the workshops were held in a large room of the elementary school in Parvathagiri. As in Kenya, the attendees were not paid, though those traveling from Annaram Sharif by bus were reimbursed for the travel expense. Lunch and snacks were provided.

The general structure of the workshops consisted of a welcome and overview of the days’s agenda, a re-cap and consolidation of the learnings from the previous session, a fifteen minute set-up of the day’s topic, a two-hour breakout group exercise (five breakout groups), lunch, a two-hour report back by the breakout groups followed by question and answer (approximately 25 minutes per group), and a 15-minute
debrief and summary of the day by the Solae team. We used successfully the metaphor that building a business is like building a house (home construction was something everyone was familiar with), and related each of the business topic discussions to its house-building analogue (i.e., business partners were the entire construction crew, unique customer value was equivalent to the home’s foundation, the focused business concept was the architectural plan, and the bricks and materials were the resources and capabilities). After each meeting, I and Solae team would review the discussions and create a tool that summarized the learnings and concrete experiences shared in the discussions. Creating a tool was a new addition to our approach. Our plan for the tools, which was shared with the community at the following meeting, was to help capture the learnings so that they could be drawn on throughout the idea generation and into the business development phases. As expected, attendance at the workshops started at around 45 but dropped to approximately 30 by the fourth workshop. Unfortunately, many of those who did not continue throughout the workshops were of the SC caste—it turned out that, because they relied on day labor and had unpredictable schedules, they simply couldn’t commit to the four full days. The loss of SC participants was something we addressed in Phase II of the project.

Following are brief summaries of the four PED sessions:

1) **Workshop 1: Successful Partnerships** – As we had learned in Kenya, it was important that the community partners understood the kind of business partnership Solae wanted to establish with them. In our initial meetings with the SHG meetings, we often heard the view that a Solae partnership entailed simply pooling Solae’s money with that of the community. To ground the discussion of partnership in the realities and experiences of the participants, we broke the participants into five breakout groups. Each group was provided flipcharts, 3x5 note cards, and color pens. The
breakout teams were asked to write down on a note card an example of a partnership in which they had been involved; on the reverse side, they were to indicate why that partnership failed or succeeded. Each team was asked to discuss the cards as a group, and to then create a flipchart that summarized the keys to success and causes of failure. One of our Solae team members was assigned to each group to help facilitate and participate in the discussion. The teams were given approximately two hours to complete the task. A representative of each breakout team then presented their flipchart. I and the Solae team then facilitated a discussion about their particular insights, pushing them to link the learnings (e.g., success requires unity among partners) with concrete actions and steps that we (Solae) and they would need to take. Based on the discussions and examples, I and the Solae team consolidated the learnings (after the workshop) into a tool. In this case, the tool was a “partnership star” (see image below) that outlined six keys to a successful partnership (trust, unity and commitment, communication and transparency, mutual respect, interdependence, and equality and fairness). For each key, we noted two to three concrete steps that we should take (e.g., start taking small risks together and share leadership as ways to build trust).

2) **Workshop 2: Unique Customer Value** – In reflecting on the idea generation efforts in Kenya, the community members often suggested simply replicating what other businesses were already providing. When asked why customers would buy from them and not from the competitors, the pat response was that that they would sell their product at a lower cost than competitors or provide better quality. We noted a similar thinking process when we informally asked women during the SHG meetings what kind of
business would they start. As such, I and my colleague felt a discussion about unique customer value would improve the effectiveness of our ideation process. To address this concept through the workshop, we assigned breakout groups (with a Solae representative on each group) the task of listing the various needs and wants (as individuals, families) on note cards. On the reverse of the card, they were to indicate the best current provider for each of those needs and a short explanation for why they believed this to be the case. To present back, they were asked to cluster the cards that had similar explanations. During the report-back, I and Solae team members pushed the discussion to highlight explicit sources of value and how that value could be created at different stages of the product user cycle. After the workshop, we synthesized the discussions and created a “unique value matrix” identifying seven categories of customer value (i.e., convenience, variety, customer productivity, peace of mind, comfort, and cost savings) at both the purchase and usage stages of a product. We placed the examples provided by the community in one of the 14 cells.

3) **Workshop 3: Focused Business Concept** – One of the difficulties we noted during idea generation in Kenya was that the act of creating a business concept was difficult because we provided no guidance on what exactly a business concept includes and how to structure the thinking process. As well, given the community’s tendency to limit their imaginations about businesses (as noted in the discussion above), we felt it was important to give the community practice coming up with ideas that exceeded their experience (something that was going to be necessary in order for us to create a business integrating Solae’s soy protein). The third workshop accomplished both objectives through a brainstorming exercise in which
we provided breakout teams with a half dozen magazines full of images, scissors, glue sticks, markers, and flipcharts. The breakout teams were asked to “use cut-out photos to create a unique and exciting business idea that combines as many of the following categories: education, entertainment, personal care & lifestyle, food and food preparation, health, and public services.” Their posters should use photos to identify who the customers of the business were and the kind of products and services it would offer. The poster should also specify the unique customer value the business would provide. We offered the added incentive that the group who could create a business concept that addressed the most number of categories would win a prize. Our instructions ended up back-firing, as several of the groups created what we dubbed the “kitchen sink business”—one that simply aggregated all kinds of unrelated products and services under one roof as would a mall. The unintended consequence ended up providing a valuable discussion, as it led to discussion about complementary products and services and the importance of focusing on a concrete customer segment. The tool we developed from this workshop was a “focused business concept pyramid.” The three dimensions that a business concept had to identify were complementary products and services, a clear customer segment, and unique customer value.

4) Workshop 4: Rethinking Resources and Capabilities – Based on our successful workshops in Kenya exploring the resources of SC Johnson and the community, we repeated the workshop in India. The one change we felt important to make was to use the session to get people thinking creatively about alternative uses for the same resource. Because of time pressure, we were forced to combine a workshop exploring Solae’s resources with one
exploring the community’s resources. To do so, we arranged to have a local caterer prepare a variety of dishes using Solae’s soy protein. We also brought soy milk and soy bars produced by a company supplied by Solae. During the tasting session, we gave a short Powerpoint presentation on Solae, using as many photos of the company’s operations, facilities, and products. When asked what they felt were the resources Solae could bring to the partnership, the group identified the following: manufacturing nutritious food, manufacturing good tasty food with good flavor and texture, food with health benefits, meat replacement, new technology, focus on children, global company, variety of customers and knowledge of different partners, good image, good packaging and product design. Because of the time required to discuss Solae, we did not have time to do a “resource transect” as we had hoped. The resource transect, a PRA technique, has the community walk through pre-set routes in the community to identify resources. Instead, we used another card-sorting approach. Breakout teams were given three colors of note cards. Individual resources were to be written on pink cards, group resources on green cards, and community resources on yellow cards. They would then cluster the cards and report back to the group the resource profile of their breakout team. We facilitated the discussion in order to push people to deconstruct and re-combine resources in order to find new ways to use them. The tool we developed to consolidate the learnings was a resource ladder. The ladder could be used to come up with new ways of using a resource (new resource functions) through a three-step process that explored the resource’s attributes, its components, and its connections to other resources.
In general, we felt the workshops were effective and had created a foundation on which we could do idea generation. The intensity of the work and frequency of contact also created a palpable connection. However, squeezing the four full-day workshops into a seven day period had worn people down (including us) and furthermore, it turned out, had aroused the worry of some husbands who were concerned that the housewives were not fulfilling their other duties. We would see the consequences of this at the idea generation workshops the coming week.

It is worth noting that in-between the PED workshops, we sent two people back to Hyderabad (two members who had conducted their homestays there) to begin the creation of the sub-community and recruitment of community partners. They met with two women’s self-help groups, as well as a youth association, and re-connected with people they met during the homestays to re-assure them of our return. One valuable outcome from this 2-day excursion was that we learned that the community liaison assigned to the team by SIDUR was not an effective mobilizer and lacked the ability to get residents to attend. We discussed this with SIDUR, and SIDUR provided with a second, more experienced person, to support us.

In week eight we began the business concept ideation process in Parvathagiri with the full Solae team. Based on our learning in Kenya, the ideation process in India differed on two main dimensions. One, we announced to the community participants that while we would initially start working in breakout groups (as we had in the PED workshops), our goal was to converge everyone onto one core business concept. Doing so would both ensure that everyone would have a genuine interest in learning from each other and sharing ideas (rather than feeling they were competing) and have a sense of ownership of the ultimate idea. Together these dynamics were essential for creating the beginnings of a new organizational identity.
Second, we extended the time period over which ideation would take place to allow for significant iteration. In Kenya, ideation was completed in three days; in India, we held an initial two full days of ideation, followed by three 2-day concept refinement sessions over the course of four weeks. This allowed us as a team to reflect on and shape the ideas offline before re-engaging with the community partners. The offline “shaping” work by our team was effective in ensuring forward progress on the concepts and that the general direction would indeed yield something valuable to Solae. However, it also required careful facilitation and discussion with the community partners so that they could see how any changes and additions emanated directly from or built onto their own ideas and insights. This was critical to having full buy-in among the partners and overcoming the “not invented here” sentiments.

The initial concept ideation workshops started two days after the last PED workshops and consisted of two sequential full-day sessions (10:30 – 5:00) at MARI’s field office in Parvathagiri. We chose the field office rather than continuing in the school because we felt the change of venue would be refreshing and provide greater privacy (the school room often had curious children hovering around). The agenda for day one consisted of creating assessment criteria for the business concepts in the morning; the afternoon had a three hour initial brainstorm session in breakout groups followed by a short report out to the full group. The second day consisted of further brainstorming in the morning along with drawing the concepts on flipcharts; the afternoon consisted of 30 minute presentations and question/answer with the full group.

As I foreshadowed above, we started day one of concept ideation inauspiciously: fewer than 10 people showed up for the 10:30 AM start time. Our three community liaisons immediately began an inquiry process to see what the issue was. They discovered that the husbands of many of the women had intervened and
prevented them from attending, arguing that they were neglecting their housework and that they were wasting their time. Some husbands (and some of the participants from the PED workshops) also felt that they should receive some compensation for attending the sessions; many NGOs, it turned out (including MARI), provided a daily allowance when attending training sessions. A few more of the women showed up after our liaisons met up with them to discuss the issues.

By noon, in respect of the community residents who had arrived, our team decided to begin with the ideation process and to use the evening to resolve the husband issue. After introducing the goal (converge on one idea) and setting the expectation that the ideation would not be completed in the first two days, we broke into groups representing the four entities in the room: Solae, MARI, AeA, and the Community. Each group was asked to identify the kinds of outputs and outcomes that they wanted the business to provide for them; in other words, what did each group consider as success criteria. Each group was given 30 minutes to discuss and to write up their results on a flipchart. Each group reported back. There was some confusion though in the translation/interpretation of the question: the community residents reported back on what would make a business successful, rather than the kinds of benefits they wanted to see the business provide them. That evening, after the session, we summarized the criteria onto one list. The criteria included the following:

- Profitable
- Long lasting business
- Use resources of Solae and community
- Use capabilities of partners
- Lead to development of the entire family
- Employ at least 10 members
- Improve the reputation of Solae and partners
After a lunch break, we formed into four mixed breakout groups and began ideation. Unlike Kenya, our team members were active participants in the groups (three groups had two Solae team members, and one had one member). In my group, simply starting the discussion required considerable prodding and facilitation. I began by simply asking if anyone had anything that interested them or that they had thought about over the course of the PED sessions. One person brought up the idea of “bakery” (the term “bakery” in India is different from US usage; bakeries are closer to our idea of delis, and sell things that range from snack foods and appetizers to sodas and fruit juices and some sweet foods) that offered nutritious protein fortified foods and beverages. I found that focusing them on the feelings, emotions, and environment associated with the business ideas was helpful in creating a more lively discussion and helped them connect the business to their current lives. The bakery was envisioned as a respite, a place for women to connect and socialize, with a garden-like atmosphere complete with flowers and trees and a fountain.

We had anticipated, however, that the ideas would naturally move in the direction of a restaurant of some sort—an idea that, from a Solae perspective, was not particularly appealing as it was capital-intensive to scale and would have limited reach in the community. After letting the group build some momentum around the bakery idea and the ethos of the business concept, I raised the question of reach and how much we could realistically influence the diets and health of the community.
Eventually, our discussion migrated to exploring ways to expand the distribution of the protein-fortified goods without having to build additional bakeries. The bakery morphed into a quasi retail point and production center whose goods would be taken to surrounding villages and sold at various mobile points. In trying to connect the atmosphere of the bakery facility to the mobile points, I asked where in the communities they felt this same sense of respite. One person brought up how women often socialize under a tree in the village; we began to explore how mobile points could also build on this existing social institution. We ended the day by discussing the idea of a “Chetla Kinda Bakery” which was Telegu for “Bakery Under the Trees.”

That evening, our team debriefed on the ideation sessions. As expected, there were a lot of frustrations and the ideas mostly circled around some form of “food facility.” We encouraged our team members to push their respective breakout groups to consider the issue of scale and reach and to ensure that Solae remained central to the concept. The other task for the evening consisted of addressing the husband issue. Two of the team members (one a woman, the other a man) went accompanied by our community liaisons to meet with the husbands of the women who were not allowed to attend. Our team members used a combination of shaming and lecturing to convince the husbands that they should fully support and encourage their wives to attend. The two were quite persuasive, to the point that the husbands not only apologized but invited them to stay for dinner.

The next day, we had approximately 20 people show up for the second ideation workshop. We reviewed the consolidated success criteria and then formed into our breakout groups. Some of the new attendees merged into existing groups; others came together to form a fifth group. During the morning session, the groups started to sketch out the ideas under development on the flipcharts. My group continued to pursue and evolve the Chetla Kinda Bakery concept. In the afternoon, each of the five
groups presented the drawings of their business concepts and we collectively discussed the strengths and weaknesses of the concepts. The five concepts consisted of the Chetla Kinda bakery, a school that provided an array of health care and entertainment services, a child care center providing healthy food, a healthy-food restaurant catering to the visitors of the Annaram Sharif shrine, and a women’s center combined with a women’s only eatery.

We concluded the session stating that we had made tremendous progress and that our team would meet and pull the ideas together based on the discussions. We would then come back later that week to continue discussing and refining the ideas in preparation for another two-day workshop the following week (week nine of the project) at which the Solae corporate lead would be present. The Solae corporate lead was visiting the project for 10 days to assess our progress.

To start the shaping process, I and the other Solae team members took two days to draft two-page business concept papers that described the concept, explained how it related to unmet needs and wants in the community, and outlined the core set of products and services of the business. In drafting the concepts, we ourselves focused the description in a way that we believed would create a compelling concept (see Appendix 12 for the initial concept paper). We then collectively discussed the concepts. We agreed that neither the school concept nor the restaurant concept were ones of interest or value to Solae—in the case of the former, Solae’s role and contribution to the value proposition (and consequently, the value Solae would derive) was very low; in the case of the latter, the restaurant model was hampered by limited reach in the community and costly expansion. Please see Appendix 12 for the initial concept papers of these three business ideas.

I and two team members remained in the village to meet with the community members later that week to gain alignment on our decisions, to further evolve the
concepts, and to prepare for the formal two-day concept development workshop at which the Solae corporate lead would be present. The remaining four members of the team relocated to Hyderabad to get a jumpstart on building the sub-community and recruiting interested members, as well as conducting the PRA sessions. When I and team members met with the Parvathagiri community, there was widespread agreement that the school concept didn’t make business sense; there was also an understanding that a stand-alone restaurant would have limited reach. Also, the bakery and the women’s center and eatery contained elements of the restaurant. In reviewing the remaining three concepts, there was general agreement that we had captured what was discussed. To ensure we were aligned, we asked the groups to sketch out the concepts on flipcharts using markers. Their drawings were mostly consistent with our concept briefs, though they clearly emphasized different elements. For example, the retail shop dimension of the bakery concept figured large in their minds and much attention was given to how the foods would be displayed. The women’s center focused on various social activities (like yoga) and the women’s only eatery, rather than the joint cooking. We asked the community participants to continue to think about the concepts in preparation for next-weeks workshop with the Solae corporate lead.

The objectives for the next two-day workshop in Parvathagiri were three-fold. One, I wanted to build the relationship between the Solae corporate lead and the community partners in the effort, as this was the first occasion for them to meet. Second, we wanted to further advance and refine the business concepts while sustaining the community’s motivation and enthusiasm by injecting new voices and minds into the process who understood the aim of the project. Third, I wanted to use this as an opportunity to re-connect the various partners (i.e., AeA, MARI, SIDUR) and to create linkages with other people and organizations that could be supporters of the effort. To that end, I invited not only the leadership of all three partner
organizations to the workshop, but I also extended invitations to a number of people/organizations that MARI and AeA believed could add value. The organizations included the Poverty Learning Foundation, the Byrraju Foundation, the RASS Capacity Building Institute, Deccan Development Society, and Development Alternatives.

The planned agenda for the first day of the workshop was to have the Solae corporate lead introduce himself followed by a question and answer session with the community participants about Solae. Next, we planned to have the community participants present the three concepts, using their sketches. We would facilitate a discussion after each presentation to identify key challenges and opportunities presented by each of the concepts. We would then form three breakout groups comprised of the community participants and the various representatives to discuss how to address the challenges and to look for synergies across the three concepts. Day two would consist of three extended report backs by each of the groups on their respective business concept followed by group discussion. Ideally, next day, we would present back the findings, take further Q&A, and then to another breakout session to work further. Unfortunately, the lack of alignment with the Solae corporate lead that existed from the beginning of the project, together with a simmering partnership misalignment with AeA, shifted the tenor and output of the workshop.

The day prior to the workshop, I and my Protocol colleague shared the three business concept briefs with the corporate lead and discussed our goals for the workshops. The Solae lead expressed a high concern for a lack of market research and data, such as the cost of alternate sources of protein and the volumes and price points of food items sold in the village. We explained that our focus at that point in time was on building a compelling business concept that would galvanize community participants’ interest and have Solae’s protein occupying a central position in the
business; our time in the village and the various PRA events provided sufficient understanding of the environment to accomplish that aim. The formal market research would be valuable later. The Solae lead was clearly unsatisfied with our response and turned privately to the Director of AeA with his concerns. The AeA Director supported the Solae lead, arguing that I and my Protocol colleague were not giving them sufficient voice in the field work and that they could have generated extensive market research data through various PRA techniques.

The day of the workshop, the Solae lead and AeA Director (who were staying in a hotel in the city of Warangal) arrived almost an hour late to the session. They immediately walked over the sketches on the wall and began to point out their various flaws. We called the meeting to order, and I provided an overview to all the participants of the work that had led to the business concepts. The Solae corporate lead gave his presentation. After lunch, the community participants presented their concepts. As I tried to facilitate a discussion about the key challenges and opportunities around each concept, the Solae corporate lead and the AeA Director turned the discussion to the issue of data, their perception that we lacked a process, and the way different PRA techniques could be utilized. To prove his point, the AeA Director requested that our community liaisons bring him chalk and then proceeded to draw a matrix on the floor with which to rank the three business concepts, much like the Kenya rural team had done to rank the different problem solutions they had identified. Given the level of tension in the room and our desire not to create further distress for the already puzzled community participants, we allowed the ranking exercise to proceed.

We ended the day after the AeA Director had identified the various dimensions along which to rank the concepts. Everyone dispersed for dinner after a difficult day. The next day we allowed the ranking exercise to be resumed, as the community
participants had already invested considerable time. The exercise consumed the full day. As one would expect, community participants largely voted “party lines,” favoring the concepts they had developed. Based on our Kenya experience, this ranking approach was counter-productive to building the sense of shared organizational unity and vision needed to turn the business idea into a functioning business. We concluded the meeting stating to the community residents that we would relocate to Hyderabad to focus attention on the urban site but would continue to work through the community liaisons to continue refining and converging the business concepts.

I and my two team mates returned to Hyderabad for the remainder of week nine where we remained based for the rest of the 12-week project. Before rejoining the rest of our teammates, who had completed the same set of PRA workshops (i.e., social map, institutional map, food map) in the slum and were half-way through the small group meetings to recruit interested members to the PED workshop, I and my Protocol colleague met with the Solae corporate lead and the AeA Director to regain alignment. We were joined in our discussion by two project colleagues from the US (Co-Directors of the BOP Protocol Initiative, Stuart Hart and Gordon Enk) had also arrived that week to India to visit the project sites. We reached agreement that it was in the best interest of the project to continue to use the Protocol process and to reserve the rush for data collection until we had completed the cycle of ideation. I and my Protocol did agree to try and communicate more consistently with the AeA Director and to create greater opportunities for him to participate.

At that point, we re-grouped the full team and planned out the remaining three weeks of the workplan. For the Hyderabad site, that entailed the completion of four small group recruitment meetings, four PED workshops, and three idea generation workshops. We also scheduled another full-day of ideation with the Parvathagiri
community members to converge the group on one concept. Needless to say, it was going to be a tight squeeze and even more hurried than our rural site schedule.

In Hyderabad, we actively sought to engage a broader diversity of people in the small group meetings than we did in Parvathagiri. In total, our team engaged eleven different groups, that included several women’s SHGs and savings groups, two youth associations, local “basti” leaders (akin to neighborhood heads), a group of men cooks operating small food stalls, and laborer groups that included drivers, plumbers and mechanics. This was both a conscious decision, as well as out of necessity. In Parvathagiri, MARI’s close relationship with the women’s SHG channeled us in the direction of women’s groups—we attempted to reach out to youth, but weren’t able to sustain their interest. In the slum of Rasul Pura, SIDUR did not have close ties to a particular constituency, so we didn’t have the ability (or the restriction) of using their social network. Also, SHGs were much less prominent in slums. But we also felt that recruiting a mix of men, women, and youth would be helpful from a business perspective and enable a wider range of business possibilities. Culturally, there were things that men could do and go that women simply could not. As in Parvathagiri, we received verbal commitments from approximately 40 people to attend the PED sessions and explore business partnership opportunities.

We organized to do our four PED sessions within the space of a week in a small community room (approximately 20 feet by 15 feet) in one of the two main neighborhoods of Rasul Pura slum. This would make it possible for the participants to walk to the site. The room also had electricity service and a ceiling fan, an important factor given that the day-time temperatures were above 100 degrees Fahrenheit.

Of the four workshops, only the first differed substantially from what we did in Parvathagiri. Unlike Parvathagiri, the attendees invited to the Hyderabad workshops were people who did not know one another: Rasul Pura slum has approximately
50,000 residents. As such, we felt it critical to hold an initial session that allowed the community participants to become familiar with one another. Also, since I and two of my colleagues had been completing the ideation work in Parvathagiri while the rest of our team was conducting the recruiting meetings, it would also provide the community participants a chance to meet the entire Solae team and ensure we were all aligned on the purpose of the project.

This first workshop was scheduled to run from 11 AM until three PM. By 11:30, however, only a few people had showed up. Our SIDUR community liaisons had to go the homes of the people who had stated the intent to participate and politely encourage them to come at once. This lack of mobilizing capacity of our community liaisons in Hyderabad was in stark contrast to that of our community liaisons in Parvathagiri. The difference was largely attributable, it seemed, to the fact that the liaisons in Parvathagiri were residents of the community; in Hyderabad, the liaisons had simply worked previously in the Rasul Pura slum community on other SIDUR projects.

We succeeded in starting at noon with 43 people present, of which five were male youths. Not a single adult man attended though they had expressed a strong interest. We found out later that day after the meeting that the men were not willing to work with the women. Another challenging dynamic that presented itself was that the youth, who were mostly conservative Muslims, would not enter into the room with the women. They remained just outside the room in the narrow alleyway where they could hear and be heard.

The agenda for the first workshop was designed to create interaction and build familiarity. To do this, we created five-person breakout groups. Within each group, the members shared their name, the number of people in their family, their work, hobbies, the length of time they had lived in the community, and their favorite Bollywood actor.
and actress. The information was written up on a flipchart. During report-backs, one person from each group was asked to introduce the members in their group to everyone else.

Following this exercise, which was successful in breaking the ice and getting everyone comfortable with each other, we discussed project objectives. We did this by first asking the participants to share what they learned about the project from the initial meetings and the PRA sessions. We listed all of their comments on a flipchart. We clarified those that were inaccurate. For example, one person said that they came because she thought she could get support for her sari shop. We also emphasized key points: we were there to create a new business to serve the community that benefited them and Solae, and there was no guarantee of jobs or money—just a commitment on Solae’s part to engage faithfully and not take their ideas and leave. We then shared the workshop schedule for the PED sessions and ideation.

The final agenda item on the day was to provide a presentation about Solae and to introduce them to the company. The Solae corporate lead, who was still in town and attended the session, gave a short presentation (we set up a projector and he showed different stock photos of Solae’s manufacturing facilities and the products customers made from their soy protein) and then engaged in a question and answer session. He emphasized to them, on our urging and based on our experience with ideation in Parvathagiri, that the business ideas they were looking for could be focused on a wide range of things, not just food. The business did have to create value for Solae.

We concluded the meeting by referring the participants to poster-sized sketches of the social maps created in the community the preceding two weeks. Each participant was given a colored dot to stick onto the map indicating where they lived. The purpose of this was both to create a common understanding of the work that had
taken place and to see the geographic dispersion of the participants across the community.

The remaining three workshops addressed unique customer value, focused business concept, and repurposing resources and capabilities. Again, we used the idea of building a house as a metaphor for building a business. Due to our time constraint, we had to skip the workshop on Successful Partnerships. The three workshops followed the same general structure and pattern as those in Parvathagiri, though we modified them somewhat based on the experience in Parvathagiri. For the focused business concept exercise, for example, we tried to avoid the group falling into a “kitchen sink business concept” by offering a prize to the group whose business concept was voted the most creative (rather than the concept that could span the most number of industry categories).

Also, given the tedious nature of the card-sorting approach to identifying and discussing community resources, we used a resource-transect technique (one we had used in Kenya during ideation) combined with photography. The approach involved creating five breakout groups. Each group, which contained a Solae person, was led by one of the community members on a route through the slum. On the route, the group was tasked with taking photographs of individual, group, and community resources; in addition, they were asked to look for both tangible and intangible resources. When they returned from their routes, we downloaded the photos and projected them on the wall. A representative of the group discussed the resource’s current use as well as an alternative use. A prize was given to the most creative resource identified—the prize went to the group that identified the rooftops of buildings in the slum as a place for entertainment and “getaway” (they could watch planes from the bordering airport takeoff and land). The changes to both of the exercises were effective.
An additional point to note is that over the course of the workshops, the male youths stopped their participation on our suggestion. We noted to them that it was going to be difficult for us to work on creating a business together if we could not all be working in the same room. We offered that they return once the business was moving forward to see whether there would be a way to involve them. Also, as expected, the number of attendees declined to approximately 25.

There were also some interesting differences in the group character between the rural site and the slum. The women participants in the rural site were very disciplined in their approach to the project; they arrived on time, stayed late to discuss issues, and seemed “hungry” to participate. We attributed this to the women’s participation in the SHG’s. In the slum, the women participants were creative and extraordinarily insightful—they grasped business concepts quickly. They showed, however, much less discipline and demonstrated commitment—meetings started almost an hour late and they were also very impatient, ready to leave at the originally scheduled hour (despite arriving late).

In the middle of the PED sessions in the Hyderabad slum, we also squeezed in a full day meeting with the Parvathagiri community participants to converge onto one business concept. Rather than hold the session in Parvathagiri, we decided have the women travel to Hyderabad and hold the meeting at a retreat center. We discussed this with the MARI Director, as having women travel on their own to a large city like Hyderabad and stay there overnight was very much an out-of-the-ordinary experience. The MARI Director felt that the experience would be a tremendous confidence-boost for the women and would demonstrate Solae’s interest in working with them as business partners. The Parvathagiri liaisons worked with the community participants to identify ten women to represent the group in the meeting. They traveled accompanied by the community liaisons, arriving in the late afternoon. We organized
a group dinner at a popular Hyderabad restaurant among the locals to re-acquaint ourselves and to smooth the transition into our work.

The focus on the next day’s meeting was to converge the group onto one concept. To do this, I and the Solae team worked ahead of time to tailor the three concepts that were on the table (the bakery, the women’s center, and the crèche) in a way that we felt would be of interest to Solae and highlight synergies across the concepts. We also identified what we saw as key challenges each concept faced and the issues they needed to address and potential avenues for merging them together. In our re-working of the concepts, we made the most significant changes to the crèche concept and the women’s center concept.

For the crèche concept, we proposed having a central office and kitchen center that would certify and oversee home-based day-care businesses run by grandparents (grandparents did not have the physical strength to work in the fields and were often seen as “burdens” because of their inability to contribute to the family’s livelihood). The central office would also prepare the protein-fortified foods provided to the children. Our reason for shifting the business concept in this manner was to increase its scalability (and interest to Solae) by eliminating the need for constructing daycare centers. We also re-positioned the women’s center into a cooking center that would provide hands-on cooking instruction and access to higher-end, higher-capacity cooking facilities on some pay-per-use or memberships basis. The reason for this shift was based on our growing recognition that the real “pay-day” for Solae would come from getting women to integrate Solae’s protein into their daily cooking habits. Getting them to make the necessary behavioral changes associated with that would be best done through an environment that linked socializing with the learning of those new behaviors. The Curves fitness chain which designed its women’s gym based on this concept was the model we had in mind.
We left the bakery concept largely in tact, though we noted that it needed to address the key challenge of influencing daily consumption more significantly—the baked goods provided by the bakery comprised a small part of people’s diet and, consequently, would have little impact on overall health. We noted that one way of addressing this is by using the bakery kitchen to also serve as the women’s cooking center (and even to produce the food in the home-based crèche concept). Thus, the way we presented the concepts was done to help seed the convergence among the three ideas. Appendix 13 contains our sketches of the re-framed business concepts.

We opened the meeting with us presenting the re-positioned concepts along with our view (i.e., Solae’s view) of the key challenges and outstanding questions. We asked whether the core proposition of each of the concepts was something for which there would be demand. There was close to unanimous agreement that there would be only limited value in a crèche—there was already a government crèche system serving low-income children. We therefore dropped the day-care concept altogether—in reality, we saw little value to Solae of such a business and were happy that the women reached the same conclusion. There was a widespread belief that there would be a demand for baked goods in the villages, as existing bakeries (there was one in Parvathagiri) had limited variety and, according to the community, of relatively low quality (e.g., it didn’t use the high-quality butter called “ghee”). There was less unanimous support for the cooking center—people believed that the tourists coming to Annaram Sharif would pay to rent a cooking facility, but that the locals would be less likely to do so. There was the belief that the women might value cooking training classes and a women’s only space around food. We, however, felt that the cooking center, though it was outside of the community’s current realm of imagination and experience, was where there was significant opportunity for Solae as compared with the bakery.
This issue highlights a key tension, one might even say a paradox, of trying to co-create a concept with the community: in order to create a viable business around company’s products and capabilities, the value proposition and business model will likely take the form of something that has no precedent; community participants, however, are no more likely than anyone else (maybe even less likely) to think that something completely new and out of their realm of experience is something people would value. If we were to listen to the community residents and follow what they believe would be of value, the resulting business ideas would simply replicate what already exists. And the businesses that already exist are, by definition, not ones whose models will provide value to the company or the company would have already have tapped them. In retrospect of the ideation, my Protocol colleague and I came to realize that discussing and choosing concepts based on whether the community partners felt that there would be demand was the wrong framing.

To converge the two concepts, we divided the meeting participants into two breakout groups and tasked them specifically with figuring out how the concepts could be effectively combined into one business. My breakout group struggled with the task, despite my efforts to highlight points of synergy. Numerous arguments were made as to why they couldn’t be merged: the kind of equipment needed for bakery goods was different for what would be useful as a cooking center; it would be impossible to maintain appropriate hygiene standards for bakery foods if the kitchen was also be used for cooking classes; there wouldn’t be enough down-time between producing baked goods to allow for the kitchen to be used for other purposes; it would take greater capital investment.

In the end, both groups developed similar representations of a concept that combined the bakery retail point and baked goods distribution with cooking training and kitchen rental (please see Exhibit 11). To reach consensus about which business
concept was the right way forward, we asked all of the participants to rate the three options on the table (the bakery, the cooking center, and the joint bakery-cooking center) as to the value it created for the community and the value it created for Solae (please see Appendix 15). The merged concept was rated as providing the most value for Solae; interestingly, the baked goods business ranked slightly higher than the merged concept in terms of value to the community. I believe the latter happened because the people who created the baked goods business concept were still very wary of “polluting it” with the other business. The overall outcome of the ranking did support the view that we should proceed with the merged concept. We concluded the meeting by outlining next steps from Solae’s side: I and my Protocol colleague would work to write up the concept and pitch it to Solae’s corporate team in approximately four to six weeks. If they too were excited about it, we would move to the next phase and begin small-scale pilot testing. While I and my Protocol colleague would return to the US to do this work, the other team members and liaisons would continue to work with them in pulling together various data and information necessary for the report to Solae. There was genuine excitement among the group, and a real sense of accomplishment from an intensive month of engagement.

With time running short, we scheduled two back-to-back days of concept ideation for the Hyderabad site. I and my Protocol colleague were slated to return to the US the day after the second workshop (we had already extended our stay by a week). As such, our goal wasn’t to reach a converged concept in those two days, but to outline an initial set of concepts that we and the Solae team remaining in India could iterate and refine via teleconference. The Solae team in India would continue to interface with the Hyderabad community participants through the refinement and convergence period.
On our request, a Solae manager from the India office was asked by Solae’s corporate office in the US to participate in the sessions. Approximately 24 women attended each day. The first day of the idea generation workshop was divided into two main parts. The first part was an introduction to Solae and the kinds of products it produced, while the second part developed the set of success criteria that the business concepts would aim to meet. In Parvathagiri, the introduction to Solae and its products was addressed in the PED workshop on resources; due to lack of time (the workshops in Hyderabad were shorter in length), we weren’t able to cover this in the Hyderabad resource workshop.

To discuss Solae’s resources, we broke the group into breakout teams and projected images of the company taken by the Solae India manager, pausing for a couple of minutes on each photo. The photos were of such things as the corporate office in Delhi, the showroom containing their various products and companies that integrate Solae’s ingredients, the cubicles and workstations, the people, and the testing lab. We asked the teams to discuss what they saw and to jot down the kinds of resources that Solae could bring to a business. Once the photos were all projected, the community participants shared with the Solae India manager what they saw. He then affirmed, corrected, or elaborated on their observations. The goal of this approach was to have the community “take ownership” for what Solae could offer, rather than being told.

We then had a variety of Solae protein fortified foods prepared for a tasting. The foods included a variety of Indian snack foods and appetizers, energy bars, and soy milk based tea. The Solae India manager also brought with him several pouches of the different varieties of soy protein isolate that they sold in India. We asked the community participants to share their observations about each of the foods. The Solae India manager also provided information on the nutritional benefits of soy protein.
The second part of the day was used to develop the success criteria for the business. This exercise was equivalent to what we conducted in Parvathagiri. As in Parvathagiri, the translation of the goal of the exercise was imperfect: the community participants identified mostly factors that make a business successful, such as “good customer service,” rather than the kind of impact or outputs that the partners want to see the business create. As in Parvathagiri, we noted that for Solae it was important that the business concept have “deep reach” into their community and be affordable and accessible to a large number of people in the community.

Day two consisted entirely of small-group brainstorming to develop an initial set of concepts. At the beginning of the session, I stressed to the group that the idea generation would not end that day; rather, we would continue to refine and converge the ideas over several weeks. I also re-iterated the key business success criteria for Solae. As in Parvathagiri, the breakout task assignment was to “Creatively combine the group’s resources to generate business ideas that broadly serve the community.”

On flipcharts, each team was to identify 1) the business concept; 2) the core customer segment; 3) the unique business value; and 4) the value/benefits received by each partner. As in Parvathagiri, each of the breakout teams contained a Solae team representative. The breakout discussions were divided into two, two-hour periods separated by lunch. We had one hour for the report-backs followed by question and answer.

We experienced the same difficulty of getting the ideation going; also the groups fell into the same “traps,” such as focusing on facilities and restaurants. The four concepts eventually developed were similar in substance to what was created in Parvathagiri. The first concept was a children’s education and tutoring center that provided healthy food. The second concept was a tiffin restaurant (tiffins are similar to “heavy appetizers” and include such things as samosas) that provided health food. The
third concept was a breakfast tiffin production and direct-to-home delivery service (the
group in which I participated). The fourth concept was a family-focused bakery and
tiffin center with sales points throughout the slum.

We concluded the session by congratulating everyone on a great start and their
hard work and commitment over the three weeks. We explained that I and my
colleagues would return to the US where we would continue to work with the Solae
team in India to refine and converge the concepts; the Solae team would continue to
work with them throughout this process. I would then present the refined concept to
Solae in the US sometime in the next six weeks in the hope that they would support a
pilot test.

Before I and my Protocol colleague returned to the US, we met with each of
the local partners (AeA, SIDUR, MARI) to discuss next steps and the timeline moving
forward. We noted that our expectation was to meet with Solae in August to present
the ideas and to get their decision at that time on whether or not to move forward. Four
of the five team members in India would continue to be under contract (through AeA)
and on the project through the end of July (one of the business-trained team members
was leaving the project at the end of June). The team’s primary role for the month of
July was to 1) conduct any data collection necessary for developing the presentation to
Solae and 2) continue to work with the Rasul Pura slum community to refine and
converge the business concepts.

Having returned to the US, my focus over the months of July and August 2006
was to converge and refine the business concept for the Rasul Pura site and to then
develop “the business case” around both the Parvathagiri and Rasul Pura business
concepts. The ultimate goal was to give Solae’s senior management team the
confidence that there was a sufficiently compelling business opportunity in both
locations to warrant further investment in a pilot.
Managing the convergence of the Rasul Pura business concept at a distance introduced an additional complexity. We started the process with a conference call with the Solae India team to discuss the output of the idea generation workshop. In that discussion, we decided to collapse two of the ideas together that involved a restaurant/tiffin center, thereby remaining with three initial concepts (children’s education center, family bakery and tiffins center, sunrise tiffin delivery service). In addition, we discussed how the children’s education center concept held a minimal role for Solae and, therefore, was unlikely to get support. We also agreed to write up the concepts and, as we had done in Parvathagiri, to shape the concepts in a manner that we felt would be attractive to Solae. Please see Appendix 16 for the three business concept write-ups. The Solae team in India then arranged to have a discussion with the community participants on the three re-focused business concepts.

At that meeting, which was attended by 18 women, our Solae team explained the reason for narrowing down to three concepts. They then facilitated a discussion with the community participants on the strengths and weaknesses of those concepts. We then held a conference call with the Solae team to discuss the outcomes of that session. The good news was that the community participants were skeptical of the demand for a children’s education center that provided dinner and didn’t see there was much opportunity for Solae. That concept was dropped from further discussion (though the spirit of serving children was retained).

In discussing the other two concepts, however, the discussion simply became one of what the women liked and disliked and felt comfortable with, rather than what needed to be done to strengthen the business concepts in terms of scalability, reach, and transformational impact. The participants, for example, did not feel comfortable managing a direct-to-home distribution model and, therefore, decided to drop that aspect from the one concept; instead, they wanted to run a restaurant facility that
offered take-out. They decided, therefore, to focus on the family bakery and tiffin center and add the breakfast tiffins in take-out to its offering. As I noted earlier, the natural tendency to migrate to a restaurant-type facility was precisely what we were trying to avoid because of the limited scalability and reach of any facility (particularly in the slum, where available space presented an enormous constraint). We noted this issue with the Solae team and emphasized that we ourselves needed to advance and evolve the ideas in the discussions, not simply go with what the community participants feel more comfortable with. I and my US colleague said that we would iterate on the concept ourselves and then re-connect with the team to discuss.

In our offline effort to evolve the family bakery and tiffins concept, we wanted to retain the element of creating family-focused recreation and togetherness opportunities built around food—that element we believed was the core offering of the current concept as envisioned by the community partners. However, to make the concept attractive to Solae, we needed to de-link it from a dependence on a physical site and to strengthen its ability to influence and shape daily cooking habits.

In our brainstorming session, we thought back to the resource photography workshop discussion in which one of the surprise resources was rooftops: rooftops, as the community noted, provided a peaceful get-away. As well, the kind of getaway that was often mentioned was one that provided greenspace. The density of construction in the slum had eliminated most trees. In fact, one of the community resources photographed was one of the few remaining trees which served as a place to congregate (similar in spirit to what the Parvathagiri community participants noted as well). We began to look into the concept of rooftop gardens and urban agriculture and saw in that an opportunity to create the sense of “place” that the women wanted in a manner that had a far greater degree of flexibility (there were a lot of unused rooftops in the slum whereas ground-level space was near impossible to acquire), did not entail
much construction, and provided a unique branding opportunity. We also were reminded of the conversations during the food consumption maps that noted the poor quality of greens and fresh vegetables available in the slum. According to the women participants, they would travel to markets outside the slum to get higher quality vegetables at a lower price. The rooftop gardens and urban agriculture techniques could also be folded into the concept.

In discussing the challenge of influencing daily cooking habits, we came back to the concept that had emerged in Parvathagiri about a community cooking/training center which would make available a kitchen facility. Also, we were reminded of the Rasul Pura women’s comment that cooking shows on television were very popular in the slum; there was a strong interest in learning new techniques and improving cooking skills. Creating a widespread cooking culture that integrated soy protein would need to harness that interest.

Based on these insights and the current shape of the business idea, we outlined a concept we called the Solae Culinary Park. The culinary park would convert rooftops in the slum into park-like areas that had a food motif: the plants grown would be mainly food crops and herbs. The main function of the park was to create an interest and awareness around food and nutrition and the business, demonstrate the preparation of foods using soy protein, sample out an ever-changing menu of soy-protein fortified foods, and serve as a brand anchor for the business. A chef’s group would prepare and sell packaged foods using the soy-protein to spur interest in using the soy protein. They would also go direct to people’s homes to do in-home demonstrations and hands-on cooking training with a group of the woman’s friends and neighbors to spur adoption of the soy protein. The business could even look to expand and spread the rooftop and container growing practices in the slum, potentially
even contracting out with people to grow the ingredients used in the packaged and prepared foods.

We discussed this vision with the Solae team in India. There was excitement and interest about linking the business and the soy protein to wider issues of greenspace and food insecurity. The Solae India team members conducted their own brainstorm session of various ways the rooftop gardens could drive interest in the soy protein and, more broadly, in better cooking and nutrition. They outlined the following opportunities and elements that could be addressed at a rooftop garden:

1. **Food**
   - Provide advantages, nutrition and portion size information for food served
   - Tips on selecting and purchasing best ingredients
   - Cooking demonstrations on cutting and cooking techniques
   - Cooking tips on retaining foods nutritional content
   - Demonstrations of serving techniques
   - Tips on storing leftovers

2. **Children** - Create ways to improve child’s social skills, problem solving and creativity through early play experiences in a garden environment
   - Games around cooking; sandboxes
   - Arts and Craft classes
   - Be a Fit Kid presentations

3. **Women**
   - Information on how to manage the home in a better way
   - Information about women and child related issues (health, nutrition)
4. Family
   • Community gardens provide space to enjoy nature
   • Information about medicinal plants

5. Community
   • Games which build a sense of community around better health and nutrition awareness
   • Platform to showcase local art
   • Movie nights that demonstrate nutritional issues; pictorial magazines that even illiterate can understand.

Based on our team’s discussions, we drafted a description of this general concept and outlined the kinds of value that each component of the concept created (please see Appendix 17). We also found as many photos and examples of rooftop gardens that the Solae India team could share with the community participants. At the end of July, the Solae India team met with the Rasul Pura community participants to continue the discussion of the business concept. The community participants themselves shared that they could not find a store front for the bakery in the slum. The Solae India team presented the re-formulated idea with the roof-top garden component. As the team reported, there was a lot of interest in the rooftop component and the possibility of growing vegetables. There was also a lot of discussion of where and how to start. They were skeptical of offering a training course until they had established the business. The community participants said that they would meet on their own to continue discussing the business concept. The Solae India team reiterated that I would be meeting with Solae shortly (in August) to present the general concept. Based on the reception they received to the idea, the Solae India team felt that this very idea could be presented to Solae.
I and my Protocol colleague also continued to formalize the business concept out of Parvathagiri. Although there was agreement during our final re-vision workshop with the Parvathagiri community participants that a converged concept was in the best interest of Solae and the community, we did not have a clearly articulated and synthesized concept. From our perspective, the core focus of the concept could not be the bakery as such; again, the “restaurant” concept would hold little appeal to Solae both because of its limited impact on consumption and because it was a capital intensive business to scale. As such, we anchored the concept around the cooking center component that emphasized renting of the kitchen and the cooking training classes; the production of protein-fortified bakery goods was framed as a secondary revenue source that could generate interest in the protein. Conceptually, this concept lacked in our minds the “wow” or “that’s interesting” factor that the Rasul Pura concept contained; there wasn’t the same compelling imagery for the cooking center as accompanied the concept of food-focused rooftop gardens that would drive a broad-based urban agriculture and greening movement in the slum.

During the month of July, the Solae India team also conducted data collection in both Parvathagiri and in Rasul Pura. In Rasul Pura, they conducted RAP sessions around the perception and utilization of rooftops, what a “going-out” occasion looks like, perceptions of organic food, perception of greenspace, and the general food culture (please see Appendix 18). They also collected data on the quantities and prices of various prepared and packaged foods sold in the slum. In Parvathagiri, they collected data relating to the rental of a kitchen facility (i.e., the willingness to pay for kitchen facilities by visitors to Annaram Sharif); the kind, frequency, and price of bakery items purchased in Parvathagiri and Annaram Sharif; the number of villages within the county that were five kilometers from Parvathagiri and between five and ten kilometers distance and the available modes of transportation for each.
During July and August, I continued to engage with the Solae corporate lead to keep him apprised of our progress, to set a date to present to the Solae top management team, and to agree on the deliverables we were to present at that meeting. Just as we had experienced at the very start of the project, we continued to disagree about the detail and depth of our output. The corporate lead continued to press for a detailed analysis of the business operations, the financial model, and even a scaling strategy. The tension surrounding our inability to reach alignment escalated to the point that I was concerned that our presentation to the top management team would be adversely affected. This seemed to be born out by the fact that corporate lead’s initial haste to schedule the date for the meeting—which was driven in part by our insistence that the community needed to receive a decision as soon as possible to ensure that momentum wasn’t lost (as we experienced in Kenya)—was replaced by an aloofness. An early August target date passed. Based on this, my project colleague and co-Director of the Protocol (Stuart Hart) reached out to the President directly to express the urgency of meeting as early as possible, as well as to voice concern about the fit between the nature of the work and Solae’s corporate lead on the project. Based on that personal outreach, an August 23 date was set. He also encouraged that the meeting include a broader audience of managers beyond the project’s corporate lead.

In preparation for the August 23rd debrief at Solae’s corporate headquarters, I developed expanded strategic briefs for each of the two concepts. The briefs were divided into five sections: 1) key un-met community needs relevant to the concept; 2) a description of the business concept; 3) the business and community value created by each component of the business concept; 4) strategic business factors that would drive success; and 5) factors influencing the sustainability of Solae’s competitive position (please see Appendices 16 and 17). In addition, I developed a 60-slide powerpoint presentation divided into four main sections: 1) BOP Protocol theory overview; 2)
field overview of both project sites; 3) overview of both business concepts; and 4) recommended next steps.

Importantly, this presentation also contained a new draft model of the BOP Protocol process that I had led in developing with input of colleagues upon my return from India. This model reflected my first opportunity to translate the learnings to date from Kenya and India back into the process. The draft model was inspired by Bill McDonough’s fractal model for representing the interrelationship among the social, economic, and ecological dimensions of sustainability. I used the fractal concept as a way to visually represent the process as one continuous piece of work, rather than three independent phases that could be undertaken as discrete projects. In a fundamental sense, the structure of the Solae project—in which Solae would invest in the next phase of activities based on whether the initial business concept was deemed promising—had baked in the very same transition challenges we experienced in Kenya because of this piece-meal approach.

The draft model also explicitly worded the output of the initial ideation work (the work we had just completed in India) as a “business concept;” the business model would be developed out in the course of the second phase of activity. Clearly, the intent of this change was to avoid the kind of mis-alignment regarding outputs that characterized the initial work with Solae in India. The new Protocol model also included the new set of activities that we had dubbed “participatory entrepreneurship development.” However, in the course of developing the model, I decided that the term “participatory” failed to convey the ethos; I opted for the term “collective entrepreneurship training,” as the activities were geared toward building the company’s ability to create a business together with community partners.

The August 23rd meeting at Solae’s corporate headquarters in St. Louis was attended by the President, the Senior VP for Africa and South America, the just-tapped
manager for India (who was previously manager of South Africa and managed Solae’s school feeding program in Nigeria), the VP for technology, and the Solae corporate lead on the project (who was Director of Global Accounts). I and my US colleague, project Co-Director Stuart Hart, both attended.

The meeting began with introductions. Noteworthy among the introductions was that the in-coming manager for Solae’s India business was also being put in charge of yet-to-be-finalized platform within Solae called Nutrition for Sustainable Development (NFSD) that would house the company’s BOP efforts. Those BOP efforts would include two kinds of initiatives: 1) institutional initiatives like the school feeding program that worked with government and non-governmental agencies; and 2) co-creation initiatives like the work in India that were creating bottom-up businesses in partnership with communities. NFSD would report directly to the President. The creation of this position effectively removed the corporate lead from an ongoing role in the project.

After the initial overview of the Protocol theory and debrief of the India field work, I outlined the Solae Culinary Park business concept developed in Rasul Pura slum. The vision and concept created significant interest and a very positive, lively discussion. The group started to input their own visions of the transformative community impact the business could have and the opportunities to engage other divisions within DuPont. A discussion also ensued regarding scale, particularly how this core business could be packed up and replicated in an efficient, systematic manner that would allow Solae to occupy a more arm’s length role in the expansion. Such a scaling strategy was required if the business were to fit within Solae’s B2B structure.

After a break, we turned to the Parvathagiri “Cooking Well Center” concept. As we had anticipated and ourselves had felt, there was much less enthusiasm for the idea. The presentation structure was identical, and just as with the Rasul Pura concept,
I showed a before and after photo of what a Cooking Well Center would look like. In retrospect, it seemed that the Rasul Pura concept enabled the audience’s own imagination to run with the concept, whereas the Parvathagiri concept appeared to limit imagination and personal investment. Conceptually, the Rasul Pura concept was anchored the rooftop gardens, which weren’t spatially confined; in fact, as we noted during the presentation, the intent would be to instigate a slum-wide move to roof-top gardens. The Parvathagiri concept, by contrast, was anchored around a bounded space in the form of the Cooking Center. It seems plausible that the kind of spatial imagery catalyzed by the concepts also shaped how much psychological room the audience felt they had to fill in the concept.

I outlined the recommended next steps and outstanding questions on each business concept, framing the activities using the new draft model for Phase II of the Protocol (please see Appendices 19 and 20). In addition, I noted the key outstanding issues, particularly the urgency of re-constituting the Solae team in India, as the contracts for the team members had expired. I emphasized the issue of timing: the momentum in the communities was fragile, as was their trust, and giving them a go/no-go decision in a timely manner was critical.

Generally speaking, the message at the meeting was that Solae was very interested and mostly satisfied by the direction. At the same time, there was no explicit commitment to invest in the next phase of work. Instead, Solae asked for us to submit a proposal for how we (Cornell/the BOP Protocol team) would continue to support the work. The in-coming manager to India who would head the NFSD platform would need time to understand the totality of the work that had happened in order to determine the best path forward. In addition, he would be relocating to India with the goal of arriving there by the end of the year (December 2006).
Upon return, I drafted a 6-month proposal for our Protocol team to lead a Solae India team through Phase II of the Protocol with the goal of refining and launching a “pilot-ready” business model in both project sites. My Protocol colleague would assume the lead role and I would provide overall project guidance and support to my colleague. As in the first Phase, we would also continue to manage the field-level budget and administration.

After several weeks had passed without response, I reached out to the incoming manager to press for a decision, recognizing that the communities were in a holding pattern. We eventually spoke and discussed the mis-alignment with the original corporate lead. His concern with the proposal was that the work and approach was very experimental, and that we ourselves were still in a learning stage. In addition, in our discussions in St. Louis we had emphasized the importance of Solae taking leadership and ownership of the project: The proposal did not make clear the need for this, nor how we would transition Solae into a leadership role. Based on this, he asked for a revised proposal that would establish more of a partnership between the Cornell Protocol team and Solae, rather than a consulting arrangement that outsourced the work.

I drafted a second proposal with this in mind. Per the proposal,

“the purpose of the project is to conduct the minimum set of activities that maintain momentum and advance business development while Solae formalizes its Nutrition for Sustainable Development (NfSD) SBU. The proposed activities and their execution are designed to smooth NfSD’s integration into the project leadership position while providing a platform on which to launch eventual business pilot testing.”

The four month project timeline was based on the four activity areas in Phase II of the draft BOP Protocol model. They included:
1. Formation of Project Community
   a. Establish a Solae India Pilot Team consisting of local Indians that were part of the Solae Protocol team, as well as community liaisons from the rural and urban sites.
   b. Get support and commitment from local NGO partners (MARI in rural area and SIDUR in urban) and formalize project relationships as needed.
   c. Develop an internal communication and reporting process among Solae, Cornell, and the India Pilot Team to assist Solae in identifying and vetting potential Solae hires to lead the Hyderabad project sites.

2. Building Shared Commitment
   a. Establish continuity, alignment, and shared commitment with project communities by holding series of workshops that a) outline Solae’s time-line and project intent in manner that signals commitment while managing expectations; b) establish partners’ roles and responsibilities and “elect” representative community pilot team; c) Develop a joint vision/values statement among Solae, the partners and the communities to guide project work. Other workshops may be added based on partner and community recommendations.
3. New Capability Development
   a. Co-identify with the community and local partners the necessary skills and training needed by the community team members. We anticipate these trainings will include, at a minimum conflict resolution, book-keeping/basic accounting, food and nutrition, marketing and customer care. These trainings should draw on Solae’s (and potentially Dupont’s) staff whenever possible in order to strengthen the ties to the community.

4. Business Model Co-Development
   a. Co-identify and prioritize key market research needed to determine the initial product/service offering
   b. Co-identify and prioritize key knowledge-gaps for assessing and testing out the business concepts
   c. Co-develop a research plan of action and roles/responsibilities for collection and analysis of needed information

I discussed the new proposal with the incoming India/NfSD manager, and he stated that it was in alignment with his view and that he would circulate it internally for final budgetary sign-off. Another week passed, however, putting us into October 2006. I had maintained communication with the local NGO partners, and they raised the strong concern that further delay would jeopardize Solae’s trust and relationships in the communities. I booked a return flight to India the following week on the confidence that the final project approval would be granted shortly. Approval was indeed granted before my departure.

This concludes my summary of the Prefield and Phase I segments of the Solae BOP Protocol project.
Field Summary: October 2006 – April 2007

This six-month period equated to the first half of Phase II activities of the new BOP Protocol model. It consisted of the initial four month contract outlined above, as well as a two-month contract extension that was necessary to provide the new Solae India General Manager/NfSD Global Lead with additional time to put in place an organizational structure to manage the projects and ensure a smooth handoff.

During this period, I continued to occupy the role of project manager, managing the project budgets and supervising the field team’s action plans. Over the course of this contract period, I returned to India on two occasions (October 2006 and January 2007) for a combined total of 28 days. In the US, I communicated with the India project field lead via skype approximately 10 hours per week, helping him develop project plans and coaching him through the process. Over this period, the more fundamental learnings from Kenya had materialized with regards to the limitations of moving from business concept to pilot using traditional market research (e.g., questionnaires) and product development, thereby leading to on-the-fly adaptation of the process that further changed our understanding and structure of Phase II.

Before returning to India in October 2006, I contacted our project partners in Phase I (i.e., AeA, MARI, SIDUR) and outlined Solae’s decision and the objectives for my visit, which included re-establishing a field team, gaining alignment on the role of the local partners, and re-starting progress on the businesses in both sites. It was clear that the issue of re-constituting a field team was going to present a challenge and would impact the relationship with the local partners. The reason for this was that of the five people on the Solae India team, I and my Protocol colleague believed that the social entrepreneur—the person who had left the team after homestays because of a
contractual dispute with AeA—was the most qualified to lead the work. When I approached the social entrepreneur about the opportunity, he was available and interested. AeA, however, raised concerns about working with a team led by this person.

When I arrived in India, I immediately met with the social entrepreneur to discuss the position. His extensive social work training, fluency in Telegu, and almost ten years experience facilitating the development of community-based enterprises were an excellent match for the job. Based on our learning in Kenya, I and my colleague felt that it was important that the effort be led in the field by a single person with accountability for the businesses’ success, rather than a “committee approach” in which several people were giving a portion of their time. As such, our desire was to have the social entrepreneur be the overall project field lead with final decision-making authority. He would be supported by the AeA team member from Phase I fluent in Telegu who had extensive development and community experience. Unfortunately, because of the prior contractual conflict with the social entrepreneur, AeA declined to participate further.

I drew up and closed a four month contract for the social entrepreneur to serve as the project field lead. Due to other prior consulting obligations, he would not be able to devote full-time to the project for the next month until those obligations were fulfilled. He and I began a process of intensive de-briefing to catch him up on all that had transpired after his premature departure from the team in Phase I. We also discussed the Solae proposal and the expectations about deliverables for the four-month period. All of my subsequent meetings with the local partners and with the community participants from Phase I were together with the project field lead to establish and communicate clearly his leadership role on the ground.
My targeted profile for the field team was for an overall project field lead managing a full-time, two-person team dedicated to each of the project sites. The two-person team for each site would include a person with business experience and a second with social work/community development experience. This approach was one that we had used in Kenya and believed it provided the necessary mix of skills required to address the challenges posed by the work. I had hoped that the person with community skills could be drawn from the community liaisons seconded from MARI and SIDUR in Phase I, as retaining them would provide valuable “institutional memory” and a continuity of relationship between Solae and the community participants.

I and the project field lead discussed this issue with both of the NGO partners, and they agreed to second, yet again, their staff to the project. The same experienced community liaison was provided by SIDUR. From MARI we contracted two of the original three liaisons, as we decided that additional capacity was necessary to deal with the geographic distance among the villages targeted by the business. To ensure that there was a clear reporting structure and that the community saw itself as partnering with Solae (the former a challenge we experienced in Phase I of the India project; the latter a challenge that emerged in the later phases of the Kenya project), both of the NGO partners agreed that the seconded employee would put aside his/her NGO affiliation and assume a Solae identity and reporting relationship.

None of the people with business skills from the Phase I team were available for Phase II. As such, I developed with the project field lead a job description for a business associate, ideally a recent Indian MBA graduate who possessed some of the hard business skills to complement the social entrepreneurship experience of the project field lead. The job description was circulated to graduate business programs in Hyderabad, as well as to our local partners.
To gain alignment with our local partners MARI and SIDUR, I met with the directors of each organization twice: once alone, and a second time with the just-hired project field lead. In addition to making available the original community liaisons to the project field team, I asked both organizations for their continuing institutional support to the effort. As in Phase I, that institutional support consisted of providing 1) a local organizational structure to house the field budget; 2) accounting oversight; and 3) director-level support in managing social issues at the community level.

But unlike in Phase I, I asked that the NGO’s assume a behind-the-scenes role institutionally, thereby enabling Solae and the community participants to build the capability for co-creating a business together and to solidify a feeling of interdependence. The reason for this framing was in response to our experience in Kenya, where CFK’s overt institutional role in the project (per our request) had the effect of outsourcing the “social-side” of the business development process, rather than forcing SC Johnson to do business development in a manner that incorporated community engagement and facilitation. CFK’s continuing role as a field-level project partner also led to a feeling that the work was a kind of development project, rather than an entrepreneurial, business development effort. For example, in Kenya, much time and effort was invested in building a broad leadership capacity among the various youth participants; while the development argument for this was unequivocal, it significantly slowed progress and decision-making to the point that enthusiasm dropped significantly for the business.

Both MARI and SIDUR understood the rationale and fully supported their roles. Upon returning home, I finalized a four-month project budget for each site in consultation with the project field lead and developed contracts with both MARI and SIDUR. I also developed an organizational chart and communication protocol that reflected this relationship.
My last objective for the trip was to meet with both communities and to rekindle their energy and spirits in moving forward with the business. I had been informed by the local NGO’s that the three-month hiatus had undermined trust. I traveled with the project field lead to both locations. I contacted MARI’s community liaisons in Parvathagiri ahead of our visit so that they would organize a meeting with the community participants. When we arrived, we first met with the original three community liaisons to get their feelings on the community participants’ state of mind and their own enthusiasm. They would discuss with MARI and decide which two of them would be seconded to Solae for the project.

We then met with the community participants at MARI’s field office, the site of our ideation workshops. Fourteen women arrived for the meeting. I brought with me hundreds of photos that I had taken during my homestay and the various workshops and meeting. The photos helped create a lively mood. I explained that our three-month absence was for good reasons: Solae was supporting moving forward with the business but wanted to create a new platform in the company to oversee the BOP work. To do so required re-locating a manager to India from the South Africa office to manage the platform. The delay occurred because of the time needed to develop the plan and put it in motion. I shared that the coming four months would be a transition period for Solae, as the new manager arrived and developed an understanding of the businesses. On the ground, however, the work toward starting the business would happen immediately. I also explained that the project field lead—who was known to them, as he had conducted his homestay in the village site—would be the overall lead on the project for Solae and that he would be supported by MARI’s staff. The project field lead noted to the community that he would return the following week to begin working with them in laying a foundation for the business. In general,
there was strong support, though the body language and comments (as translated to me) clearly indicated a tempered enthusiasm and skepticism.

We repeated this same meeting agenda in the Rasul Pura slum site in Hyderabad. After first meeting with the SIDUR community liaisons from Phase I, we met with 18 of the women participants from Phase I. The meeting was held in one of the women’s homes located in a government housing project in the slum. As in Parvathagiri, I provided the same explanation for the three-month absence, along with the plan moving forward. However, in comparison with the meeting in the village, this meeting was considerably more contentious. In addition to voicing their disapproval of the time elapsed, several people also said that they didn’t understand the rooftop-garden concept and argued that the idea was not theirs. The project field lead—who they had not met during Phase I activities—promised that he would return the following week to work towards alignment and clarity on the business concept, and to start laying a foundation for the business. In our debrief following the community meeting, the project field lead suspected that the concept refinement sessions that happened with the community following my and my colleague’s departure were insufficient in creating a sense of ownership for the evolved concept. Creating that sense of shared vision for the business would be a key initial task of his.

Before departing, I and the project field lead discussed his deliverables and milestones for the four month period based on the project proposal to Solae. The outputs from that proposal (outlined above) largely equated to his deliverables. The main difference was in the “formation of the project community” activity cluster; under that activity, his deliverables included:

- “Elect” representative community pilot team and establish information sharing mechanism to full community team
Manage interface with community NGO partners (MARI in rural area and SIDUR in urban) and project affiliates (SERP, ISB, NIN)

Serve as communication hub between Solae Community Implementation Team and Cornell BoP Protocol Team

We also established a reporting structure that included monthly written reports outlining actions taken, key organizational and business challenges, learnings, and recommended next steps. My protocol colleague would return in the beginning of December to spend two weeks with him. The three of us would communicate regularly via skype. Before jumping into action mode, the project field lead and I agreed that he should first spend several days living in each of the communities and spending time building trust and his personal relationship with the community participants. His other main priorities for the coming months as he transitioned into his role as project field included hiring the two business associates, formalizing the community participants/business partners committed to bringing the business to life, and ensuring shared alignment regarding the business concept.

Between my departure on October 28, 2006 and my return on January 30, 2007, significant progress was made in the four activity areas in the proposal and workplan, despite the holiday season. In terms of “Project Team Formation” both the Solae team and the community team was solidified. In terms of Solae, two MBA interns were hired on ten-week fellowships with the intent that they would be hired on full-time once they completed their degrees in February 2007. Their induction into the project consisted of seven contact hours of basic Protocol orientation with me via skype; a three-day infield community orientation led by the project field lead that involved their shadowing the lead, followed by daily debriefs; and a six-day homestay in the communities. One of the MBAs was placed in Rasul Pura to work with the
SIDUR community liaison on secondment to Solae, and the other in Parvathagiri to fill out the Solae team consisting of the two MARI community liaisons on secondment to Solae. A two-day team retreat was conducted with the full Solae field team to ensure there was alignment on the project mission and each person’s role and responsibilities, to achieve a shared understanding of the business concepts and strategy in both sites, and to identify opportunities for sharing and leveraging resources across sites.

Additionally, the new Solae India General Manager and Global Lead of NFSD had appointed a senior Solae manager in India to serve as the full-time South Asia manager of the Nutrition for Sustainable Development platform. He was the same manager who had attended the business concept refinement workshop in Parvathagiri and the initial ideation workshops in Rasul Pura. In terms of the project, his skills set was a powerful match: he had led the company’s launch into its first business-to-consumer product; he held a senior position in the India office; and he was a native of Hyderabad and fluent in Telegu. His appointment to the position localized the project management structure and rooted accountability and “ownership” for the project with the in-country management team, a missing piece in Kenya that made it difficult to keep the CCS business linked into the broader SC Johnson corporate structure. The one downside was that he lived in Delhi and would be splitting his time between the two Protocol projects in AP, the project in Mumbai we had brokered with SP Jain, and new business efforts (targeting Solae’s traditional customer base) in Pakistan. Realistically, he would only spend several days/month in each of the Protocol sites in AP.

On the community side of the equation, a formalized community business team was established in both sites, names were chosen for each business group, and temporary office spaces were identified. As we learned in Kenya, establishing the
clear sense that the women were individuals coming together to start a business—not representatives of their self-help groups, as occurred in Kenya—was vital to building an effective organizational foundation and decision-making structure. In Rasul Pura, formalization of the community business team was accomplished over two sessions. Twenty-four women—all of whom had participated in the PED and ideation workshops—pledged their commitment to working together as founders of a new business in partnership with Solae. They all signed a document attesting that they would dedicate themselves to the effort. They chose to name themselves “Solae Chiguru,” where Chiguru means “new growth” in Telegu. A spare room of one of the members living in government housing was given over for the group’s daily use.

In Parvathagiri, formalizing the team required a longer period of time, as I and the team felt that it was important to recruit new members from the SC Caste. As a reminder, all of the SC Caste people (the caste group with the lowest social standing) dropped out during the series of PED workshops due to the unpredictability of their livelihood activities, which consisted mainly of day-labor in farmer’s fields. Also, many of the representatives from Annaram Sharif had dropped out during the hiatus between Phase I and Phase II, urged on by their husbands which had caused the disturbance at the start of the idea generation workshops.

Before starting the recruitment, a pledge was signed by 19 of the women who participated in the PED and ideation workshops to commit to being founders and partners in the new business. The group developed their own attendance policy in which late-comers paid a small fine to the business that was used as an emergency fund. Being late or absent without informing the team ahead of time would result in dismissal. The recruitment process reached out to approximately a dozen new women, the majority of which were SC Caste members (the main criteria used to identify new people included having low income and education, single and/or widowed, young age,
strong energy). After they had a chance to develop an understanding of what was entailed and required of them, the recruits were given the option to join the team. Six of the women took the offer. As part of an induction process, the women were paired in a buddy-system with one of the established members. A formal induction ceremony was held for the six new members. The team chose the name Solae Samatha (equality). A large room of a multi-family house in Parvathagiri was rented for the purpose of an office.

It bears mentioning that attaching “Solae” to the names of both groups was done explicitly to help ensure that the women partners saw themselves as an extension of Solae, and that this same identification was communicated to the broader community. The need to weave a tight bond between Solae and the community partners was a learning coming from Kenya: for Solae, that bond would help ensure a competitive edge for Solae’s protein brand in the event of later entrants (there was also a low-cost, low-quality soy protein already available in most villages); for the community partners, it would confer a legitimacy on them in terms of the quality of their offering. That said, the name was an informal one—once we reached the point of formally registering the businesses, concerns at Solae about legal liability resulted in the Solae name being dropped.

Lastly, to begin to establish a general leadership structure without creating the internal political posturing as experienced in Kenya, so-called “Link Members” were selected for each site. Link Members were volunteers who took on extra responsibility to assist their team. For example, they would be the contact points for the Solae team when scheduling meetings and delivering information to the full group. Six LMs were elected in Parvathagiri and five in Rasul Pura.

Under the “Building Shared Commitment” activity cluster, the key targeted outcome for both sites was reaching shared agreement on and understanding of the
business concept. As I noted earlier, the Rasul Pura community partners were not in alignment with the concept of the Solae Culinary Park—they didn’t see any relation between it and what had been developed during the ideation sessions. The Parvathagiri business required further refinement, as the current articulation of the Cooking Well Center lacked a compelling vision and means for impacting daily cooking habits. The lack of a shared vision and commitment to clear business concept was a key failing in Kenya and a cause, in my view, of the strategic drift that occurred as the CCS business was being developed.

Two business concept alignment workshops were held in Rasul Pura, one of which my Protocol colleague attended. Prior to the workshops, the project field lead had the groups share out their understanding of the ideation process and different kinds of business concepts that had been discussed and the strengths, weaknesses, and challenges of each. Apparently their understanding of the rooftop garden was that it was simply about hydroponic cultivation of plants. During the business concept alignment workshops, the project field lead used role playing and drawing to help the communities work through the Culinary Park concept, drawing linkages between it and the bakery and restaurant ideas. As I and my Protocol colleague had done ourselves, the project field lead discussed and explained the concept with the women partners in terms of the business value provided by the various dimensions (e.g., broad reach and scalability, removed dependency on good store location, impacting the biggest share of the food dollar) in the context of the slum. This approach enabled the group to “take ownership” of the concept and see it as an evolution of their thinking, rather than an imposition of an external idea. To keep the concept front-and-center in people’s minds, a poster was made of the business concept and attached to the wall.

As in Rasul Pura, the project field lead first held two debrief sessions with the women partners to first gain an understanding of how the business concept came about
and what they understood it to be. He then explained the “Cooking Well” concept as we had summarized it, drawing links to the two core concepts out of which it was developed. While there was alignment on what the concept was, there was a lack of belief and energy by the women partners in the concept.

To break through this conceptual rut, I and the project field lead and my protocol colleague re-started the ideation process, focusing on the core desire of having the business play a central role in the lives of housewives (the decision-makers of what the family eats). Framing the goal in this manner—which enabled a conceptual breakthrough—stemmed from the project field lead’s prior work with a social enterprise and my protocol colleague’s own intuitive sense of the business. As we had done in Parvathagiri, we iterated offline on the concept, and the project field lead would then re-engage with the community.

Over a period of several weeks, we moved toward the concept of a “Solae Champions Network” consisting of “a network of mobile women Solae Champions supported by a common Solae Culinary Station that delivers nutritious foods to their communities and provides nutrition-based cooking demonstrations and trainings in the comfort of women’s own homes.” This new concept retained the physical bakery storefront and central production facility, but separated the cooking training function from it. Recognizing that the best way to reach and affect the cooking habits of housewives was by reaching them in their own homes, the cooking training was best performed by village-based women representing the business who could work with women in either her or her customers’ own home. These “village champions” as they were called could also sell the packaged foods prepared at the central Culinary Station. There was mutual excitement about this concept among all of the participants. As before, I and my colleague developed a concept paper for the Solae Champions Network.
The other key output under “building shared commitment” was establishing a clear understanding that Solae was working with the women community members as equal business partners. It was not an employment relationship, nor was Solae providing grant funding. It would require sacrifice and commitment on everyone’s part. Both MARI and SIDUR had emphasized this element. The MARI Director had noted that the communities had been “under paternalizing processes” and that he had found in his own work that undoing this mentality was a continuous struggle. The project field lead explicitly addressed this issue of partnership roles with both communities using role playing techniques. We believed that this message had been internalized when the Chiguru women insisted that they pay for the ingredients used for the tasting workshop and to pay for their own transport during the rooftop garden field visits.

Under the “Capability Development” activity set, both project teams and the community partners had outlined key areas that they felt required attention: group building, team building, conflict management, Solae product induction, and health and nutrition training. SIDUR and MARI both facilitated ½ day training sessions to deal with the team building and conflict management issues. Having the NGOs facilitate those sessions rather than the Solae team was done so that Solae team members were not seen as “arbiters” within the group, but part of the group.

So that the women partners learned about Solae’s soy protein, we used an approach that was informed by our experience in Kenya but sprang largely from the intuition of the project field lead who was experienced in adult education techniques. In Kenya, several product induction sessions were taught by an SC Johnson manager. The sessions were traditional “class-room” style and involved a final written test to ensure that everyone possessed baseline knowledge.
With Solae, we used an experiential learning approach: each of the women partners, after a thirty minute presentation on the very basics of soy protein isolate, was provided 50 grams of soy protein to cook with in her own home. Each day, there was a debrief session in which the women explained what they had prepared, what they discovered in the preparation process, what the product tasted like, and the family’s reactions. Technical questions about the soy protein that could not be answered by the field team were written down and discussed with the Solae India NFSD manager during his visit. Another packet of 50 grams of soy protein was provided.

Interestingly, the women undertook a wide range of experiments on their own, incorporating the soy protein in an enormous range of food types. The Solae India manager for NFSD was shocked to learn that one of the women succeeded in incorporating the soy protein into yogurt she had prepared, something that Solae’s food scientists in India had not managed to accomplish. Through this process, the women partners were also acquiring personal anecdotes of their experience with soy protein: in one case, a husband refused to eat a traditional breakfast porridge unless it contained the soy protein because he preferred the taste and texture; in another, one of the women partners herself noted that she felt physically better and that the leg pains she experienced had subsided after eating the protein for a month. The cooking and experimentation at home, in other words, resulted in the women partners and their extended families becoming believers in the product and far more committed to it than would have been achieved through class-room training.

The same action learning approach was used to shape the groups’ expectations of what running a business involved. In both project sites, the Solae field teams and women partners visited a local company that produced a packaged food product. Solae Samatha, for example, looked at the production of a milk-based sweet called kova.
After visiting the company, they back-tracked and followed the production and sale of milk from farmer to the company’s supplier. They also looked downstream and tracked the distribution and retail sale of the kova. At each stage, they inquired into how pricing was determined (information they didn’t always receive) and were usually shown how the individual/company kept track of orders and sales and costs and managed their production process. Solae Chiguru followed the same process by looking at the production of samosas. I believe this was an important missing ingredient in Kenya and part of the reason why moving from the concept stage to business activities proved so difficult—the self-help youth groups likely had no picture in their minds of what they were ultimately trying to create.

The fourth activity set, “Business Model Co-Development,” was also informed by the shift to an action-learning approach. Both project sites identified key questions that needed to be answered around aspects of their particular business concepts. The Solae Chiguru (Rasul Pura) team identified the following questions:

- Rooftop locations, availability, cost, access
- Rooftop gardens – legal/zoning issues, growing technologies
- Food production sites
- Cookery equipment needs & costs

The Solae Samatha (Parvathagiri) team’s questions included:

- Positioning a Solae Champion to effectively drive product adoption and nutrition advocacy
- Cooking equipment needs & costs
- Location of Culinary Station
To understand of these elements, the teams conducted extensive site visits, reaching out to other businesses and people to help them in their undertaking. To investigate what was entailed with a roof-top garden, for example, the Solae Chiguru team in Hyderabad divided into four teams with each team visiting an example of a roof-top garden in Hyderabad. They then held a debrief session at a plant nursery operated by a colleague of the project field lead, sharing what each witnessed and the elements they could borrow for their own business. The owner of the plant nursery provided a tour of his facility, answering questions from the Chiguru women partners about crops and plants appropriate for the roof-top conditions they witnessed. The owner of this nursery would later visit the slum as an interested friend to advise the women on installing a rooftop garden.

In addition to creating a richer and more effective learning mechanism, this approach had several other positive effects. For one, reaching out to the broader community for help in realizing their business concept helped raise the profile of Solae Chiguru and Solae Samatha and generate additional interest and support in their effort. Almost without fail, people were very willing to share their knowledge and experiences as the owner of the plant nursery was. Second, it provided the women partners with a low-risk way to start developing customer engagement skills and communicating their business concepts effectively, thereby helping to reinforce a common vision. Third, it created a far more tangible picture of the business concept in everyone’s minds, including the Solae field teams—the visits gave everyone concrete examples and shared experiences with which to discuss the otherwise abstract business concepts.

Yet perhaps the single-most important adaptation in our field work was in how we began to develop the initial product set that comprised the business model. As I noted in the previous chapter, in Kenya, SC Johnson’s field teams and the self-help
youth groups used surveys and conducted some small-scale test marketing to
determine the initial product offering at launch. In retrospect, we recognized that this
approach did little to build demand for a product offering that had no precedent in the
community (a direct-to-home cleaning service). We faced the same challenge with soy
protein and the direct-to-home services of the Solae business concepts. Aware of this
I, the project field manager, and my Protocol colleague developed the idea of a series
of Cookery Day Workshops (please see Appendix 25). The workshops would replicate
in the broader community of potential customers the same hands-on learning and
social experiences that the women business partners had with the soy protein. Our
interest was to get people from the community together to socialize while cooking
with the soy protein—doing so would simultaneously start building demand and
interest in the community, habituate them to the cooking skills and knowledge
necessary to cook with the soy protein, and result in the broader community
developing out the actual product set. The workshops would also create hands-on
learning and experience for the women business partners in engaging customers and
building management skills. We planned to do the first such workshop in Rasul Pura
during my visit, once the women partners had garnered sufficient hands-on experience
of their own.

My 14-day visit from January 30 – February 12, 2007 was not part of the four-
month proposal to Solae. However, I made the unscheduled trip on the request of the
project field lead to provide him with close, sustained support and guidance on
developing the businesses. He also felt that my presence would boost the women
partners’ motivation and help him to address what he regarded as ongoing mis-
alignment with the NGO partners’ roles and responsibilities in the project. My visit
was also encouraged by the new General Manager for Solae India/Global Lead NFSD,
as his newly appointed head for NFSD India was scheduled to visit the project sites for
the first time in his new capacity. He asked that I spend time with the Solae NFSD India Lead, debriefing him on all that had transpired and inducting him in the approach. I coordinated my travel so that I would have a full week to work with the project field lead and both field teams prior to the Solae India NFSD’s visit to the project sites.

I began my first week with an extensive debrief with the project field lead in which we planned out my visit and discussed the work plan for the month of February (the last month of activities before Solae would decide on the fate of the projects). The first week’s agenda was divided between the two sites and began with the Solae Chiguru business in Rasul Pura (Hyderabad site). I first spent half a day with Solae’s two-person field team there, debriefing on the activities that had been completed and discussing in detail the business concept and strategy. Apart from the other activities discussed above, they described a recently completed tasting workshop they had conducted with the Solae Chiguru team. For the tasting workshop, each of the Solae Chiguru members prepared their signature dish using the soy protein they had been experimenting with for several weeks. During the tasting session, they evaluated each other’s dishes and presentation of the food and shared their learnings and secrets in using the soy protein. The session was rated a huge success, and helped to identify the people in the group who were the most talented cooks. The session also served as preparation for the first Cookery Workshop that was slated for the following week (which I describe in detail below).

The next day, I participated in an all-day meeting with Solae Chiguru described above at the plant nursery. The Chiguru women had completed site visits to various rooftop-gardens around Hyderabad to help determine the shape that their rooftop garden would take. During the debrief discussion, one of the women noted that they were looking to site the rooftop garden outside of the Rasul Pura slum, as they
wanted to pursue clients with higher incomes. This launched a rather heated discussion and surfaced a mis-alignment between I/the Solae team and the women partners. I and the Solae project field lead noted that Solae already sells its protein to wealthier consumers and is partnering with people in Rasul Pura community in order to create a business that meets the needs of lower-income consumers. Rather than push the discussion further, the project field lead asked that the Solae Chiguru women discuss the issue further with the Solae field team over the coming days and come to a decision. This approach used by the project field lead—to share Solae’s needs and objectives with the project and to then ask the community partners to reflect on it offline with the Solae field team—seemed to be an effective way to move the project forward in a manner that addressed Solae’s needs without the community partners feeling that they were being dictated to. The following day, the project field lead received a call from a field team member stating that the issue was resolved. It turned out that they had been concerned that putting in one roof-top garden would create a split among the members and community, as they came from different neighborhoods in the slum—putting the rooftop garden up outside the slum obviated that potential division. The women were relieved and excited when they realized that the business could create and operate a network of rooftop gardens in the slum and weren’t limited to only one. The incident revealed the importance of continuing discussions about the business concept even after completing idea generation in order to proactively surface areas of mis-alignment.

I and the project field lead then met with the Directors of SIDUR. We shared our belief that the work on the ground was progressing well and that the community partners were demonstrating a clear commitment and sense of mutual responsibility to the business. We invited both of them to the first Cookery Workshop scheduled the following week to sustain their connection to the project. I also noted that I would be
meeting with Solae in March to present the progress with the hope that they would continue their support. The only issue we needed to address concerned the SIDUR community liaison’s ongoing demands from his previous work at SIDUR that often pulled him away from his work on the Solae project.

We then traveled to Parvathagiri where we repeated this agenda. I first debriefed with the three-person field team there on activities completed and next steps, participated in a scheduled event with the Solae Samatha women partners, and finished with a meeting with the Director of MARI.

The meeting with the Solae field team in Parvathagiri highlighted a tension among the team members, one that I and the project field lead had a hand in creating. The team, as I noted, consisted of the business fellow completing his MBA and two MARI community liaisons involved in Phase I. The MBA, though only on fellowship, had already moved to the village and was living in a room attached to the temporary office. One of the liaisons had run the local micro-finance efforts of MARI in Parvathagiri and had the equivalent of a high-school education; the other liaison was trained in maternal health and had college-level training.

My and the project field lead’s preference was for the less-educated MARI liaison to play the lead “social” coordinator role, and to be supported by the other MARI person. Our reason for this was that the less-educated person lived in the community and had close personal ties, while the other person bused into Parvathagiri from Warangal (approximately one hour away). In addition, her experience with the micro-finance work was more in tune with business development, whereas the other liaison was steeped in the language and experience of health and nutrition. While nutrition knowledge was valuable, we wanted to be careful not to fall into a public-health mindset that people would purchase soy protein simply because it was good for them.
Putting the more senior person from MARI into a subordinate, supporting role was, in retrospect, a poor decision on our part—it was unfair of us to expect them to shed the organizational hierarchies and identities that they had established at MARI. In addition, the more senior liaison also spoke better English, had excellent project management and documentation skills, and had a direct reporting role to the MARI Director—she was naturally pulled into a team lead role, thereby creating tension with the other two members.

The interpersonal team issue aside, during our meeting they shared out the extensive and rigorous process to recruit and induct new members. They also shared the work used to instill the women’s sense of being equally responsible business partners with Solae. Lastly, they shared the initial discussions with the Solae Samatha women regarding nutrition; they had discussed how nutritional demands varied across age, sex, income, and occupation and the three main bodily functions that food provides. In hearing the latter, I quickly raised the issue that we needed to be careful of thinking about food’s function and the business’s value proposition as simply one of “better health”—I shared the comment by a teammate from Phase I that he “lived to eat” as a way to remind the team that we need to frame our value proposition, particularly early on, as broadly as possible.

That afternoon, we had an initial debrief meeting with the Solae Samatha women partners. They shared how the tireless recruiting efforts by the field team over the past few months signaled to them that things were back on track. Their determination was galvanized by the actions of the field team. They also discussed the new business concept and the vision of a network of Solae Champions. We concluded the meeting by dispersing the weekly allotment of Solae’s soy protein and discussing the workshop for the following day. The workshop was the same “tasting workshop” conducted by the Solae Chiguru business a couple of weeks prior. Each team member
was asked to prepare their favorite dish incorporating the soy protein; they were to keep track of the ingredients and the quantities used. That evening, I visited with my homestay hosts and tried to re-connect with other people from the village I had met during Phase I activities.

The next day was dedicated to the workshop. The format replicated the structure of the workshop in Rasul Pura. One of the women would explain her dish, the general recipe, and how much soy protein she added and how. She would then serve everyone a small tasting portion. Everyone shared their comments on what they liked about the dish and what were areas of improvement. The evaluation focused on the taste and texture of the food, as well as how it was presented. The cycle would repeat with the next woman. Twenty-five dishes later, we surveyed the team to see which everyone’s favorite dishes were. As in Rasul Pura, the group felt that it was a valuable exercise and also gave each person an opportunity to take center-stage and communicate to her peers.

One point worth noting was that the project field lead observed (privately) that the culinary skills of the Solae Samatha group were not as strong as that in Hyderabad. Also, he felt that the nature of the discussion around the food was less creative and passionate than in the Rasul Pura workshop—he and I both attributed this to the different experiences and personalities of Solae’s field teams. In Rasul Pura, the business coordinator had worked for two years in an up-scale hotel restaurant and was keenly interested in the culinary industry and food preparation. The dominant voice among Solae’s three team members in Parvathagiri was the community liaison trained in maternal and child health. This difference in emphasis between the two sites would continue throughout the project.

Late that afternoon, on the return to Hyderabad, I and the project field lead stopped in Warangal to meet with the Director of MARI. I shared my personal view of
the great work and progress happening in the field. His raised a concern about the husbands of the Samatha women and the need to get their full endorsement and understanding. He himself would lead this discussion in the coming weeks. We discussed the interpersonal team dynamics of the Solae field team and our desire for the more senior community liaison from MARI to play more of a support role. I also emphasized the need to channel MARI’s contact with the community through the project field lead and the Solae field team, as the project lead felt that the communication protocol and chain of command that I had outlined in October 2006 at the start of Phase II was not being adhered to. He agreed that the business effort should be led by Solae, but pointed out that he had extensive experience working in the community and addressing the social issues. We discussed how efforts to address social issues could have significant impact on business actions and, therefore, needed to be coordinated. There was agreement on this general point, though it was clear that the MARI Director felt that there was not sufficient communication between the Solae project team and MARI.

During the second week of my visit, the Solae NFSD India Lead arrived from Delhi. He, the Solae project field lead, and I spent several hours going through the presentation that I and my colleague gave to Solae’s top-management team in St Louis in August which contained the underlying theory of the Protocol, an overview of the three-phase process using the revised Protocol model (with examples from India and Kenya), the business concepts developed in both sites, and the four main platforms of activity and milestones for the four-month transition phase period. Over the next few days, the three of us would visit both the Solae Chiguru and Solae Samatha businesses and the Directors of both SIDUR and MARI.

Our first stop that same day was Solae Chiguru. The meeting, which lasted for a couple of hours and was held in Solae Chiguru’s temporary office space, served as a
formal introduction between the Solae NFSD India Lead and the women business partners. The Solae NFSD India Lead introduced who he was and his role in the project (they had met him briefly during concept ideation in Phase I). He was very at-ease speaking with the women (he was fluent in their native tongue), fielding questions as well as inquiring about the business concept and their plans. Several of the women were not present, as they were preparing for their first formal cookery day workshop scheduled for the next day. We ended the meeting to give the rest of the team time to prepare for the significant event. I, the project field lead, and the Solae NFSD India Lead traveled to SIDUR’s offices for an introductory meeting between SIDUR’s Directors and the Solae India NFSD manager.

The main event for the next day was the Solae Chiguru cookery workshop. As I noted earlier, the underlying idea behind the workshop was to create the same kinds of hands-on cooking experimentation opportunities for people in the broader community in order for them to “buy into” the business concept and to help develop some of the initial products. The workshop was called the “Guru’s Day” workshop as the session brought together friends of the Solae Chiguru women who they considered to be cooking experts. The workshop was the culmination of a longer process that began earlier in the week, with each of the Chiguru women identifying a person in Rasul Pura who they considered to be a cooking expert. They then met with the person, explained the broad business concept, did a cooking demonstrated with the soy protein, noted the importance of excellent cooking skills to their business, and then asked whether the person would be willing to share their expertise with them by cooking their signature dish using the soy protein. After agreeing, they met up at the guru’s home before the event (the Solae Chiguru woman brought ingredients) prepared the dish together, jotting down the recipe as they went.
The workshop was a way of highlighting the guru’s work, creating opportunities for others in the community to be involved, and to start enacting the roof-top garden concept. The workshop was held on a rooftop in the slum that was among the potential first sites for the rooftop garden. Plants were borrowed from a nursery, and a colorful tent was set up to simulate the look and function of the rooftop garden. Tables were set up, and the twenty-three dishes were artfully arranged. A Solae Chiguru banner was strung up bearing the Solae logo. In addition to the gurus themselves, their family members were invited. Approximately a dozen leaders in the community were invited to be formal tasters. The several hour function was structured to highlight the guru’s and their food. As had been done in the internal tasting workshop, each of the guru’s was given a chance to address the group, explain the origins of her dish, and to speak about what was different in the taste or cooking process due to the soy protein. Afterwards, the outside taster’s panel offered their opinions on the dish. The event was extremely lively and well-organized and accomplished the objectives.

We traveled the next day to Parvathagiri, stopping first in Warangal to meet with the MARI Director. We arrived in Parvathagiri village near mid-day and assembled in the temporary office. The meeting with the Solae Samatha women was, as in Rasul Pura, meant to introduce them to the Solae India NFSD manager. This was also his first occasion to meet the business-coordinator on the Solae field team. The women shared the early history of the project and what had transpired since October 2006 when the project was re-started. As had been communicated to me in my meeting the prior week, several people praised the efforts and commitment of the field team and explained their own commitment and sacrifice to join the project. One of the newly recruited women, for example, shared that she sold her herd of 40 goats so that she would have the time available to start the business. An elaborate lunch was served
of dishes containing soy protein. We returned that evening to Hyderabad. The positive meetings, the clear commitment from the women partners, and the successful cookery workshop certainly left a very favorable impression with the Solae India NFSD manager.

During the few remaining days of my visit, I worked with the project field lead on prioritizing next steps that would have a high impact on Solae’s evaluation of the project—the review meeting with Solae’s corporate team in St Louis was to take place in less than four weeks on March 8, 2006. I asked him to work with the field teams to document various anecdotes that would convey the various successes to date against the objectives. Lastly, I agreed to work with Solae to get approval for a two-month extension of the contracts and project funds (they were set to expire before the Solae review meeting) so that there would be no interruption to field level activities while Solae decided whether to continue the project or not.

In the four weeks leading up to the March 8, 2007 review meeting at Solae’s headquarters in St. Louis, I secured approval from the incoming Solae Global Lead for NFSD for the one-month project extensions. I finalized the contract extensions for the project field lead, the two business coordinators on fellowships, and for the local NGO partners MARI and SIDUR.

The Solae Chiguru team in Rasul Pura continued forward progress. Led by Solae’s field team, they completed a two-part action learning event called a “market immersion.” The market immersion entailed visiting a central produce market to look at the buying and selling processes. One of the women among the Solae Chiguru team operated a vegetable stall in the market, and was able to get the group good access to other vendors. They then did field visits to a variety of food-related retail shops, focusing on the presentation and the marketing of the products.
In terms of the business concept, the group had set as its first priorities the establishment of an initial rooftop garden and the Chef’s group (which would be responsible for prepared food sales in the slum). The team contacted a structural engineer. They visited a large farm on the outskirts of Hyderabad to understand better crop varieties and needs. They developed initial categorizes of plants based on what could be grown easily in a rooftop setting. They also began to outline various customer-relationship strategies that would solidify their position as cooking hubs with their neighbors: one approach that gained strong interest was having each Solae Chiguru chef possess a set of branded cooking vessels that could be loaned out to neighbors. It was commonplace for neighbors to turn to each other to borrow cooking equipment when guests were arriving and they needed additional capacity. Per my request, the team was also forecasting out the working capital and fixed capital costs of getting this core part of the business up and running. The practice of daily cooking with the soy protein in their homes also continued.

In Parvathagiri, the Director of MARI led a workshop with the husbands of the Samatha women, gaining the husbands’ full support and understanding of the women’s efforts. In addition, the Director established an emergency insurance fund among for the Samatha business into which each of the women contributed one rupee per day. In the event of an emergency, a member could (with the others’ approval) withdraw money without having to repay it. The MARI Director felt that having the women invest some small portion of their money in this manner was valuable for establishing the sense of mutual responsible and group solidarity.

In addition to the daily in-home cooking, the Solae Samatha women were meeting daily to cook together, with cooking responsibility rotated among the team members. Ingredient quantities were carefully measured and recorded. Before and after cooking weights were recorded. They also began mapping out their social
relationships to neighboring villages and planning the process for reaching out and recruiting Solae Champions for those villages. As did Chiguru, they also prepared budget estimates for their food production/retail center (the Culinary Center).

Despite this progress, near the end of the month a significant event halted work in Parvathagiri for two weeks. The issue stemmed from a caste-conflict within the Solae Samatha women themselves. Unrecognized by the field team was the fact that two of the higher caste women on the team would not eat the food on the days when it was prepared by the recently inducted Scheduled Caste women. One of the SC women finally raised this to everyone’s attention and argued that they could not work together as business partners if they didn’t treat each other equally. The two dozen women voted to remove the two women from the team. Word of the incident spread through the village. Husbands became involved. The MARI Director intervened and brought the Solae Samatha women together. He facilitated a discussion about the pros and cons of that decision, and he asked that they debate it further and then make a decision. The women stuck to their decision.

Tension was also mounting within the Solae field team in Parvathagiri, with internal debates regarding each other’s roles and responsibilities. The MARI liaison who was asked to play a support role apparently introduced herself as the project coordinator. That issued, in turn, intensified the Solae project field lead’s concern that the NGO partners were playing too dominant and overt a role and not working through the Solae team, as the MARI liaison in question worked closely with the Director. The Solae project field lead felt the Director was enabling her to subvert the desired hierarchy. The project field lead also argued that the MARI Director unilaterally established the insurance fund for the Samatha group and should not have intervened in the caste dispute. My failure to understand the severity of this tension would result in a significant turn in fate for the project.
In preparation for the Solae meeting in St Louis, I worked with my Protocol colleague to update and refine the business concept strategy briefs. I also developed a 50-slide power point presentation that reviewed the Protocol process, re-capped the Phase I work, summarized the accomplishments during the five month transition period against objectives, and outlined recommendations for moving forward. This presentation was noteworthy in my research as it marks the point at which I first began to synthesize and integrate the key learnings from the Kenya and India projects about the need to create consumer demand, as well as a new business. My thinking was shaped by work in the entrepreneurship literature on the concepts of opportunity creation and effectuation by Sharon Alvarez/Jay Barney and Saras Sarasvathy, respectively. Both of these perspectives articulated a pragmatist-based philosophy by which entrepreneurs progressively and contingently evolve a new business and business model by harnessing resources at hand and responding to consumer feedback. Sarasvathy, in particular, focused on the entrepreneurial process outside of an established industry.

Below I reproduce three slides from that presentation, as they demonstrate this critical re-articulation of the BOP challenge and the re-positioning of the Protocol in response to the dual task of business model innovation and market creation. While the new framing still retained parts of the radical localization logic (the business model innovation description in the third slide continues to talk about embedding the model into the local cultural and physical infrastructure), it contained the seeds of a novel theoretical perspective which I elaborate in Chapters 7 and 8 regarding market creation as a process of creating a consumer performance.
FIGURE 7: Revised Process Logic
The presentation also demonstrated a further evolution and refinement of the objectives for the main activities under Phases I and II of the revised Protocol model. Appendices 23 and 24 contain slides from the presentation that reflect this refinement of first two phases.

On March 8, 2007 I and my colleague—the co-director of the BOP Protocol Project—met in St. Louis with Solae’s President, the newly appointed Global Lead of NFSD, the VP for technology, and the Senior VP for Africa and South America. We handed out the updated business concept briefs and then proceeded to the power point presentation. The framing of the Protocol as a process to cocreate a new business and a new market seemed to resonate and spurred a lively discussion about whether scaling out the business would require shifting from a market creator stance to a market prospector stance (as reflected in the 2x2 matrix above). There was also a sense that they were pleased with the progress in field over the course of the past four months, including the re-focusing of the rural business concept. The Global Lead for NFSD, for example, re-counted his initial experience of visiting the Parvathagiri project site in December 2006 upon relocating to India. He shared how, after introducing himself to the Solae Samatha women and telling them that Solae was pleased to be working with them, that one of the women responded in a somewhat surprised tone with the words “But sir, WE are Solae.” The sense of commitment and shared identity generated through the co-creation process had impressed him.

The remainder of the meeting focused on the slides I developed on next steps, near term challenges, and milestones (please see Appendix 28). We also discussed liability issues associated with the groups representing themselves under the Solae banner, as well as the potential negative consequences of the strong community identification with Solae. As one of Solae’s managers remarked, “it makes me
nervous.” The meeting concluded with my agreeing to return to India later that month to formally transition the project into Solae’s hands—the result we had hoped for.

In the three-weeks between the successful meeting at Solae’s headquarters and my return trip to India to facilitate a formal hand-over of the project to Solae, I continued to work closely with the project field lead in planning out key issues associated with the hand-off and continuation of the project, as well as to monitor performance on the ground. The key next steps necessary for an effective handoff and continuation of the project included retaining the full field team, reaching agreement with the NGO partners on an appropriate role moving forward, and inducting the two senior Solae managers (the Global Lead for NFSD and the India Lead for NFSD) into the project sites. Retaining the team required securing the commitment of the two MBA coordinators who were currently hired as fellows. The project field lead secured their commitment, and began negotiating their full-time stay at once. It also required securing on extended contracts the community liaisons on secondment from MARI and SIDUR—a sensitive issue, as it was inseparable from the larger role of the NGOs in the project. I notified both SIDUR and MARI of the green light from Solae, and raised the issue of retaining their staff on the Solae team for an extended period of time. Both were open to continuing that arrangement. The purpose of inducting the two senior Solae managers was to deepen the bond between the women partners and Solae the company; it would also be valuable in establishing their rapport and legitimacy with the field team.

Forward progress in both sites continued. The Solae Chiguru group explored various home/rooftop configurations in the Rasul Pura slum and the particular needs of each to function as a rooftop garden. For example, SIDUR’s healthy-hut clinic office in Rasul Pura was being evaluated as an initial rooftop garden, as it was similar in size and structure to many of the homes in the slum. Water audits were conducted
with an engineer. The field team in Rasul Pura also visited the government horticulture department which conducted training for housewives on the preparation of jams and other forms of food preservation. The team also began to contact government culinary schools and the MBA coordinator’s colleagues in the hotel industry.

In Parvathagiri, things had settled down following the removal of the two Samatha team members. The field team led research to determine whether the culinary station should be based in Parvathagiri village (the county seat for the local government) or in Annaram Sharif (which had the shrine). They also began mapping out an outreach and recruitment approach in the surrounding villages that—much like the cookery workshops—would drive interest and demand by engaging the broader communities in the business development process. The first step of the plan was for the Solae Samatha women to pair up and spend two to three nights (a mini homestay) in one of an initial ten target villages (chosen based on the number of people that travel from them to Parvathagiri and Annaram Sharif) as an initial ice-breaker and buzz creator. The Samatha women would use family connections to find a place to stay. The first such mini-homestays were scheduled to occur within two weeks and before I arrived in India. The project field lead emphasized the significance of the idea: women traveling alone outside of their village were almost unheard of, particularly in the capacity of business entrepreneur. It would be an important, transformative moment in the lives of the Solae Samatha women.

The other key issue I discussed with the project field lead was that of branding and Solae’s concern about the new businesses using the Solae name and brand. Building a brand that established a close identity and feeling of affiliation between Solae and the broader community was critical to sustaining Solae’s competitive position. But that would have to be accomplished through informal means. We agreed to make branding a key point of discussion during my visit with the field teams.
Before traveling to India, I also spoke with the Solae Global Lead of NFSD about next steps from Solae’s corporate perspective. He reported that there was strong support and excitement about the work at the steering-committee level in the company, and that they were now working to build support at the divisional and regional level of the organization, as well as within top-level management of DuPont India. He was already considering how to increase capacity within NFSD and to create a position responsible solely for the grassroots, co-creation approach (as exemplified by the Protocol). He noted that that approach could inform how they do business in their traditional markets as well.

In terms of my and Cornell’s ongoing role in the project, he asked—as in the just completed transition phase—that we continue to engage with them in a partnership framework, as he saw this as a learning for both organizations. However, he recognized and embraced the fact that Solae would have to step up and be the de facto leaders and owners of the project in the field. Per his request, I developed a proposal that outlined a one-year partnership between Solae and Cornell. The proposal outlined the following three areas of support:

1. **Leadership Transition:**
   - To guide Solae’s transition into the project leadership role, ensuring all Solae team members are inducted into the Protocol process and project context

2. **Formalization of Pilot Teams & Project Structure:**
   - To formalize the project field teams and articulate specific roles for the local NGO partners in the projects
   - To establish the project management and organizational control structures moving forward

3. **Protocol Implementation & Development:**
To coach the Solae field teams on translating the BoP Protocol process into on-the-ground actions and milestones

To document on-the-ground actions, strategies, and learnings in order to provide a foundation for potential replication and/or scale-out

Over the course of the year, I would travel to the project sites on four occasions, with the up-coming trip counting as the first of those trips. The proposal was accepted.

This concludes my summary of the six-month period that equated to the first half of Phase II of the BOP Protocol process.

Field Summary: April 2007 – December 2007

This nine-month period equated to the second half of Phase II activities under the new BOP Protocol model, the end point of which I later defined as the creation of an initial product/service offering and the formal registration of the business entity so that formal sales could begin. My role in this period—as the contract with Solae above outlined—was to have been that of arm’s length advisor to the field team and to help capture learnings. Due to a turn of events on the ground that resulted in the departure of the project field lead at the end of July 2006, my involvement changed considerably. While the contractual terms of the relationship with Solae remained unchanged, I worked closely with the Solae India NFSD manager to manage and direct the field teams.

Over the course of these nine months, I returned to India on four occasions for a combined total of 68 days. Following the departure of the project field lead, I communicated by phone with the Solae India NFSD manager on a weekly basis and with the field teams via email; I was copied on all project communications with the field teams and was treated as part of the core management team. From the US, I worked approximately 15 hours per week to guide and support the project.
Importantly, over this period I finalized the re-vised BOP Protocol model and wrote up the field process which was published as the 2nd Edition of the BOP Protocol.

On March 29, 2006—little more than three-weeks after the meeting at Solae’s headquarters in St Louis—I returned to India for 15 days to formally “hand-off” the project to Solae and to create alignment with the field teams and project partners on next steps. During the first week of my trip, I and the project field lead first met with both NGO partners to discuss the partnership moving forward. We then traveled to both project sites with the Solae Global Lead for NFSD and the India Lead for NFSD to send the message that Solae was fully behind the businesses and excited to be entering this new phase of the project. The purpose of the visit was largely symbolic and geared toward deepening the sense of affiliation between the women community partners and Solae, between Solae and the local NGO partners, and between Solae and the field teams. The second week of my trip was oriented to addressing specifically issues around business development at both sites.

The day after my arrival, I and the project field lead met with the Directors of SIDUR and the Director of MARI (in separate visits) to share the good news and to discuss the desired partnership between them and Solae moving forward. In addition to asking to retain the community liaisons under the Solae banner, we discussed the NGO partners adopting a “behind-the-scenes” role and channeling their involvement in the project through the Solae team. In NGO parlance, SIDUR and MARI would become “resource partners” that they could tap into for advice and consultation in addressing challenges with the community partners. The reasons for this were to ensure clarity on the ground regarding decision making, clarity as to who holds responsibility for success (and potential failure), to build Solae’s capability for managing community and social issues, and to build the community partners’ capability for working with companies. There was general agreement by both SIDUR
and MARI, though the discussion with MARI highlighted a clear interpersonal strain between him and the project field lead. The Director of MARI was reluctant to agree to be dependent on working through the project field lead; he expressed the need to retain the right to enter into the community and intervene if he deemed necessary. In both meetings, it was agreed that the next step was to outline a memorandum of understanding between them and Solae.

Shortly thereafter I, the project field lead, the Solae Global Lead NFSD, and the Solae India NFSD visited the Rasul Pura site in Hyderabad. The day’s meeting was divided into two parts: the first part consisted of a lunch prepared by the Solae Chiguru women held on the rooftop in the Rasul Pura slum. As with the Cookery Workshop, the lunch session was used as an opportunity to simulate the rooftop garden experience as outlined in the business concept and to invite members from the community to participate. In addition to the children and several of the husbands of the Chiguru women, attendees of the lunch included various informal leaders from the Rasul Pura community. The Directors of SIDUR attended as well. The Solae Chiguru women had embroidered the Solae logo onto their saris. The signage they hung from the tent and placed on the tables where the soy protein-fortified dishes also contained the Solae logo and their Solae Chiguru name.

After the lunch—at which Solae Chiguru welcomed the Solae Global Lead for NFSD and expressed their excitement and commitment—everyone (with the exception of family and friends) assembled at a nearby retreat center to hold a more formal meeting and discussion. The meeting began with the Chiguru women presenting a sketch of their business concept and the four main dimensions of the business. They then outlined the activities that had taken place over the past few months, and described their next steps. During their presentations, I noted that they emphasized heavily the sale of packaged and prepared foods on the rooftop garden and through
push-carts. Sensing that the women’s interest in having a restaurant and selling packaged goods was sideling the more critical aspect of getting housewives to incorporate the soy protein into their daily cooking (and using the rooftop garden as a branding mechanism to drive families’ interest), I asked the Solae Chiguru women which part of their business would be the most valuable for their long-term sales and sustained growth. We facilitated out the observation that selling packaged foods in Rasul Pura would create some quick sales, but that the total revenue potential was relatively low because people ate mostly at home and there were already a lot of people selling prepared foods. By getting housewives to cook with the soy protein, they would ensure repeat sales, have access into the biggest part of a family’s food consumption dollar, and would have a little to no competition. The discussion concluded with the need to prioritize the various sales channels and opportunities and to balance capturing the low-hanging fruit in order to preserve momentum with building a foundation for the longer-term, core revenue drivers of the business.

The second half of the discussion consisted of the NFSD Global Lead outlining Solae’s corporate commitment to the business and identifying the Solae team on the ground who would be leading the effort with them (the project field lead and the business coordinator, supported by the community liaison from SIDUR). He then engaged in a question and answer session, responding to various technical and health-related questions regarding the soy protein isolate. The meeting was adjourned on a high note with everyone voicing excitement about the future.

After the Chiguru women departed, the four of us (I, the project field lead, the NFSD Global Lead, and NFSD India Lead) met with the Directors of SIDUR to discuss their role in the project moving forward. The NFSD Global Lead expressed Solae’s desire to have SIDUR continue to help facilitate the company’s engagement of the community. Importantly, Solae would contract directly with them rather than have
Cornell play an intermediary role. They agreed to develop out a memorandum of understanding between Solae and SIDUR that would outline the specific roles and responsibilities of the partnership. We then met separately with the business coordinator who had agreed to continue on in his role. Solae would finalize his contract in the coming month. The NFSD Global Lead noted that the business coordinator would be responsible for driving the project forward and was the point person for Solae in the effort.

The next morning, the four of us traveled to Parvathagiri where we held a debrief and discussion with the Solae Parvathagiri women, met with the Director of MARI to discuss their partnership with Solae moving forward, and then met with the business coordinator to discuss his responsibilities as the Solae point-person on the field. The afternoon meeting with Solae Samatha was held at their temporary office space in Parvathagiri. After sharing the history of the project, they outlined the business concept and the idea of the Solae Champions Network.

They debriefed their just-completed mini-homestays in outlying villages. As planned, they had formed three-person teams and contacted a friend or relative in the target village to have a place to stay. The three-women arrived in the village by bus and immediately attracted residents’ attention because they were traveling alone. Word spread through the village that they had come from Parvathagiri where they were starting a business. During the three days/two nights they spent in the village, they spent most of their time in informal conversations with locals keen to learn more about their business and soy protein. They also visited the village school to meet with teachers where they shared the business idea and the benefits of soy protein. In the evenings they cooked meals using the soy protein. The Samatha women all spoke of the enormous confidence the home visits instilled in them. They returned with the
names of several women who they believed could be effective Solae Champions in their village.

The one issue that did concern me was the messaging around the soy protein and the business in general—the Samatha women often said they shared with people that the soy protein was vital for good health and could alleviate various ailments. The messaging was very clinical, with undertones that the soy protein powder was a medicine of sorts. The strong focus on the health message clearly stemmed from the presence of the MARI liaison trained in maternal and child health. Apart from worries of misrepresentation, I pointed out that we needed to be far more open-ended with how the initial value proposition of the business is presented, as the nutritional message would likely only appeal to a narrow segment of people (as was the case in the US).

As in Rasul Pura, the NFSD Global Lead shared Solae’s commitment to the Samatha women of building the business and highlighted the Solae field team members that would work closely with them. After a lunch of soy-protein fortified foods prepared by the Solae Samatha women, we met with the Director of MARI; as in the case with SIDUR, it was agreed that a memorandum of understanding would be drawn up outlining the nature of the partnership between MARI and Solae. The last meeting of the evening was with the business coordinator. Again, his role as the Solae lead on the ground and driver of the project was strongly emphasized. As we had planned and in an effort to induct the NFSD Global Lead and the NFSD India Lead into the project, both of them spent the night with one of the families of the Samatha members.

After the NFSD Global and India Leads returned to Solae’s headquarters in Delhi, I spent the following week working with the project field lead and visiting both sites to discuss specifics of the action plan. In Rasul Pura, we and three leads from the
Chiguru team met with a horticulturalist and an engineer to determine the layout and cost for the rooftop garden. A planning meeting was held with the full Chiguru team at the retreat center to discuss next steps. During the meeting, we re-started the discussion of the strategic importance of the direct-to-home cooking support services, as getting housewives to cook with the soy protein was essential for the business’s success. In that discussion, we all determined that it was important to start an action learning process around how to build and sustain ongoing cooking relationships with housewives and to acclimatize the community to that service offering. I shared our experience in Kenya, in which months of product development and testing of a direct-to-home cleaning service was met with no consumer demand, as consumers weren’t used to having people sell things door-to-door, much less pay to have their mud-walled homes cleaned.

In Parvathagiri, I and the project field lead discussed next steps with the field team and the Samatha team. They had instituted a rigorous, systematic cooking schedule that entailed daily cooking shifts. As they cooked they tracked and recorded ingredient quantities, pre- and post-cooked weights, fuel usage, and cooking time among others. As in Rasul Pura, we talked about the importance of conducting action learning to systematize the direct-to-home service to housewives that would facilitate their cooking with the soy protein. Significant time was also spent on the positioning and branding of the business and the importance of broadening beyond the basic health message.

The team tensions noted earlier had continued: The business coordinator shared that there was lack of clarity on the ground about who was running the project, as the one MARI community liaison continued to insert herself into a de facto leadership role. This also, according to the business coordinator, muddied the waters as to whether Solae or MARI was the project driver, as this person also represented
herself as a MARI person rather than a Solae member. We reminded the business coordinator that the NFSD Global Lead unequivocally stated that the business coordinator was the point person on the project and responsible for its success.

Before leaving India and based on the issues I observed at both of the sites, I worked with the field team and the project field lead to map out and prioritize potential sales channels and to develop an initial broad brand positioning geared towards appealing to as wide an initial audience as possible (please see Appendices 27 and 28). Also, I spoke at length with the project field lead about managing the transition. He was concerned that Solae would push for sales too fast and not allow the action learning and co-creation processes to evolve. I assured him that he had the support and understanding of the company’s senior leadership, and that the NFSD Global Lead possessed a strong, intuitive understanding of what the co-creation process was trying to do. I returned to the U.S. confident that the project had a solid foundation and was on a strong upward trajectory.

In the weeks following my return to the U.S., the project field became increasingly concerned about the relationship between Solae and the NGO partners and how it affected his ability to lead the field work. In Parvathagiri, a visit by the Director and a senior manager of MARI to the Samatha women was viewed as a breach of the project field lead’s oversight. A visit by a representative of AeA (our partner from Phase I) to the Solae Chiguru women raised further concern for the project field lead and the need to establish clear project authority. His concern, however, was only intensified by the fact that the writing of the MOU’s between Solae and the NGOs was also being handled by the NFSD India Lead—a person he felt lacked the experience of working with NGOs, and a task he felt was more appropriately his own. An initial draft MOU developed by MARI and shared with the project field lead apparently stated that MARI would be in charge of the transition
plan. The project field lead felt I had failed to effectively deal with the partnership issue before the hand-off to Solae. To help address this issue, I suggested that I write a project transition letter to all of the partners we had worked with, thanking them for their support and outlining the transition taking place. He agreed that this would be useful. I discussed the same with the NFSD Global Lead, who also thought it would be valuable. It was important, he noted, that the tone not read as “Solae is taking over” but that the project remained a Solae venture as always, but there were new faces leading the work on the ground. I developed a draft letter and circulated it to Solae for approval before sending it out (please see Appendix 31).

In terms of the businesses, the project field lead voiced concern that there was mounting impatience in both project sites. As he put it, they were ready for “real action.” According to the project lead, even greater pressure was coming from Solae and the NFSD Global Lead. In addition to this perception of haste, the project field lead was concerned about a continuing emphasis by the Solae Samatha team and the Solae field team in Parvathagiri on selling soy protein as a stand-alone nutrition product rather than building a personal-level relationship with housewives premised on a broader value proposition of socializing, improved cooking skills, and family happiness and welfare. The event that triggered this concern was that the Samatha women had returned from a second visit to their mini-homestay villages having identified the local residents to serve as the Solae Champion. All of the women selected were small, petty store owners whose shops were located on the main road—the main criteria for selection was primarily whether the person had the ability to sell product. Importantly, the emphasis on selling soy protein as a stand-alone nutrition product was related to the partner issue—the person who most reflected and advanced this view was the senior MARI community liaison who the project lead had asked to play a support role. The project field lead met with the Solae field team in
Parvathagiri and the Solae Samatha women to re-visit the business concept and the importance of, first-and-foremost, learning how to build and sustain relationships with housewives.

Following these discussions with the project field lead, I received no communication or updates from him for more than a month, despite several efforts to contact him. In June, I reached out to the Global Lead of NFSD to see how the project was progressing. As I had feared, progress on the ground had completely stalled and the relationship with the project field lead was very strained. The handoff of project administration to Solae had also resulted in several interruptions: the field-level funds and contracts with the business coordinators were delayed because of corporate accounting and human-resource requirements by DuPont/Solae. In a field visit in June to determine why field activities had halted, the NFSD Global Lead felt that a “paralysis by analysis” had set into the teams. To help provide clarity and structure, he proposed—and received support from the project field lead—to set a 100-day goal called Mission 100 to create initial forecasts of the business opportunity in both sites. In addition, with the blessing of the project field lead, he removed the business coordinator from the Parvathagiri site, believing that the field-level confusion was due in large part to his management of the project. The business coordinator was re-assigned to assist with Solae’s project work in Mumbai. I was asked to return to India as soon as I could to help address some of project issues and re-ignite progress. I scheduled a 14-day trip at the beginning of July to India.

Two-days before departure, I spoke with the project field lead briefly to arrange my itinerary and to debrief with him on the past month’s events. His mood was decidedly down. Things were “messed up” according to him, and “everything had changed in the way the work was understood.” He said that Solae wanted the NGOs to play the main business partners role, and that the “fundamentals were migrating from
co-creation.” He interpreted Mission 100—a plan that he himself verbally endorsed and, in fact, had named—as a sign that Solae was planning to end the project in the next few months. Motivation, he said, was very low in both sites. He felt that the NFSD India Lead was the *de facto* person in charge, not him, and that this person had a strong corporate mindset that wasn’t well matched for the project needs. I reassured him that Solae had no intention to close the project. During my visit, he agreed to meet and discuss how the shift had occurred and what needed to be done to set the projects back on track.

Over the course of the two weeks in India, I tried to get an understanding of the interpersonal and team dynamics that were driving a wedge between the Solae corporate team and the Solae field team and, by extension, between Solae and the community business partners. I spent several days with project field listening to and, at times, debating his interpretations; I spoke with the field teams for several hours on multiple occasions; and I met with the NGO partners. All the while I cycled back to the NFSD Global Lead to discuss and analyze. In the end, while the project field lead’s intense management style and entrepreneurial mindset were excellent in building an initial shared vision and forward momentum when the project was managed outside of Solae, these same skills proved counter-productive when it became critical to start institutionalizing the effort within Solae and bridging the field-level demands with corporate-level demands. And the close bonds he had built between himself and the field teams that enabled him to motivate the team, now simply channeled directly to the team (and from there, on to the community) his strongly negative reading of Solae’s intentions.

In my initial debrief with him, the project lead noted that he had all but stopped visiting the field sites over the past month, stating that Solae was now “facing toward the NGOs” and had entrusted project management to them. He shared that he had
already “wished MARI and SIDUR good luck in running the projects.” The women partners in Parvathagiri had demanded and were now receiving 1,000 rupees per month per person to continue in the project—a decision that he said was made by MARI and one that he had opposed (but had not verbalized to anyone, including the NFSD Global Lead). The Chiguru women were also making a demand for money. Furthermore, he believed the focus on sales per Mission 100 was a clear indication that Solae was not committed to the project for the long term but would shut down the project if the sales forecasts in the following month were not sufficiently compelling.

The Solae field team in Rasul Pura expressed the same distrust of Solae’s intentions, providing a slew of examples as proof, such as the delay in their contracts being finalized, the absence of field-level funds for several weeks, and even not having received their business cards and Solae t-shirts as promised. They even voiced their belief that “Solae was leading the communities on.” They said that nothing could be done until the Chiguru women received assurance and guaranteed money from Solae. While there were perfectly legitimate explanations for the delays and mis-steps by Solae the field team noted and experienced, the project field lead had done nothing to dissuade them of their interpretations but instead fueled them.

After getting this backdrop, I spent several days with the project manager, the NFSD India Lead, and a marketing manager from DuPont who had been appointed to the project for 25% of her time (a fact read by the field teams as a sign of their eventual replacement, rather than a sign of DuPont/Solae’s commitment). In addition to visiting the Rasul Pura project site, the NFSD India Lead had organized a full team and partner debrief meeting to try and restore alignment and determine next steps.

Our meeting with the Solae Chiguru women partners was scheduled to respond to their demand (made during the June visit by the NFSD Global Lead) for a signed agreement and contract with Solae. Before entering into that discussion, the NFSD
India Lead introduced the DuPont marketing manager, noting that she would be a valuable resource in helping create the initial business plans and to do the necessary test marketing to set prices and establish market potential. Several of the Chiguru women objected, stating that they would arrive at the price by starting the business. After a brief discussion with the Chiguru women on the issue of the signed agreement, we were asked to leave the room so that the women could talk about their specific demands.

During the break, I discussed with the NFSD India Lead that the test marketing and business plan approach was contrary to what we had been instructing the field team and discussing with the communities. I explained the experience in Kenya and how the work over the last four months reflected a different approach. Interestingly, he was absolutely surprised by the comment, unaware of this important difference and thinking that test marketing was what we had been recommending through the Protocol. I described how we would evolve out the business model by starting small and then co-create the market by extending the same process used to create the idea to creating the initial product offering. He was completely supportive. This 30 minute discussion revealed a key mis-understanding about the process by the NFSD management team that was leading to mis-communication and mis-perceptions of their intentions. It also underscored how not having a written document about the key changes in the Protocol process was enabling the mis-interpretations to form and persist.

We returned to finish the discussion with the community. On a flipchart they had listed their “demands:” an office, an agreement stating the Chiguru women were Solae’s business partners, project funds kept in a joint account with the women’s time-investment to date reflected on the balance sheet, and a pool of money set aside that would go to the women should Solae leave the project before one year. The money
total was equivalent to 15 months salary for each person at a rate of 5,000 rupees per month—the average salary of a woman working as a maid or in a factory (as most of the women in the slum did) was approximately 2,500 rupees/month. They shared that their husbands were pressuring them and that they were giving up wages to be involved in the project. They could not hold out any longer. While the need underlying the request was understanding, the way it was presented (as a demand) and the angry tone with which it was delivered made it clear to me that the project field lead’s and the field team’s suspicions and mistrust about Solae’s intentions had been verbalized to the community partners. This suspicion was later validated by the former business coordinator in Parvathagiri. The sense of mutual commitment and joint responsibility was all but gone.

The NFSD India Lead calmly read through the demands and said that all of them—with the exception of the reserve account—were already going to happen. The project field lead and the Solae field team were silent. I noted to everyone that I felt that the way these had been presented as demands, rather than discussing their underlying needs and how as partners they could be addressed, was contrary to the spirit of the project and what it means to be partners. Without question, creating some kind of bridge fund that would allow the women to invest significant time in developing the business was necessary and something we had not planned for sufficiently. Unfortunately, the manner in which it was raised and dealt with (Solae would eventually agree to pay a 3,000 rupee per month “payment” to each person on the team) instituted an “employee” relationship between Solae and the women partners and noticeably (negatively) affected over the course of the coming year the vigor the women had previously demonstrated.

The project review meeting was held the next day. The meeting was attended by all five members of the field teams and the Directors of MARI and SIDUR, in
addition to me, the DuPont marketing manager, and the project field lead. It was the first time that the partners and team members from both sites had come together since the project launch the previous year. The NFSD India Lead noted that the purpose of the meeting was to get everyone on the same page and create sharing between the two projects. In his introduction, he noted that the approach Solae was using was not a standard process model—it was about co-creation. And because this process was new, there would be gaps periodically, and that there would need to be learning and unlearning by everyone. I could not help but feel that the NFSD India manager had taken to heart our discussion about the difference between market testing and co-creation.

Both field teams gave brief presentations on their businesses and summarized the completed actions. The key topics of discussion for the meeting (raised by the various participants) concerned the general value proposition and branding of the businesses, how the new businesses would be structured in relationship to Solae India’s operations, and the general project timeline and milestones from Solae’s perspective. The branding and value proposition discussions generated a valuable discussion regarding the need to think beyond simply nutrition and the soy protein—the soy protein was part of a much bigger business concept and model that carried a much broader value proposition.

The discussion regarding business structure noted that Solae would not have legal ownership of the new businesses; instead, the businesses would evolve into a customer of Solae and receive the same kind of support that Solae provides all of its customers. We discussed, however, that because Solae was investing its resources to create this new business with the women, Solae expected that the community businesses would value the company’s investment and commitment and continue to build and grow the business in a manner that was mutually beneficial. Solae would
not, however, create a legal document requiring this, as it was contrary to the spirit of the project. We did discuss the possibility of creating a board for the new businesses that would include the Solae and the NGO partners in recognition of their important role. And in discussing the timeline, the NFSD India manager stated that they were hoping that by the end of the year they would have enough information and learning to understand the full business model and start operations—a clear signal that Mission 100 was not intended as a go/no-go decision point. Most everyone expressed that the meeting was very valuable and helped clarify the path forward.

After the NFSD India manager and DuPont marketing manager returned to Delhi, I continued to hold extensive discussions with the project field lead in an effort to address every one of his suspicions and doubts and to re-store his confidence in the project. The project review meeting helped reinforce my message. I was successful in that goal, and the same spirit and excitement that the project lead had demonstrated at the start of Phase II seemed to return. However, in those discussions, he shared the concern that it might be difficult to change the direction of the projects, particularly in Parvathagiri, as he had already told the Director of MARI that his organization was now responsible for the project. Furthermore, he agreed that he had tacitly encouraged the field team in their suspicions (including of my own intentions) and that it would take time to restore their confidence. This was particularly the case in Rasul Pura, where he had focused his time over the past couple of months. Having ferreted out the various issues, I arranged to have a meeting in Delhi the day of my departure to the US with the project field lead, the NFSD Global Lead, and the NFSD India Lead to openly discuss the project lead’s concerns and needs and to work to create the support network that would enable him to do the work.

Before heading to Delhi, I traveled to the project site in Parvathagiri as a show of moral support more than anything, as I did not want to create further confusion
regarding decision making and partnership roles. I was accompanied by a manager of SC Johnson’s BOP project in Kenya and a Cornell PhD student advising the Kenya project who was a colleague of mine. I had invited them to see the work and approach being used in India, and to then meet in Delhi with Solae’s NFSD management team to share learnings. In Parvathagiri, the field team now consisted only of the two community liaisons from MARI, with the liaison trained in maternal and child health serving in the leadership role. The field team had already debriefed the Solae women on the partner meeting.

During the meeting with the Samatha women partners, the Samatha women provided a summary of the project to my colleagues, and then described the activities they had been doing over the past few months, ranging from the mini-homestays, efforts to select village champions, choosing a site for their culinary center, to their daily cooking practice. They also asked questions about the Kenya business.

I then debriefed with the field team. They expressed a strong frustration and confusion regarding the events of the past few months. They noted that the project field lead had not visited the site for more than a month, and that the Rasul Pura field team showed no interest in working together and learning from each other. The new field team lead emphatically noted that there was no confusion that Solae was leading the project, not MARI. They were hungry for support and guidance. I agreed with their desire to work closely with and share learnings with the Rasul Pura field team, and explained where I believed the confusion and mis-understanding had come from. In discussing next steps on the business, I shared my concern of the strong nutrition focus that continued in the site. Also, we discussed the broader vision and role that the village Champions would play, and the need to first themselves develop a “model village Champion” through action learning (as they were doing with the food
preparation). Doing that would create a real-life example from which to train new village champions and to inspire customers in those villages.

The SC Johnson manager and my Cornell colleague traveled with me to Solae’s India headquarters in Delhi. Before the meeting with the NFSD management to discuss the concerns of the project field lead, we first held a meeting aimed at sharing learnings between the Kenya and India project sites. The SC Johnson manager outlined what he observed in his visit. Interestingly, when the NFSD Global Lead outlined what he saw as next steps in the India businesses, he spoke about the need to do market testing of the concept, determine the price point for the soy protein, and to generate a business plan outlining the potential market opportunity for the soy protein. His view was that the “empowerment process” had been completed and now the need was to “have answers” as to whether the investment in the project was worth it. His vision was precisely what the NFSD India Lead had shared in our meeting with the Solae Chiguru women. As I had done with the NFSD India Lead, I articulated the difference between testing out the business concept and assessing market potential versus creating the business and the market. The key issues I raised in order to explain why the market testing approach would not be effective were:

- The women business partners have become believers in the soy protein product because they learned it for themselves through cooking with it on their own— they were not instructed in the value of Solae protein and then told that they should value it. The same process now has to be extended to the broader community so that they to have ownership of the value proposition and to create “pull-through” demand.

- We can’t determine willingness to pay for the soy protein outside of the context of the business model—the brand and the perceived value created
by the other aspects of the model can increase (or potentially decrease)
what people are willing to pay for the soy protein alone.

- Creating forecasts of consumer demand will create false expectations in the
  business partners.

In his pushback, it became clear to me that there was confusion in how we
were using the phrase “evolution of the business.” He interpreted that to mean that the
genral business idea would keep evolving. I explained that the core business concept
is fixed—the business concept outlines a vision of the kind of change desired in the
community and a core business offering that can bring about that change in the
community. In the case of the Solae businesses, for example, getting soy protein
incorporated as part of a healthy, balanced diet required getting housewives to
incorporate the soy protein into the daily cooking. In our view, changing housewives’
cooking habits was best done by creating socializing opportunities for women
organized around cooking so that they would learn from each other and develop the
skills through hands-on practice. It also required getting the broader family excited
and interested in the food—that was best done through demonstrating the great tasting
food varieties that could be created. What would be progressively evolving in the
coming phases was the specific shape and form of the products, and the business as an
organizational structure. What was unique about the Protocol approach was that the
evolution of the supply-side would be done in a manner that also created demand.

It also became clear to me that stating the output of Phase II as a “business
model” (how the draft model and proposal to Solae noted it) was creating the wrong
image in people’s minds. Phase II wasn’t about turning the concept into a full-blown
business model—it was about getting a core piece of the business going in a
rudimentary form. Having the SC Johnson manager present was enormously valuable
in that discussion, as he shared how the Kenya business was shifting to using action learning as a way of generating demand in the broader community. The market research approach had indeed created expectations of immediate riches among the self-help youth groups; and in the end, consumers were not willing to pay as they had indicated.

We adjourned, and I, the project field lead, the NFSD Global Lead and the NFSD India Lead began our separate meeting. The discussion was tense. The project field lead made clear that he doubted the motivations and intent of the NFSD India Lead, who listened to this criticism with extraordinary patience and understanding. He also outlined the various ways in which he felt his leadership role was directly and indirectly undermined in the project vis-à-vis the NGO partners. When asked, though, what needed to be done to give him the necessary authority and structure, he offered no concrete solutions. Eventually, it was agreed upon that the NFSD India Lead would have no involvement with any of the in-field aspects of the project, that the project field lead would report directly to the NFSD Global Lead, and that the NFSD Global Lead would travel to each of the sites the following week to make clear to both MARI and SIDUR that these were Solae projects and that the project field lead would have total decision making authority. It was made clear to the project lead, however, that he was responsible for the performance of the projects. I was cautiously optimistic about the path forward.

Upon returning home, I created and circulated an action plan (reproduced below) of the key next steps for the months of July and August 2007 based on the discussions over the two-week trip. I grouped the activities using the four main action platforms in Phase II of the Protocol. As seen below, I used the term “business prototype” instead of “business model” to reflect the importance nuance described above.
1. **Project Team Development** – Boost the Solae Teams’ feelings of confidence and security by strengthening their identity with the Solae Company and ensuring alignment among the full team as to the project intent, process, and roles/responsibilities. Activities discussed include:
   - Conduct a Solae Induction for the Solae Team members
   - Shift XXX into a Solae team lead position for Parvathagiri
   - Secure an additional Solae business coordinator for Parvathagiri Site

2. **Building Shared Commitment** – Reinvigorate personal trust and bond between Community Teams and Solae while cultivating a shared organizational identity. Activities discussed include:
   - Conduct “Partnership Launch Workshop” to develop joint business credo (operating values and principles) and partner vows (each partner’s commitment to the other)
   - Establish joint Solae-Community operating funds accounts in Hyderabad & Warangal
   - Secure a project office space for Hyderabad and Parvathagiri teams (if different office space required in Parvathagiri)
   - Establish team name (and potentially the logo)
   - Determine with Community Teams the desired identity and necessary markers (e.g., saris, badges) for initial business activity and community outreach

3. **New Capability Development** – Develop the skills and background knowledge necessary for beginning the business, for developing and
refining an initial product/service offering, and for refining an initial brand position. Activities discussed/suggested include:

- Identify together with the communities those specific skills necessary to:
  - Professionally initiate the “highest-priority” dimensions of the business concept (see #4 below)
  - Effectively evolve an initial product/service offering that maximizes value creation potential for Solae and the Community Team
  - Effectively evolve an initial brand position consistent across levels

4. **Business Prototype Co-Creation** – Develop timeline and milestones together with the Solae Community for sequencing the business concept and developing an initial product/service offering (including pricing) and brand positioning. Activities discussed/suggested include:

- Map the revenue opportunities in the business models and the necessary resources linked with each revenue-generating activity
- Prioritize the revenue opportunities (e.g., level of resources required, ease of implementation, revenue generation time-frame, long-term business potential)

Also, in light of the ongoing mis-alignment regarding the Protocol approach, I turned my attention to drafting the new process based on the learnings to date in Kenya and India. Having a written document would help provide a reference point
among all of the field team members and stakeholders involved in the process—a critical issue at this juncture of the project.

On August 3—less than two weeks returning from India—the project field lead emailed me to announce his resignation and immediate withdrawal from the project, citing ongoing inconsistencies in the Solae NFSD management’s communication and actions. I spoke with the project field lead, asking that he continue in his capacity through the end of the month so that a replacement could be found and to help ensure continuity. He gave no definitive answer. I discussed the issue with the NFSD Global Lead who had also requested the same of the project field lead. In either case, the stop gap measure was to have the NFSD India Lead step into a more direct leadership role, though his living in Delhi would make that difficult. In addition, the skill set needed to drive the projects on the ground level were different from those he possessed. Per the Global Lead’s request, I began a search for someone to fill the project lead role. Also, to help transition and support the NFSD India Lead and to help sustain motivation among the field teams and community business partners, I planned an emergency 10-day trip to India later that month. As it turned out, the project field lead chose to not remain with the project through the end of the month.

Over the next two weeks, I coordinated my agenda with the NFSD India Lead, which included holding a two-day team retreat, meeting with the Directors of both NGO partners, and meeting with both Samatha and Chiguru businesses. On a final coordination call with the NFSD India Lead the day before my departure, he shared with me the news that the President of Solae—the champion of the NFSD platform and of the BOP Protocol projects—had left the company. A senior manager heading up DuPont’s food and nutrition platform would assume the position of Solae’s Chairman of the Board and temporary CEO. Solae’s financial performance since its acquisition by DuPont had declined year-on-year, with gross margins at an all-time
low. The NFSD Global Lead was slated to travel to St Louis on September 5, 2007 to report on status of the NFSD platform to the new Chairman/CEO.

Upon arriving in India, I met separately with the Directors of SIDUR and MARI to discuss the situation and get their assessment of the current state of the project and field capacity. SIDUR had been completely confused by the turn of events over the preceding four months. In their view, no forward progress had been achieved; the field team and the project field lead were not providing them with any timelines or work plans. Critically, they felt that the Solae team was representing neither Solae nor SIDUR in the project, but had become “simply messengers” of the community. They agreed to help identify a new project field lead.

My discussion with MARI was similar, in the sense that he too felt that he had been kept completely in the dark by the project field lead about the project work on the ground; it was because of this that the MARI Director felt compelled to go to the field and see what was happening. In discussing the capabilities needed in a project lead, we agreed that the person needed to be a skilled entrepreneur with development sensitivities, rather than a development professional with an entrepreneurial bent, as was the case with the project lead. The MARI Director believed that the project field lead’s paranoia regarding project control stemmed in large part from his insecurity in advancing a business development effort. The Solae NFSD Global Lead independently arrived at the same conclusion. We both agreed that the two MARI community liaisons guiding the project in Parvathagiri needed a business coordinator to complement their skills; in the interim, the MARI community liaison trained in maternal/child health would assume the leadership role in the rural site due to her experience in program management. He too offered to explore his connections to fill the project field lead role.
Next, I and Solae’s NFSD India Lead guided a two-day team retreat at DuPont’s Pioneer office in Hyderabad that brought together the two-person teams from the Rasul Pura and Parvathagiri sites, the business coordinator that was removed from Parvathagiri to a Solae project in Mumbai, and the DuPont marketing manager. The broad objectives behind the retreat were to start drawing the project sites closer together to create a buffer and flexibility in team capacity (we were concerned that the Rasul Pura’s field team’s strong loyalty to project field lead would result in their also resigning from the project) and to establish a common project workplan to better enable the NFSD India Lead to manage the projects from a distance.

Day one of the retreat addressed the big picture: the departure of the project field lead, the roles and responsibilities of the various team members present at the meeting (including me), the communication channels among ourselves, and a review of Phase II of the Protocol. The key message to the field teams was that the best way to accelerate progress on the ground was to share learnings across sites and operate as a single team. The second day focused on the businesses and next steps. Each of the field teams was given time to collect their thoughts and present their business concept and activities that had been completed. During this discussion, there was clear tension between the teams and a jockeying for position; in particular, the Rasul Pura team—who had been most strongly influenced by the former project field lead—was borderline disrespectful of the others. The last part of the day was focused on discussing a common workplan format and then trying to populate an initial three-month workplan. I shared the workplan structure (based on the four core activities under Phase II of the Protocol) that I and the project field lead used; with modifications, we agreed on using it as a common workplan structure for both teams. Each team then had time to begin thinking through some initial milestones, objectives, and activities which they then presented out to the full group for discussion. One of
the Directors of SIDUR joined the meeting for this last part of the retreat. These first-attempts at workplans revealed that the field teams would need significant input and guidance in thinking through and articulating the workplan. Having run out of time, the field teams agreed to complete the workplans and then send them to me and the NFSD India Lead for input and feedback. The goal was to finalize and lock-in the workplans for September and October by the end of the first week of September.

After the meeting, I had offline discussions with the field team members. The Parvathagiri team was keen to move forward and recognized their need to shift out of a non-profit/public health mindset into a business mindset. But among the Rasul Pura team, there was the belief the project field lead had been fired, and, because of this, their resentment of Solae was strong. I tried to address this, though it was clear that they were skeptical of me and the others in the project. Recognizing this, I discussed with the NFSD India Lead the importance of having the field teams go through a formal induction process into DuPont in order to help re-establish their sense of affiliation and identity with DuPont/Solae.

Over the remainder of my trip, I and the NFSD India Lead visited both project sites. The main objectives of the visits was to formally announce the departure of the project field lead (he had not informed the communities), to reassure them that the field team would remain to work with them, and to reinforce Solae’s commitment to the effort and the ongoing support that I and the NGO partners would provide. In Parvathagiri, our meeting was held in the three-room, open-air structure that had been selected as the site for the Culinary Station (the combination food production and retail outlet center). The Samatha women expressed concern about the news regarding the project field lead, as they had witnessed the business lead from their site removed in June; this seemed like a further reduction in support just at a time when they needed Solae’s guidance the most. The NFSD India Lead reassured them as best he could that
Solae would remain committed. Furthermore, with him he brought a one-year agreement per their request (not legally binding) that recognized the Samatha women as Solae’s business partners in the venture, and committed to working with them for one year (per Solae’s legal team, the contract contained a no-fault clause that would enable Solae to cancel the contract with 30 days notice). All of the women signed the document. Their mood was hesitant, though they generally seemed in good spirits and expressed a determination to move forward. Prior to our meeting, they had been debriefed by their field team on the just-completed retreat and the need to develop the two-month workplan.

In Hyderabad, our meeting with the Solae Chiguru women partners followed a similar structure. The meeting was held in their recently rented office space in the Rasul Pura slum; the office had a small kitchen where they could prepare food quantities sufficient for workshops and sampling and trying out new recipes. As in Parvathagiri, the NFSD India Lead brought with him the agreement stating Solae’s one-year commitment to work with the Chiguru women partners to develop the business. Unlike in Parvathagiri, however, the Chiguru women were not satisfied with the agreement because it did not provide for a reserve fund based on their labor investment over the past year. The NFSD India Lead explained that they would provide for monthly capital to bridge their needs, and that the field team would work with them over the next few weeks to determine the appropriate amount. However, creating a reserve fund was not only against the partnership spirit and commitment to mutual responsibility, but it was also planning for failure. This was not taken well by the Chiguru women, and we departed to cold farewells. Rebuilding the spirit of the partnership relationship was clearly going to be difficult in Rasul Pura.

Apart from these overarching partnership and team-level issues, both sites had made progress on their businesses under the Mission 100 plan that the NFSD Global
Lead tried to implement in June. However, I noted similar challenges in both sites under the “Business Prototype Co-Creation” objective. First, both sites had initiated what were being called “outreach activities” that were initially intended as a way to develop, through action learning, the direct-to-home service component of the business (i.e., the group cooking) that was central to habituating housewives to cooking with soy protein. Lacking the guidance of the project field lead, however, these activities were being carried out as traditional “awareness building” exercises—the women would go in a group of three to a household, introduce them to the soy protein and the health benefits of it, and then do a cooking demonstration for them. This was fundamentally different from the cocreation approach used in the Cookery Workshops, in which friends and neighbors were invited to share their own insights and expertise and to jointly cook together. The end-product of that event (recipes of great-tasting foods) became part of the initial customer offering. I raised the issue with both field teams and encouraged them to conduct the outreach in a way that would similarly involve the broader community in developing the eventual direct-to-home service offering.

The second common challenge in both sites was a tendency to focus on a piece of the business concept in isolation of the wider business concept. For example, both sites were developing soy-protein fortified packaged and fresh foods as part of their prototype activities. Their function in the business concept, however, was to build interest and desire among husbands and children for protein-fortified foods so that they would support and even encourage their wives/mothers to learn to cook with the soy (even though housewives did the cooking, husbands often held the purse strings for ingredient purchases, and children influenced what mothers cooked). But as they began to develop these initial products and determine packaging, price points, and sales sites, the teams’ focus turned toward maximizing the sales from these individual
products. The packaging and sales points, for example, contained no indication that customers could prepare soy-protein foods at home (by including a recipe for example) nor any way to contact someone to invite them to their home for a demonstration.

In retrospect, the way we graphically represented the business concept (as a collection of complementary offerings) enabled this kind of maximizing logic when developing the initial offering. The business concept would better have been represented from the perspective of the core customer (housewives) and framed around the core-revenue model driving the business (in this case, from sales of protein ingredients by Solae Champions/Proteges building cooking clubs among housewives). Also, in place of discussing the concept of “complementary products and services” as part of the initial collective entrepreneurship workshops we should have focused on the idea of integrated products and services.

Before returning to the US, I stopped in Delhi to debrief with the NFSD management team. We agreed that in this transition period I would continue to work closely and support the NFSD India Lead. To that end, we planned for my return the following month (November 2007) for an extended visit to help the NFSD India Lead solidify his role as the project field lead and to ingrain a planning routine in the two field teams. While in Delhi, we also interviewed a candidate for the project field lead position that I had identified through contacts. We decided that, though he was too inexperienced to assume the overall project field lead position, he could certainly fill the gap for a business coordinator in Parvathagiri. We planned to recruit and interview additional candidates with the goal of making a final hire on my return trip.

On returning to the US, I stayed closely engaged with the Solae NFSD India Lead team to help guide the development of the workplans and to advise on various issues. Developing the workplans in the two sites took several weeks to accomplish.
rather than several days as initial hoped. The process of creating the workplans highlighted the teams’ lack of business experience and their minimal exposure to using spreadsheets and Word documents. There was also a language barrier—the team members were being asked to do work in a language in which the most fluent had only basic proficiency. The Parvathagiri field team, however, did have strong project management, execution, and planning skills—they needed the strategic guidance and the business content piece. The Rasul Pura team, however, lacked even basic project management and reporting skills and chafed under the requests for better reporting and planning.

In Rasul Pura, as the workplan was being developed, the field team was also working with the Chiguru women to determine a monthly amount that each Chiguru business partner would receive to enable them to dedicate their time to building the business. Unfortunately, the process continued to move forward as a negotiation rather than a discussion among partners to address the other’s needs. As noted earlier, the Samatha women in Parvathagiri were each receiving 1,000 rupees/month, an amount lower than what they would earn by doing day labor in the fields. The Chiguru women demanded 4,000 rupees/month. Eventually, the number was brought down to 2,000 rupees, an amount still above what they would earn in their jobs as housekeepers and factory workers. At this level, there was no sense of “entrepreneurial risk”—instead, they were shifting into a de facto employee status. I raised this issue with NFSD India Lead; both he and the Directors of SIDUR had the same concern. The eventual agreement that was signed noted that Solae’s contribution would decrease once revenues started to be generated; it also required full participation at all events and meetings. While the former was valuable in signaling that the capital contribution was for working capital, the latter reinforced the feeling that the funds were a form of payment for work completed. Interestingly, when Solae stopped providing this
monthly payment at the end of 2008, almost all of the Samatha team members persevered and continued to try and grow the business; in Rasul Pura, almost two-thirds of the team members stopped participating.

During my six weeks in the US before returning to India, progress was made in both sites on the businesses. In Hyderabad, the majority of activities consisted of action learning events and activities undertaken to create the business prototype. The action learning approach was applied to determine the shape and form that their kitchen facility should take. The Chiguru women divided into three groups of approximately eight people. Each group then visited a different kind of kitchen. One was a local college cafeteria, another high-end commercial restaurant, and the third a sweet shop. The field visits provided important insights into space utilization, staffing, and professional operation.

To develop a better sense of the process and cost of producing packaged foods, the Chiguru women held a “food exhibition” at a temple in the slum where they gave out food samples and sold packaged sweets and snacks in ziplock bags displayed on a folding table with a saffron cloth. A banner in Telegu read “Solae Menu – Better Health” and “Solae Tastes – Sweet as Honey.” They invited people they had contacted during outreach to the event. Initially, the Chiguru women followed a cost-plus pricing model (totaling all of their costs and then adding a profit), only to discover that their prices would be too high. They ended up simply matching the going market price for their products for the event, a decision which raised a valuable conversation about value-based pricing versus cost-plus pricing.

A pricing exercise around the soy protein was also conducted, as Solae did not want to specify a priori the cost of the soy protein to the businesses. Rather—as they did with their core customers—they used a value-based pricing approach, backing out a customer price according to the value it created for them. With the guidance of the
NFSD India Lead, the women surveyed the various kinds of protein sources available in the community and calculated the price per gram of protein. From this as a benchmark, the NFSD India Lead asked them to give him the price that they felt appropriate for the soy protein ingredient. This approach, which made perfect sense for Solae’s core customer base, was an awkward fit. For one, it pulled Solae out of a partner role and into a supplier role to the businesses, and (based on the feedback I received) created the same feeling of negotiation that surrounded the monthly payment to the women. Second, because the protein pricing exercise was done by comparing the cost of physical goods (like eggs, milk, chicken), it further locked the women into seeing their business as primarily selling a physical product (soy protein or protein-fortified foods), rather than as a service (enabling socializing activities among women via cooking).

As part of activities under new capability development, a day-and-a-half nutrition training program was organized for the Chiguru women. A nutritionist from Mumbai that had worked extensively with Solae in the past created a hands-on learning experience. The women were asked to track their food consumption at home for a week. The nutritionist then analyzed each person’s diet, creating a chart that had zip-locked bags of food taped it to visually communicate the nutrition per serving size of a various common foods.

Almost half of the team’s time and energy, though, was invested in formal outreach activities designed to create demand. The outreach campaign focused on reaching housewives in their homes and on schools in the slum. The direct-to-home outreach began by identifying twelve target areas or clusters in the slum. Based on role playing and learnings from initial outreach experiences, the Chiguru women went in teams of five people to women’s homes along one of the lanes in their assigned cluster. Once invited inside a home, one person led the discussion, one person did the
cooking, one person documented the session, and two others floated outside the home, inviting additional neighbors into the session and/or answering questions. The Chiguru women would bring their own vegetables to the session to prepare the food.

Several days were dedicated to reaching out to almost a dozen private schools in the slum. Going in groups of five, the Chiguru women would arrange to meet with the school principal and teachers. The 1-1/2 hour meeting would focus on explaining the business concept, the partnership with Solae, and the health benefits of soy protein.

As I noted above, this demand creation/outreach work continued to be framed as an awareness building challenge, not one of getting the broader community to feel a sense of ownership and investment in the business. Thus, rather than engaging the community to cocreate elements of the business offering as they had under the guidance of the former project field lead, they continued to engage the community to educate them about the Chiguru business and the soy protein benefits.

In Parvathagiri, a similar set of activities was taking place, though the emphasis was quite different. There, a significant amount of time was invested in using action learning not only to help develop the business prototype, but the rudimentary management systems for accounting, production, sales, and office management that fell under the new capability development activity platform. The Samatha women were divided into four committees: business development, purchasing, planning and preparation, and office management. A monthly review was held to debrief completed actions and plan next steps. Each of the business teams gave summaries of their work and expenditures.

The Business Development team oversaw the recruitment effort of the local village Champion from four neighboring villages. The team would spend a full day in the village, identifying people who would be effective Champions based on the village profile. They would return later and approach two women candidates for the
Champion position, with the intention of eventually choosing one. Each person was given 100 grams of protein to experiment with in their home cooking, much as the Samatha team members had done. The Purchasing Team completed four visits to village markets, two of which were located by a railway and two by a road. The team recorded the goods sold, their prices, the origin of the goods, and the number of people in attendance. They also completed a retail/wholesale price survey of food ingredients, recording observations about how foods were presented and the distinguishing aspects of the service (e.g., cleanliness, friendliness of shopkeeper). The Planning and Preparation Team ordered and tracked the quantity and cost of all the ingredients used in daily cooking training (see below) by the Samatha women. Sixty recipes were documented. Management books were created for ingredient expenditures, pre-cooked and post-cooked food weights, and profit (using a simulated sale price based on current market rates for equivalent dishes). The Office Management Team created record books for daily attendance, protein inventory (it was kept in 10, 20, and 50 gram zip-lock bags), samples of protein given out, meeting minutes, monthly attendance, and office assets (e.g., food scale, packaging material, basic office supplies). Creating these rudimentary management systems through the action learning activities was a key advancement over our approach in Kenya; the resulting systems, because they had been developed as part of a concrete activity, were inherently accessible and usable by the women, many of who were illiterate. Unfortunately, because of the intra-team tensions, this key process learning was not applied in Rasul Pura.

To continuously build the cooking skills of all of the Samatha women and create new recipe innovations, the group divided into seven teams of three people each. Seven core recipes were selected. Each day from 9:00 to 11:00, one of the teams cooked one of the recipes for the group lunch and was responsible for clean-up. They
rotated through the seven items, and then started with a new seven recipes. The Planning and Preparation Team recorded the profit the Samatha women would have generated had they sold the lunch meals at the going market rate. The Planning and Preparation Team also laid out and recorded all of the necessary ingredients for the next day’s food preparation team.

The Parvathagiri field team working with the Samatha women also modified the approach used in Rasul Pura to establish a price for Solae’s soy protein. Rather than simply benchmarking against the protein cost of other forms of protein (an exercise that they completed as well), the Parvathagiri team looked at the theoretical profit margin for the lunch meals they prepared for themselves after accounting for their targeted take-home pay. That leftover margin was the basis for establishing the added value of the soy protein. This approach was more effective in maintaining the spirit of partnership, as it was inherently framed as how Solae and the Samatha women partners can share returns, rather than what the community business partners would be willing to pay Solae (the case in Rasul Pura).

The Samatha women continued to do the mini-homestays in neighboring villages (22 villages in two months), both to select village champions, but also as a form of outreach and demand creation. Three women would travel together, spending three days and two nights in the village. As with the first homestays, the Samatha women stayed with relatives of other Samatha team members. Once they arrived, they divided the village into four quadrants and located four to five families per quadrant who they would visit and discuss their business and the value of soy protein. They would also visit with the school and the government-funded crèche (anganwadi) to share about their business and to learn about the health and nutrition status of the village. Samples of the soy protein were handed out. During their last day, the
Samatha women would prepare soy-protein fortified sweets for the family that hosted them.

Lastly, the Samatha team also instituted a “neighbor sharing” program, in which each of the Samatha members would work with three of their neighbors. Each of the neighbors was given protein to experiment with, just as the Samatha women had done themselves. A Neighbor Expo was scheduled to be held when I returned to India, which would bring together the neighbors to share their experiences. However, despite the discussions during my previous two visits, the demand creation aspect of the homestays and even the Neighbor Sharing program were premised (as with Chiguru) on simply awareness building and educating people about the need for soy protein, not cocreation of the actual products, services, and value proposition. Clearly, the way I explained this issue was failing to communicate the difference between “promotion” and “cocreation.”

I returned to India on October 25, 2007 for 25 days to work closely with the NFSD India Lead and the two businesses. My initial agenda was to first spend several days on my own at both of the project sites debriefing with the field teams and community partners and participating in any scheduled events. I also would visit Solae’s project site in Mumbai to advise the team working on the related project with SP Jain University. During the second week, I would repeat the visits to the sites together with the NFSD India Lead. During the third week we planned to do a team planning retreat with the goal of developing the next round of three-month workplans, followed by a full partners retreat.

In Rasul Pura, I debriefed a full day with the Solae field team during which time they shared out the above-described activities completed over the previous six weeks. The next day we visited with the Chiguru women at their office in Rasul Pura. The mood had picked up decidedly compared with my previous visit. The women
noted how word had spread through Rasul Pura about their business, and they were receiving frequent requests for soy protein. The demand they felt stemmed from their having visited more than 600 homes since June 2007 as part of their outreach.

Some of the issues that I noted and that we discussed concerned developing a more professional business image and management routines, establishing a more consistent brand image, and conducting the outreach using a cocreation approach that creates the Protégé service offering (i.e., the direct-to-home engagement of housewives). I raised the issue of business professionalism, as the Chiguru office space had no “feeling” of an office space: the door outside had no indication of it being the Chiguru office, the walls were bare, the test kitchen had ingredients and cooking utensils piled up, and the bulk soy protein and a scale sat on the floor amidst papers and posters and the few records they had kept. We discussed the kinds of things that reflect a professional business atmosphere (e.g., project documentation, field notes, and other documents easily accessible and filed clearly; soy protein kept together with the food items; business concept, project milestones, goals, and workplans clearly displayed for easy reference) and their impact on the impression and expectations of potential customers and of DuPont/Solae managers that visited. Over the course of the week, the Chiguru office space experienced a facelift that addressed many of the issues we discussed, including putting up a Chiguru banner and a photo of the Chiguru members, putting a poster-sized map of Rasul Pura on the wall that marked the areas where outreach was conducted, posting the business concept and the weeks agenda on the wall.

Related to the issue of the appearance of their office, we discussed the impressions that their personal appearance had. Everyone immediately raised the importance of having a common sari and handbags, as that would enhance not only their visibility, but also their credibility in the community. According to the field team,
they had asked for funding to purchase saris but had not yet received approval. It turned out that DuPont’s accounting requirements were forcing the NFSD Field Lead to get prior approval for even the smallest of expenditures. We agreed that the saris were a priority; to expedite the process and to maximize the impact of their future outreach efforts, they purchased samples to be shared with the NFSD India Lead the following week during his visit. Not having the project infrastructure in place to make field-level funds readily available to the field team was clearly a consequence of handing off the project to Solae in mid-stream; ensuring that this infrastructure was in place during the pre-field phase was a key learning.

Lastly, we again discussed the issue of doing the outreach in a manner that developed out the direct-to-home service. In our discussions, it was clear that both the Chiguru women and the field team were not linking this activity to their business concept (the Protégé services) but simply saw it as awareness building. I suggested to the field team that they post the business concept on the wall to help make clear how the action learning activities (e.g., outreach) was contributing to creating the product and service offering. Because of the language barrier, I wasn’t able to communicate this directly to the Chiguru women. This issue underscored the importance of having a field team that understood the subtle, yet critical, difference between market creation and awareness building.

Over the course of a three-day visit to Parvathagiri, I debriefed extensively with the field team and the Samatha women and then participated in a Neighbor Expo event. In contrast with Rasul Pura, the Parvathagiri field team and the Samatha women presented a strong sense of professionalism: files were rigorously maintained for all of their activities; workplans, activity schedules, key objectives, and posters about food nutrition were posted on the walls; and a team photo was hung on the wall. As I
explained to them, this professionalism instilled confidence in visitors and contributed to an image of success.

In our debrief sessions, the two key business issues we discussed concerned expanding the brand positioning beyond “healthy food” and seeing the soy product as part of a broader service offering. As I had noted earlier, the field team and the Samatha women had exhibited a strong tendency toward a narrow customer value proposition that could be summed up as “soy protein is good for your health.” During the July 2007 team and partner meeting and the team retreat in September 2007, we discussed the importance of framing the brand and value proposition much more broadly to avoid pigeon-holing the business in a small niche market and creating the perception that soy protein was a medicine. The Parvathagiri field team had taken this message to heart and had been working with the Samatha women on articulating the unique value of their business. They shared the following list of unique values they had brainstormed together:

• Strength giving foods
• Food with protein and minerals
• Clean food
• Quality items used to prepare food
• Nice food presentation
• Available to poorest customers
• Organic paddy and veggies to prepare foods
• Foods for health
• Protein-based items
• Tasty, nutritious
• Wide variety of food
• Make food for children and elderly
• Serve rural areas

As is clear from the above, the positioning continued to remain trapped under the narrow category of “healthy food.” I pointed this out during our debrief and tried to facilitate a discussion that drew on the Samatha women’s own experiences in learning to value and cook with the soy protein over the prior eight months. I tried to facilitate out how an important motivation behind their own learning experience was the fun and enjoyment that came from cooking together, sharing recipes with each other, and involving their family members in testing out new recipes. And their customers, I reminded them, would not have the powerful incentive of creating a business, so the motivation to go through the learning curve had to be particularly compelling. Getting the field team and the community business partner to think about the broader brand positioning continued to be a constant challenge and reinforced the importance of having field team members comfortable with linking the abstraction of a business’s brand to concrete actions—this style of thinking did not come naturally to the community partners.

A related issue and challenge in Parvathagiri (and one that also was present to a lesser degree in Rasul Pura) was the group’s difficulty of grasping the concept of selling a service. Both the field team and the Samatha women saw the offering in terms of a physical product, be it the soy protein powder that they would sell directly to housewives or the packaged and prepared foods containing soy protein sold to the wider community. These products were what the customer was actually buying in their minds. Upon understanding this, I realized why their brand message continued to focus on “healthy foods”—they only saw their product in terms of the physical food products, not the services they would provide. They viewed their interaction with
housewives (e.g., in-home joint cooking with neighbors, cooking counseling, family diet audits) as simply part of the sales process, but not part of the value that the customer received. In discussing how the manner in which they engaged customers to get them using soy protein created customer value, their reaction was that customers would not pay for that, but would pay for the soy protein. In other words, they saw the product value as separate from the service value, not as an overall customer offering. I tried to discuss with the field team the need to view the customer engagement as an event that contained various dimensions—some involving tangible products like the soy protein, some involving intangibles like opportunities to socialize with other women—that together determined the value for a customer. Despite extensive discussions, this proved to be a difficult conceptual hurdle to overcome.

In addition to debriefs and discussions, one full day of my visit entailed participating in the Neighbors Expo, one of the major group events that the Samatha business held. As noted earlier, each of the Samatha women provided three of their neighbor housewives with 100 grams of the soy protein two weeks earlier and were asked to simply experiment with the product. The Samatha women also provided some basics on cooking with the protein. For the Expo, each of the housewives was invited, along with two of her family members. The local political leaders of Parvathagiri and Annaram Sharif were invited. A large, colorful tent was erected in the courtyard in front of the temporary office space, and a microphone and speakers were set up. A separate table contained approximately a dozen varieties of soy-protein fortified packaged sweets and snacks prepared ahead of time by the Samatha women.

The workshop opened at noon and ran until 3:30 PM. After a welcome by one of the Samatha women, the Director of SIDUR addressed the crowd of some 70 people, providing history on the Samatha women’s effort. Afterwards, all of the men in attendance were invited to view the prepared foods and purchase them, followed by
the women and children. Once things settled down and everyone reconvened under the
tent, the microphone was passed around to give all of the women neighbors a chance
to reflect on cooking with the soy protein. Husbands and children also provided input.
Interestingly, a number of people from the community stated that their leg or neck
pains had been alleviated; one person commented that they weren’t able to walk but
could after eating the soy protein during the two weeks. These types of comments
clearly indicated that some of the Samatha women were continuing to present the soy
protein in a medicinal light. Other comments were less grandiose: several noted that
they liked the taste and would use it regularly. Another commented that she would
share it would several of her friends. Many of the comments offered encouragement to
Samatha’s goal of improving the community’s health through their business.

In terms of creating a business, the action learning event was tremendously
valuable. The event provided an opportunity to use the planning, production, and
accounting systems that the group had been developing over the past six weeks. It also
provided a low-risk opportunity to hone their customer presentation skills, and
generated valuable momentum and confidence through the actual sale of products they
had prepared. From a market creation perspective, the event was orchestrated largely
as an awareness building event. Also, the housewives’ exposure to the soy protein was
structured as a sampling strategy rather than a cocreation strategy that helped generate
the actual product offering and brand positioning. As such, I was doubtful that the
event and the two-week process leading up to it would create the sense of ownership
and personal investment in the business and value proposition that would convert the
stated intentions to buy the soy protein into actual purchases.

During our debrief of the event late that afternoon, it was clear that having
successfully orchestrated the event was a huge confidence builder for the Samatha
women. They stated that they better understood the link between the work they had
done to engage the community and creating demand for their product; as they stated, they had created some suspense in the community and fulfilled it on that day. One of the younger women recruited into the business—the youngest child of ten children—expressed how being part of the business had changed her life and her hope for the future. I congratulated them on the tremendous work they had done and the high level of professionalism they demonstrated. Moving forward, I expressed my excitement to see them develop a common brand identity so that their time in the community would have greater visual impact. Also, we discussed the importance of using consistently the term “Solae soy protein” when discussing their product—several times during the expo, either they or the guests referenced the product as either “soy powder” or “soy flour.” The Solae brand was an important part of their value proposition and credibility, and avoiding confusion between their soy protein isolate and soy flour was critical, as they were entirely different products and soy flour was already available (at a considerably cheaper cost than the soy isolate).

From Parvathagiri I traveled to Mumbai to advise the Solae project team there. I returned to Hyderabad and began developing the draft agenda for the team retreat and finalizing my agenda over the next two weeks in expectation of the arrival of the NFSD India Lead. I received a call from the NFSD India Lead thinking that he was confirming his arrival time in Hyderabad. Instead, he shared with me the news that the new top-management team of Solae had met with the NFSD Global Lead in St Louis and informed him that the Nutrition for Sustainable Development platform and all projects under it were to be closed down by the end of the year. The company’s primary objective was to address sagging profit margins, and any project that was not profitable in the short term was scaled back or cut. I shifted my schedule and traveled immediately to Delhi where I met with the NFSD Global Lead who had returned from St Louis and the NFSD India Lead to discuss our alternatives.
As the NFSD Global Lead explained, Nutrition for Sustainable Development had not been formally integrated into the company’s corporate structure at this point in time, and was essentially a “special project” of the former President. The new management team had little background on the BOP concept and the strategic basis of the innovation approach we were using. Without the background and understanding, the project appeared to be not only a near-term drain on the company’s profitability, but also counter to Solae’s core strategy as a business-to-business provider of soy protein solutions.

In discussing the situation, it was clear that, as a first start, we needed to better communicate the strategic logic behind the project and the history that led to its inception that included the BOP call to action by DuPont’s CEO. We believed that educating the new Solae top management team about the project could potentially help shift their view on its value to Solae’s strategic interests. Although financial support was unlikely, we hoped that Solae’s top management would support continuing to dedicate human resources to the effort, as well as in-kind resources (e.g., soy protein). Creating a short brief that provided this history was the first thing on our to-do list. Second, because of the project’s connection to DuPont’s broader efforts around BOP and sustainability, we believed that DuPont would have a stake and interest in seeing the project continue, given that Solae’s initiative was among the most extensive across DuPont’s SBUs. To make our case for financial support, we needed to develop a proposal that outlined the various sources of value to DuPont through the project.

Over the course of the week, I worked continuously to generate drafts of both the project summary document and the DuPont proposal. Our goal was to have both documents ready for circulation in one-week’s time. The seven-page summary used Solae’s internal language to frame the project as a new “go-to-market process” geared toward reaching a new mass market. The document outlined the project intent, the
three-phase Protocol process, the origin of the Solae India projects, a summary
timeline of the India projects, and the current status and next steps. The summary
explicitly noted the role that DuPont played in supporting the BOP Protocol Initiative
and the involvement of DuPont personnel in the initial scoping and championing of
the Solae project. It concluded by stating that

“confidence is very high among the community team and the Solae
team, as revenue generated during recent action learning and outreach
activities confirm that the broader community’s expressed desire for
Solae-based foods and protein will be converted into actual sales. By
mid December, all three business sites will have in place a business
prototype and will launch formal business operations, thereby
completing Phase II of the Protocol. During Phase III, which will be
completed in calendar year ’08, the businesses will move towards
implementation of the full business concept while intensifying outreach
to the full populations within each site. We strongly feel that the three
businesses will be fully self-sustaining and capable of expansion to
adjacent slums and villages within a 1-year period.”

The 16-page proposal to DuPont requested sufficient budget to support the
project through 2008, at which point we believed the businesses would be financially
self-sustaining (please see Exhibit 31 for the Executive Summary). The proposal
outlined three sources of near-term and long-term value to DuPont to justify the
investment of bringing the businesses to sustainability: media exposure and PR value,
the creation of a DuPont BOP center of excellence, and an option to pursue scale-out.
Our media exposure argument noted that DuPont/Solae’s Protocol effort had been
highlighted at ten major conferences and was mentioned in publications including
Fortune, BusinessWeek online, SocialFunds.com, India Times, and the Financial
Express. The Center of Excellence argument noted that the project could serve as a
training ground in “BoP best practices” for other DuPont business units interested in
entering the BOP space but who have been unsure of how to proceed. The scale-out
argument outlined the significant income potential from scaling the initial businesses
across slums and rural villages in Andhra Pradesh and Maharashtra states through a franchise-based structure that was consistent with Solae’s business-to-business corporate strategy (please see Exhibit 32). Our revenue model, which was premised on a buddy-system of franchise replication in which existing franchises supported the founding of a new franchise, forecasted reaching a tipping point in new franchise foundings and net income by 2013.

While our argument for support from DuPont focused on the up-side value of doing so, we concluded the proposal by noting the potential down-side of pulling out from the projects. Specifically, we explained how many of the women from the community involved in the businesses had quit other employment and, in one case, even sell her herd of goats to fully dedicate themselves to launching the venture. Halting the projects abruptly would hit the community teams hard due to these irreversible commitments made with the expectation that Solae’s support would continue through 2008.

With the summary and proposal completed, I and the NFSD India Lead used the third week of my visit to meet with the Directors of the non-profit partners in both sites, as well as with SP Jain in Mumbai. Our objective was to explain the decision made by the Solae corporate team to close the NFSD projects and the efforts we were taking to pursue support within DuPont; to understand their capacity to support the projects, either through their own resources or by mobilizing donor investment, should neither Solae nor DuPont grant support; and to seek their advice on when and whether to bring the issue to the attention of the field teams and/or the community women partners.

SIDUR said that in the event of a total pull-out that they would continue to allow the SIDUR liaison on the field team to continue supporting the Chiguru women. Also, they believed they could marshal the necessary external donor capital to provide
working capital to the Chiguru women. MARI was decidedly less optimistic. While they could provide a few months of in-kind support through the one of the MARI liaisons on the field team, they did not believe that financial capital could be mobilized in the six weeks remaining in 2007. Furthermore, based on the MARI Director’s hands-on experience (and failure) launching the chili processing factory in Parvathagiri, he recognized that the Samatha women needed sophisticated business guidance that his organization could not provide. MARI argued forcefully that pulling-out was not an option, and that Solae (even Cornell as a key institutional partner in the project) had to find the necessary resources to enable the projects to continue uninterrupted. For if Solae pulled out, it was MARI who would be bear the brunt of the backlash, as their compromised credibility would impact their current and future programmatic efforts in and around Parvathagiri. One common point of agreement among SIDUR, MARI, Solae and me was that we would not notify Chiguru nor Samatha about the situation, as it would quickly demoralize everyone and jeopardize their still mending trust and partnership with Solae. We would, however, make the field teams aware of the general situation.

I concluded my trip by visiting together with the NFSD India Lead the two field teams and community partners. We communicated to the field teams the financial pressures in Solae and the resulting decrease in funding available for the project from Solae. We explained that all of the partners were committed to making it work, and we were exploring additional channels in DuPont and Solae to ensure sufficient funds for sustaining, at a minimum, the field teams. We stressed the importance of them accelerating the work in the field so that the businesses were ready and able to move into formal sales; in addition, they should accelerate the timeline for getting key business infrastructure elements (e.g., the kitchens) into place and funded during December 2007. In our meetings with Samatha and Chiguru, the NFSD India Lead
listened to their completed actions and next steps. He then gave a motivational talk, noting how far they had come and urging them to finalize the few remaining issues (e.g., packaging, formal registration of the business) so that they could start growing sales revenues. I returned to the US.

From the US, I remained in touch with the NFSD India Lead and continued to provide guidance regarding workplan activities. The Samatha team began negotiations with an engineer for the construction needed on the building they selected in Annaram Sharif to hold the Culinary Center. They also finalized and purchased their team saris and the necessary cooking equipment and utensils for the Culinary Center. Additionally, they standardized the recipes for the packaged and prepared foods to finalize their costing. The field team began investigating the range of organizational legal structures for the Samatha business. The Chiguru team similarly purchased their saris and an initial set of cooking equipment. They also designed and purchased branded handbags that they would use for their outreach. The two field teams also began cooperating on developing the packaging and labeling for the packaged foods with the support of the DuPont Market manager. The Chiguru team had already initiated door-to-door sales of packed sweets and snacks using a cost-plus pricing model. They also began taking orders for packaged sweets from primary schools for the Republic Day festival at the end of January. Their outreach continued with the Chiguru women having reached 1,300 households by the end of the year.

In mid-December, the NFSD India Lead informed me that Solae’s regional manager had agreed to provide funding sufficient to support the project for the first two months of 2008, thereby providing some breathing room. Furthermore, the President of DuPont India informed the NFSD Global Lead that he would be traveling to Hyderabad and wished to see the project site there. No final decision regarding DuPont’s support would come until after the President’s meeting. The President’s visit
took place on January 10, 2008. The Chiguru women shared the history of the project, their business concept, and their plans moving forward. The President was impressed by the presentation and, according to the NFSD India Lead, noted that his idea of the slums had completely changed. Three days later, the NFSD Global Lead received the message that DuPont would support financially the project through 2008 with the expectation that the economic model would be fully developed and the businesses sustainable.

This concludes my overview of the period April 2007 through December 2007 and marks the end of Phase II of the BOP Protocol activities.

As noted earlier, I began writing the 2nd Edition of the Protocol in July 2007. The final, completed version with my co-author and colleague’s feedback was finalized at the end of 2007. The 2nd Edition of the Protocol synthesizes and reflects the wide range of management insights and challenges that I have outlined above and in the preceding chapter that detailed my involvement in the SC Johnson Kenya project. Chapter 6, which contains the 2nd Edition of the Protocol, is the practical management output of my dissertation.

The majority of my formative field learnings that underpin the core theoretical insights about market creation strategy that I put forth in chapters eight and nine had also taken place by this point in time. Therefore, for the purpose of this dissertation, the following overview of my remaining 15 months involvement in the Solae India project over the period Jan 2008 – March 2009 will be abbreviated, outlining the overall flow of events and drawing out particular challenges and activities relevant to my core theoretical arguments.
Field Summary: January 2008 – March 2009

While the additional funding was secured to ensure the project’s field operations, there was no support for retaining the NFSD platform in Solae. As such, the NFSD India manager was required to re-direct the majority of his time and attention to Solae’s core business. This left a significant capability gap, as the field teams were already lacking in strong management skills and business development experience. Without an intensification of the NFSD India Lead’s involvement, it was difficult to see how the businesses would reach a point of being cash-flow positive by the end of the year. To boost the field team’s capacity to drive business development, I immediately began working to hire a full-time, MBA-level “BOP Protocol Fellow.” In addition to bringing much needed business acumen to the field, it also would enable me to provide more sustained and timely input and support to the field, as well as to better capture learnings for the Protocol process.

I returned to India in mid-February 2008 for 22 days to help assess the state of the project, plan next steps, reach alignment with the various partners, and interview a Protocol Fellow candidate. A multi-day team retreat was held shortly after my arrival. The first day of the retreat included the Directors of the partner NGOs. The NFSD India Lead opened by explaining that support from DuPont would enable the project to continue for the year, though his involvement would be reduced. While the field teams and NGOs had received word in mid-January that additional support from DuPont was granted, there was lingering confusion among the field team and the NGO partners as to what the commitment entailed. The field team members, whose contracts with Solae had not been renewed, believed that their positions were slated to end in March 2008; they had already begun searching for other jobs. The NFSD India Lead corrected that misconception, though it revealed the extent to which the trust of Solae’s contracted field team members was delicate, even tenuous.
The NGO partners, furthermore, wanted greater clarity on the available finances for the year so that everyone could plan appropriately and stretch out the available dollars. The NFSD India Lead, however, did not have a concrete number to share; while support was being made available, the actual amount of funding and how it would transferred within DuPont/Solae wasn’t yet determined. The shared goal from that meeting was to bring the two community businesses to the point of financial sustainability as soon as possible and to start preparing the community partners mentally and organizationally to stand on their own feet. The NGO partners would reinforce this communication in their interactions with the community partners.

During the next two days, I and the NFSD India Lead worked with the field teams to focus and harmonize their brand messages and to develop a set of milestones for bringing the businesses to the point of financial and organizational sustainability. In discussing the branding, I emphasized the importance of expanding beyond a nutrition message and towards the broader idea of personal relationships and social connections (please see Appendix 36). In terms of milestones, I was concerned that, given the conditions, the focus would turn purely to boosting short-term sales at the expense of a repeat customer base and an organizational foundation. I voiced the importance that both sites balance sales of packaged and prepared foods with developing long-term cooking relationships with housewives, the latter being the sales channel that would enable them to generate the sustained revenues necessary to support the entire team. Furthermore, it was important that effective management systems and organizational structures were in place so that the community partners could independently manage the business. Reflecting this thinking, the milestones outlined were divided into infrastructure, management systems, and performance. Furthermore, performance milestones included financials such as profit, as well as intangibles such as trust (please see Appendix 37).
I visited both sites and de-briefed with both field teams. In Rasul Pura, the Chiguru team members had divided themselves into three separate groups: one responsible for cooking and food production, another responsible for the outreach to housewives with the goal of selling the bulk soy protein, and the third one responsible for the sale of packaged and prepared foods. They had completed a very successful event with local schools on Republic Day (India’s Independence Day), selling more than 1,000 packages of sweets as part of programs they held at private schools (the programs were held on the school’s rooftops and simulated the rooftop garden concept by bringing in plants). Based on the successful event, one of the schools volunteered the use of their rooftop to establish the rooftop garden. Chiguru team members were also preparing to grow an assortment of food-related plants in containers in order to build the skills and understanding to maintain the rooftop garden. Tote bags were printed with Chiguru’s slogan “Chiguru connects people: Life and Livelihood,” an indication that they and the field team grasped the importance that socializing and relationships played in their business.

The Samatha team had turned three team members’ homes in Parvathagiri and Annaram Sharif into model “Master Champions” homes. The model homes were meant to be prototypes for the village-based champions who too would base their operations from their homes. Each home had set up a sales counter at which they sold daily packaged foods, as well as freshly prepared foods. The model homes provided further opportunity for Samatha to establish and build out their management systems. The group, however, had continued to position themselves narrowly: A banner stretched across the model homes read “Your Health is our Aim: Samatha Nutrition Products.”

Upon returning to the US, I hired the candidate I interviewed for the Protocol Fellow position, a just-graduated MBA from Cornell who had completed his final
semester on exchange at an Indian business school. He joined the project full-time in April 2008. After completing homestays in both sites as part of an induction, he began working with the field teams to help them in their strategy development and execution. Due to several factors, not least of which was my not providing clarity on the Protocol Fellow’s roles and responsibilities and decision-making authority vis-à-vis the field teams, his efforts to jumpstart progress on the ground created backlash from the field team members and the community partners, particularly in Rasul Pura where mis-trust by the field team and Chiguru women had been a recurring challenge. The Protocol Fellow’s ability to participate in the strategic planning and execution was significantly limited because of this and required a gradual re-introduction into the project over a two-month period before he could successfully re-engage. In the re-introduction period, he successfully developed standard costing for the Samatha business, as well as formal accounting reports.

By April 2008, both the Samatha and Chiguru businesses finished formal registration (both were registered as cooperatives), finalized the packaging and pricing of their food products and soy protein (the soy protein was to be sold in pouches in 25, 50, and 100 gram quantities), installed their initial set of cooking equipment in their kitchen facilities, and developed various marketing collateral such as brochures, flyers, and tote bags. Formal sales of packaged and prepared foods were started in April 2008 in both locations; bulk protein sales were started in June 2008 because of delays in finalizing the shipment of pre-packaged protein (to ensure the purity of the soy protein, Solae asked one of its Indian business-to-business customers with packing capacity to ship protein packaged in the small quantities to the businesses).

I returned to India in June/July 2008 for 12 days to help smooth-over the conflicts between the Protocol Fellow and the field teams, particularly in Rasul Pura, and to meet with the DuPont and Solae management teams to discuss next steps. I and
the Protocol Fellow spent several days with both field teams. The Chiguru team members who were part of the kitchen/cooks team were completing several days of cooking-training by a chef from a high-end hotel restaurant. I and the Protocol Fellow visited the school site offered as the location for the rooftop garden and met with the school principal who was very keen on the idea. Operating private schools was a competitive business in the slums, and having something like a rooftop garden could be a point of differentiation. We also discussed at length with the field team the imperative of building personal ties and relationships among the housewives. The business coordinator on the field team raised the idea of holding “jams” with housewives around food: a “jam,” as he explained, was an existing and well-accepted practice in which women came together to discuss a particular topic. We encouraged the field team to aggressively explore that idea and others.

In Parvathagiri, I and the Protocol Fellow spent time at the Model Champions homes in Parvathagiri and Annaram Sharif villages. Surprisingly, the model homes were focused mostly on the selling of prepared and packaged foods to school children and male adults; housewives were not being drawn in through any programs or interactions. We discussed with the field team the importance of harnessing the home as a mechanism for reaching housewives, as that would be the key revenue driver for the village champions and the Samatha business. We brainstormed ways that the packaged and prepared food sales could, at a minimum, be done in a manner that raised interest and awareness among housewives. Among the ideas suggested included inserting a business card with the packaged snacks, giving a flyer to husbands to take home to their wives, and displaying a poster with pictures of a group cooking sessions.

Managerially, the Samatha group’s activities were very well coordinated, from the purchasing of raw materials, accounting for production, and recording sales. As in Rasul Pura, we talked at length with the field team about specific plans for building
the personal relationships among housewives. The thinking of the field team, however, remained caught in the nutrition-awareness paradigm: in sharing their plans for entering a new village, they foresaw holding a “health expo” that would get the community to understand the health benefits of soy. We shared with them the “jam” idea raised in Rasul Pura to try and get across the need to build social relationships among the housewives as a key strategy to their adoption of soy protein into their cooking habits.

The debrief meeting with DuPont and Solae included DuPont’s General Manager for India, the person responsible for having secured the additional year of support. The Protocol Fellow and the DuPont Marketing Manager who was supporting the NFSD projects led the presentation on the current status of the businesses. The other meeting attendees included the NFSD Global Lead, DuPont’s India Manager of the company’s food and nutrition platform of businesses (of which Solae was a part), and the NFSD India Lead. In their presentation, they shared the initial one to two months sales data for the various products. The numbers were encouraging: In Rasul Pura, for example, Chiguru sold four kilograms (almost nine pounds) of the soy protein isolate to housewives in the first week of operations alone. As we all acknowledged, the real test would be whether the businesses could get repeat sales and grow revenues quickly enough, as only six months remained in the year.

During this visit, it was announced that the NFSD Global Lead was being relocated immediately to Brazil to run Solae’s operations there. The Solae business in India, which was considerably smaller, would report into a DuPont manager for the company’s food and nutrition platform. With his departure, the NFSD platform was officially dissolved.

In the months of July, August, and September 2008, the performance of the two businesses started to diverge. The Chiguru business generated strong month-on-
month growth in the sale of the soy protein, reaching almost 50 kilograms (approximately 110 pounds) by the month of September. During this time, Chiguru—with the guidance of the Protocol Fellow—had instituted a “container program.” The container program involved selling the soy protein to customers in a re-usable, branded (i.e., with a label) plastic container that could be refilled on request. The refillable plastic container, though it required an initial one-time cost of $.50, resulted in a lower product cost to the customer and significantly higher margins for Chiguru (approximately 30% higher), as Chiguru could purchase bulk protein direct from Solae rather than the pre-packed protein (packaging the protein in the small pouches almost doubled the cost of the protein isolate). Customers kept the container in the kitchen next to other cooking ingredients. In one month time, Chiguru had 200 repeat container customers (all housewives). Chiguru invited the housewives to attend Chiguru-sponsored food events (such as the Republic Day event) at the primary schools attended by the customers’ children. They also began planning group cooking classes for the container-customers. The field team started to see the opportunity of creating a “container club.” By the end of September, the Chiguru group was generating enough profit on their sales to supply almost one-third of their targeted take-home income.

The Samatha business was not enjoying this same level of success. Sales for the three months were growing much slower, reaching a high of 28 kilograms (approximately 61 pounds) for the month of September 2008. More worrisome, however, was the source of those sales. The soy protein was being sold by seven outreach teams comprised of two people per team. Each team would focus on a different village. The month when protein sales started in a newly-served village, protein sales were between two to three kilograms; the next month, sales plummeted to 0.2 – 0.6 kilograms. Rather than working to develop a local Village Champion and
create the demand, the outreach teams simply moved on to other villages where they could find first-time buyers. Sales of soy protein even in their home-base villages of Parvathagiri and Annaram Sharif remained very low. By September, the outreach teams were becoming frantic, expending enormous time seeking out and traveling to new villages in which to sell the soy protein. The initial Village Champions that they recruited to be the local face and spirit of the Samatha business were also quitting, as they could not generate sufficient income. The Protocol Fellow noted that the messaging continued to be focused on the health benefits of soy protein. As part of the outreach team’s strategy, for example, the team would meet with school teachers in the community, explaining to them the importance of protein to children’s development. Even the containers they selected to try and implement Chiguru’s container approach were “medicinal” in appearance, according to the Protocol Fellow.

I counseled the field team via email to create a portfolio of sales activities and to divide the team up among the different sales opportunities because of the different skills sets they demanded. To sell the soy protein, I noted, was the most lucrative (with gross margins more than 50%) but required significantly more time as it entailed a “lifestyle change” among the housewives—how she thinks about food, how she creates meals, how she budgets for meals, and how she evaluates meals. I noted that when I asked the Samatha women on my last trip how long it took them to feel comfortable cooking with soy protein, they replied that it took them a full year of practice. As such, enabling that learning process in housewives would similarly take time and require building an ongoing cooking relationship with them. Treating the sales and marketing for the soy protein in the same manner as they did for the packaged sweets was a recipe for disaster. To help structure their thinking of how to operationalize a sales process around housewives, I worked with the Protocol Fellow to outline a three-phase customer engagement strategy designed to build a housewife’s
interest in and knowledge of cooking with soy protein, thereby growing the per monthly family consumption of soy protein. Lastly, I emphasized that the “hook” for getting housewives interested in going through that lifestyle change had to be more compelling than “it’s good for you.” Starting with “fun through cooking” as the core message would reach a broader audience.

At a higher project management level, another discussion began taking place. Even in Rasul Pura, where the Chiguru team was experiencing strong sales results, it was very doubtful that either of the two businesses would reach financial and organizational self-sustainability in the remaining three months of 2008. For Chiguru, it required tripling sales; for Samatha, it would mean sales growth of 500%. However, believing that these were indeed viable businesses and that they represented a growth opportunity for DuPont/Solae, the Protocol Fellow spearheaded the writing of a business plan to scale the venture with the goal of attracting outside investor capital from a social venture capital fund. I and the NFSD India Lead worked with the Fellow to fully develop the proposal, which was sent to a social venture capital fund in October 2008. It was also circulated internally in DuPont. Our business plan argued that

“to rapidly and effectively magnify the impacts of these proven businesses beyond the borders of their communities in a manner that fits within DuPont/Solae’s ‘business to business’ (B2B) corporate structure, Solae is seeking to spin off Nutrition for Sustainable Development as an independent “social enterprise” Franchise Company that would facilitate and manage the creation of hundreds of new community-based businesses across India.”

Solae and DuPont, upon seeing the business plan for scale-out, stated that neither Solae nor DuPont would provide any financial or human-resource support to a scaling strategy. They asked that the message be communicated clearly to the Samatha and Chiguru and the local NGO partners that there would be absolutely no additional
funding or human resource support from DuPont or Solae beyond 2008. That message was communicated by the NFSD India Lead during a mid-October visit to the project sites. The community partners were hit hard by the news; they did not believe that they could stand on their own and without the ongoing financial backing of Solae and had hoped that Solae would come up with additional funding. Moral sank once again on the uncertainty of the future. The blow was compounded by low October sales, as several major holidays occurred in that month.

Despite the encouragement and counseling to both businesses to focus time on building repeat sales, the fear of losing financial support from Solae in two months time resulted in more “fire-sale” activities, particularly in Parvathagiri. The NGO partner MARI tried to assist Samatha by using its extensive network of self-help groups to promote and sell the soy protein. In November, approximately one-half of Samatha’s protein sales were to MARI—protein sales unlikely to lead to repeat customers. The Samatha women also began planning to launch sales of the protein in the large city of Warangal a full one-hour drive away. In addition, they started planning to open a restaurant on the main road of Parvathagiri village in the hope of generating sales of prepared foods to visitors. Chiguru also started planning to leave Rasul Pura slum and start selling its packaged foods across Hyderabad.

By December, there was still no final word from the venture capital firm whether it would invest in the NFSD Franchising business. I had initiated an intensive search together with DuPont’s corporate sustainability team in the US to identify companies in the food industry looking to enter the BOP and who would be interested in assuming the lead partner role to the community business partners. Both Chiguru and Samatha were hoping that one of these options would materialize so that additional funding would enable them to continue building their businesses. Morale was very low. In Rasul Pura, one of the field team members accepted employment
elsewhere. Seven of the Chiguru members stopped coming to work. Reminiscent of the previous year, Chiguru demanded that Solae continue to provide financial support through 2009.

In the eleventh hour, an emergency three-month window of working capital to sustain the projects for the first quarter of 2009 was granted by Solae’s top management team to enable Solae to exit gracefully from the projects. Despite our best efforts, the social venture funds did not invest in the scale-out plan, nor did another corporation join as a partner (I was involved in extensive discussions and proposals with two other companies who expressed a strong interest; one chose to pursue a different path to enter the BOP, while the other succumbed to pressures of the economic crisis and cancelled its nascent BOP project).

In March of 2009, I returned to India for 10 days to work with the NFSD India Lead to facilitate Solae’s exit from the project. We arranged a small pool of working capital and a support network that included MARI and SIDUR in the hope that it would enable Samatha and Chiguru to continue operations until they could grow sales to the point of financial sustainability.

This concludes the overview of my involvement in Solae’s implementation of the BOP Protocol in India between December 2005 and March 2009.
CHAPTER 6: KNOWLEDGE CREATION II
THE BASE OF THE PYRAMID PROTOCOL, 2ND EDITION

In this chapter, I introduce the 2nd Edition of the BOP Protocol and the key differences between it and the 1st Edition. This 2nd Edition, which was released publically in March 2008, represents the second, manager-focused Knowledge Creation output from my research.

**BOP Protocol 2nd Edition: Linking New Business with New Market Creation**

The 2nd Edition of the Protocol differs from the 1st Edition both in terms of the underlying business objective and the innovation and entrepreneurship processes. The objective and targeted output in the 1st Edition was, as I’ve described, a radically localized business—a business whose value proposition and value chain harness and reflect to the greatest extent possible local needs, knowledge, resources, local infrastructure, and socio-cultural institutions. This output was based on the implicit assumption that creating an offering that matched local needs and socio-cultural habits would unleash a latent market while resulting in a cost effective offering. The innovation and entrepreneurship processes were matched to this output. The 1st Edition followed a linear business development path that began with acquiring local knowledge and insights, reflecting the local knowledge into a business concept, creating an initial prototype through additional research, and then evolving the business through small-scale pilot tests geared toward gaining consumer feedback. Once the fine-tuning was completed, the business would be scaled. The names of the
three main phases of the Protocol—Opening Up, Building the Ecosystem, and Enterprise Creation—are testament to this linear logic. Co-creation—a concept that occupied a significant position in the process—was conducted within this logic and business development framework.

As I explained in the field summaries from Kenya and India, the core underlying strategic objective of creating a radically localized business turned out to be problematic. It was implicitly assumed that creating a product offering that matched up with needs would unleash a latent consumer demand; the challenge, so thought, was simply getting close enough and deep enough into the community to understand what those true needs were. The Kenya business certainly seemed to address pressing needs: in one test application of SC Johnson’s Raid in a Kibera home, some 40 cockroaches emptied out of the one mud wall on which it was applied; mosquitoes interrupted sleep and were carriers of malaria (my homestay host in Kibera left a kerosene lantern burning on low to keep them away); and the odor of the open-pit latrines was a top concern.

But when a Community Cleaning Service (CCS) person came knocking on his/her door to offer the cleaning service, the consumer didn’t know what to make of the offering. On reflection, CCS was bringing to consumers an offering for which they had no precedent. Unrecognized was the reality that the “disruptive business concept” would be inherently disruptive to the consumer. With this realization came a corollary learning: unmet needs are not equivalent to a market. (Simanis, 2009; Simanis et al., 2008b) Serving unmet needs was different than improving on an existing product for which there already existed a market. I came to realize that in order to address these basic needs, consumers had to come to value the product concept and integrate it into their lives.
At the time of re-writing the 2nd Edition of the Protocol in 2007, I was in the early stages of formulating the core issue of market creation as a demand-side challenge. Based on what I knew at the time, I re-oriented the model to note explicitly the need to create a new enterprise and a new market. The 2nd Edition contains milestones and outputs for both dimensions. Subsequent learnings from India afforded me a much deeper and more nuanced understanding of the challenge of new market creation. Those learnings and their theoretical underpinnings are the focus of Chapters 7 and 8.

On the business/enterprise side of the equation, I made two core process changes in the 2nd Edition. The first concerned the purpose and use of co-creation; the second concerned a shift to “enactment” as the means of moving from concept stage to business offering.

As I noted, co-creation was an integral element of the innovation process in the 1st Edition of the Protocol. That said, the term was used very loosely—it simply meant, “doing things together with the community.” In the 1st Edition, co-creation techniques such as participatory rural appraisal were used to build trust and to better “hear the voices of the poor.” While these co-creation techniques were effective from a data gathering perspective, they proved insufficient—even counter-productive—for enabling co-creation of a new business idea with the community partners. To effectively co-create a business concept (not just a product idea) that would yield value for the company required first establishing a common business language that would bridge the wide gap in experiences and perspectives about what a business is and entails. Concepts such as unique customer value, core customer, integrated products, revenue drivers, and brand positioning—terms important to any in-depth discussion of a business concept—were completely foreign to the community.
What’s more, co-creating a concept was a very different challenge from co-creating the actual business organization. As I recounted, the ideation approach with the community in Kenya focused on generating as many and as varied ideas as possible. That co-creation technique, however, inadvertently created a weak organizational foundation on which to build the business with the community business partners. Specifically, the innovation approach seeded divisions and cliques within the community business partners, with each ideation team championing and pushing for its idea, rather than working together constructively. By choosing one idea from among the many developed, the sense of shared commitment to the chosen idea and path forward was undermined. This learning was reflected in a different structure to the concept co-creation approach in India (e.g., working with a consistent community team, collective entrepreneurship workshops, converging the team on one concept) as well as in the 2nd Edition of the Protocol.

The 2nd Edition also reflects a change in the broader underlying business development process from one that is causally based to one that is enacted. As I noted in the field summary, the creation theory of opportunity formation played a formative role in moving beyond the linear, market-research driven approach to operationalizing the business concept. That approach, which the literature labels a “discovery-based approach,” (Alvarez & Barney, 2007) fueled unrealistic expectations among the community partners in Kenya, as consumers would express a strong interest in paying for the product/service, leading to revenue and profitability forecasts that made profits appear quick and inevitable. It is also my belief that the act of conducting market research in the community seeded a sense of cautiousness in the community (rather than priming the pump and getting people excited about the product), as it established a kind of transactional relationship.
This change to an enactment-based approach is reflected structurally in the 2nd Edition with the use of a single fractal model rather than the three mutual value chains. Furthermore, the business outputs identified for the three phases changed to reflect this enactment approach—Phase I results in an actionable, umbrella business concept; Phase II generates a business prototype comprised of an initial product and service set and umbrella business brand; Phase III culminates with a financially sustainable, independently managed business. The shift to enactment also is reflected in the integration of action learning techniques for building a shared understanding of the business vision and the initial business prototype.

Before proceeding to the 2nd Edition of the Protocol, I re-iterate that the ideas presented above have matured and further developed since re-writing the Protocol during the second half of 2007. While these core changes and others are reflected in the 2nd Edition, the document is imprecise, at times, in articulating these ideas. For example, the use of the term “business prototype” as the business output of Phase II has proven to be an ineffective choice of words, because of its associations with the rapid product prototyping processes championed by many of today’s human-centered design (HCD) approaches. The prototyping approach as outlined by HCD reflects the same linear, causal approach to entrepreneurship (albeit iterative) which proved unsuitable for commercializing a discontinuous business offering. Today, I use the term “skeleton business” to avoid that connotation and to better communicate the concept of starting with a small, scaled down version of the business. In another case, I named one of the four core activity platforms of Phase III “building the market base” to bring attention to the need for demand creation. However, in so doing, I reinforced the view that market creation is mainly an awareness-building exercise that is done once an initial product has been developed, rather than the key factor dictating the
shape and form of all three phases of the business development process. Following I present in full the 2nd Edition of the BOP Protocol.
APPENDIX A
The Base of the Pyramid Protocol:
Toward Next Generation BoP Strategy

Second Edition
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Other photographs generously provided by BoP Protocol team members in Kenya and India.
**INTRODUCTION**

Despite five decades and over $2 trillion dollars spent on foreign aid, the top-down prescriptions of the post-World War II “development regime” have proven ineffective. The Bretton Woods institutions, designed after World War II to manage the international financial system, are buckling under the weight of growing global discontent. The International Monetary Fund, the World Bank, and the World Trade Organization are under increasing fire, even from insiders such as Jeffrey Sachs, Joseph Stiglitz, William Easterly, and George Soros. Indeed, the so-called “Washington Consensus” is in disarray, having left a sting of financial crises in its wake.

Increasingly, the private sector has been called upon to direct its dynamism and innovation to bear on the complex global challenges these public institutions were established to address. Microcredit and microfinance have exploded onto the scene, offering commercially viable approaches for banking the unbanked. “Corporate Social Responsibility” and “Sustainability” have moved front-and-center for large corporations from GE and Wal-Mart to Toyota and Tata. Ironically, where governments have faltered, corporations have increasingly stepped up to the plate to tackle thorny global challenges ranging from climate change to poverty.

Notable among these recent corporate initiatives has been the quest to reach the “base of the pyramid” (BoP) — the more than four billion people globally with per capita incomes below $1,500 (purchasing power parity). Since the idea was first introduced by C.K. Prahalad and Stuart Hart at the turn of the 21st century, the list of large corporations transforming their business models to achieve the price points and cost positions required to reach the poor has grown. Single serve (sachet) packages, low-cost production, extended “mom and pop” distribution, and NGO partnerships have become de rigueur. Yet, in the rush to capture the “fortune” at the base of the pyramid, something may have been lost — the perspective of the poor themselves.

While commendable as an initial step, most “first generation” corporate BoP strategies have, in our view, failed to hit the mark. From Nike’s “World Shoe” misstep to create an athletic shoe for low income markets to Hindustan Lever’s sachet-packaged soaps, shampoos, and creams, these strategies represent arm’s length attempts to quickly tap into a new market. Pushing the company’s reformulated and repackaged products onto shantytown dwellers and rural villagers may indeed produce incremental sales in the near term. But in the long run, this strategy will almost certainly fail because the business remains alien to the communities it intends to serve.

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8 We use the term “base” instead of “bottom” because of the negative connotations of the latter. We thank our colleagues Jim Johnson and Ted London and the members of the BoP Learning Laboratory for this suggestion.

Indeed, companies seeking to “target” the poor with affordable products, while well intentioned, may inadvertently be engaging in the latest form of corporate imperialism. “BoP 1.0” strategies, whether guided by “ethnographic” market insights or country level World Bank data, have implicitly imposed a narrow, consumption-based understanding of local needs and aspirations. A growing chorus of voices now raises concerns that corporate BoP strategies represent nothing more than veiled attempts to “sell to the poor,” as though simply turning the poor into “consumers” will address the fundamental problems of poverty and sustainable development.10

If the enterprise-based approach to poverty alleviation is to flourish in the future, it is imperative that we now move rapidly to a “second-generation” of corporate BoP strategies. Second-generation BoP strategy requires an embedded process of co-invention and business co-creation that brings corporations into close, personal business partnership with BoP communities. It moves corporations beyond mere deep listening and into deep dialogue with the poor, resulting in a shared commitment born out of mutual sharing and mutual learning. It breaks down the wall that “public-private partnerships” inadvertently erect when NGOs become mediators and interlocutors between companies and poor communities rather than bridges uniting them. By creatively marrying corporations’ and communities’ resources, capabilities, and energies, “BoP 2.0” strategies bring to life new business ideas and models that exceed what either partner could imagine or create on their own. In sum, building a BoP business that creates enduring community value, while establishing a foundation for long-term corporate growth and innovation, requires an entirely new strategic process and corporate capability.11

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11 For an in-depth analysis of “2nd generation” BoP strategy and capability development, please see Simanis and Hart (2008) “Beyond Selling to the Poor: Building Business Intimacy through Embedded Innovation.”
Co-Creating Mutual Value

To fill this capability gap, we have been deeply involved over the past five years in the design and development of a BoP 2.0 strategy process— the BoP Protocol (see Appendices 1 and 2 for an overview of the genesis of this project, as well as a set of Operating Business Principles). The BoP Protocol is a co-venturing process that integrates within a corporate entrepreneurship framework leading-edge thinking across a range of fields, including economic anthropology, international development, empathy-based design, and environmental management. As one senior manager familiar with the process describes, “it is a structured approach to a non-structured challenge.”

Central to the BoP Protocol are the principles of “mutual value” and “cocreation.” 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. Co-development catalyzes business imagination and ensures the business model is culturally-appropriate and environmentally sustainable by building off of local resources and capabilities. Importantly, it also expands the base of local entrepreneurial capacity. Key principles, techniques, and methods have been adapted from the fields of “participatory rural appraisal” (PRA) and “asset-based community development” (ABCD).

The “-creation” half of this logic reflects the view that a co-generated business concept has to be enacted through an evolutionary and highly interactive approach that ultimately crystallizes the new value proposition. In the absence of an existing product market that can be researched to reveal customer preferences and needs, the BoP Protocol uses action-learning techniques to roll-out a business concept in a low-risk manner. A “seed” value proposition is progressively evolved by the corporation together with community members through constant and deep interaction with the wider community. The creation process thereby ensures that the business is in tune

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12 We thank Mr. Upadrshtha Purnachand of The Solae Company for this wonderful description.

13 Participatory Rural Appraisal is a family of development approaches and methods that empower the poor to analyze their own needs and life conditions, to identify solutions based on local resources, and to take action. The methods, which are sensitive to differentials in power, status, and education (e.g., illiteracy), position the development professional as a facilitator of the development process, rather than as an expert solution provider. For more background on PRA philosophy and practice, see two seminal texts by Robert Chambers: Rural Development: Putting the Last First (1984) and Whose Reality Counts?: Putting the First Last (1998).

14 Asset-Based Community Development (ABCD) is a development approach that, much like PRA, begins with the premise that poor communities are rich in resources, skills, and competencies which can and should form the foundation for advancing change in the community. For more information on ABCD, please see John Kretzmann’s and John McNight’s seminal book, Building Communities from the Inside Out: A Path Towards Finding and Mobilizing a Community’s Assets (1993).

Currently, SC Johnson is pursuing a business in partnership with slum communities in Nairobi. The Solae Company is developing separate business ventures with both a Hyderabad slum community and a rural village community in the Warangal District. To help bring to life core concepts and techniques, the BoP Protocol description below includes examples from the field experiences of SC Johnson and DuPont/Solae.

A License to Imagine
Critics of globalization assert that any role multinationals come to play in addressing the challenges of poverty and sustainable development will necessarily be distant and impersonal in nature, driven by the logic of global competitiveness and economies of scale: Only locally-based initiatives can be truly culturally-appropriate and embedded in the local economy and landscape. “Small is beautiful,” as the saying goes. Critics also point out that some companies have chosen to simply adapt environmentally unsustainable products and services to sell in the BoP “mass market.” Left unchecked, this path clearly leads to environmental oblivion: If 6.5 billion people (8-9 billion by mid-century) consume at the levels of

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15 For more information on creation approaches to entrepreneurship, see the following two papers: Saras Sarasvathy (2001) “Causation and Effectuation: Towards a Theoretical Shift from Economic Inevitability to Entrepreneurial Contingency,” Academy of Management Review 26(2): 243-263, and Sharon Alvarez and Jay Barney
16 Our deepest thanks to SC Johnson and The Solae Company, the CBO partners and communities in Kenya and India, and the various individuals who have made important contributions in these project sites. The insights that inform the BoP Protocol are a result of their collective efforts. For the SC Johnson project, we thank in particular Carolina for Kibera, KickStart, and Egerton University. People who have played key roles and provided valuable support and guidance include Scott Johnson, John Langdell, Joseph Njenga, Salim Mohammed, George Ngeta, John Mungai, Catherine Burnett, Nyokabi Kiarie, Kimeu Muindi, Edwin Oketch, Martin Fisher, Dennis Simiyu, Vincent Arnum, and Njeri Muhia. For the Solae project, we thank Modern Architects for Rural India, the Society for Integrated Development Rural and Urban Areas, Aide et Action, the Indian School of Business, and SP Jain Institute of Management. Key individuals and contributors over the course of the project include Kobus DeKlerk, Upadrshtha Purnachand, David Hewitt, Padma Buggenini, Ravi Chandra Raju, Paul Chater, Shweta Aggarwal, Srinivasan Sankar, Sonika Giddiga, Koel Barua, Tanmoy Majumder, Indranil Das, Indira Viswanadhram, Kalavathi Uppunutul, Padmaja Veerla, Kondal Rao Kanaparthi, Murali Ramisetty, Nanda Thumaty, Vardhan Thumaty, C. Upendranadh, Somesh Kumar, V. Chandrasekar, Reuben Abraham, Subramonia Sarma, Anil Kulkarni, and Nirja Mattoo.
17 We are developing a BoP Protocol Field Guide that outlines the specific techniques and approaches used in both the SC Johnson (Kenya) and DuPont/Solae (India) Protocol projects. The Field Guide will be released in 2008.
today’s typical American, we would need 3–4 planet Earths to supply the raw materials, absorb the waste, and stabilize the climate.

Through the BoP Protocol, we believe it is possible to shatter the presumed trade-off between being locally embedded and large in size, and between meeting the needs of the Base of the Pyramid and overwhelming the planet’s ecological systems. Indeed, we believe the interconnected challenges of addressing poverty and human development and restoring global ecological systems present multinational corporations (MNCs) with a unique opportunity — a “license to imagine,” to re-conceptualize the corporation in a manner that can sustainably serve the diverse needs and values of people across the globe. Furthermore, taking the “great leap” to the BoP may be the wisest strategy for incubating the disruptive (and sustainable) technologies and business models of tomorrow.¹⁹ Learning to close the environmental loop at the Base of the Pyramid is one of the fundamental strategic challenges — and opportunities — facing MNCs in the years ahead.

The time is now to acquire the license to imagine. By practicing a new, more inclusive brand of business development — one that deeply engages previously excluded voices, concerns, and interests — the corporate sector can become a catalyst for a truly sustainable form of world development and prosper in the process. The BoP Protocol, in our view, provides a roadmap for securing this license to imagine and embarking on this journey.

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PREFACE

We preface this 2nd edition of the BoP Protocol by, first and foremost, extending our deepest thanks to the community members in Kenya and India who, together with SC Johnson and DuPont, have embarked on this uncharted journey with us. We owe them all a debt of gratitude, as their sustained commitment to realizing an entrepreneurial vision has made this 2nd Edition possible. The names of these men and women can be found in Appendices 3(a) and 3(b).

We are also grateful to the organizations that have provided resources to support the initial development of the BoP Protocol. Corporate partners in this effort are DuPont, SC Johnson, Tetra Pak, and Hewlett-Packard. Institutional partners include Cornell University’s Center for Sustainable Global Enterprise, University of Michigan Business School, William Davidson Institute, World Resources Institute, and the Johnson Foundation.

Lastly, we offer a humble admission that we have much to learn. Our own in-field experiences have not unfolded smoothly and without road bumps and u-turns. Our initial theories were not always sufficient in addressing the complexity of real life. Yet, having managed these challenges firsthand, this revised and updated edition of the BoP Protocol represents deeply “grounded” theory that is robust enough to respond to a diverse range of corporate contexts. As the SC Johnson and DuPont initiatives evolve, and as new projects are launched, we fully expect that our understanding and recommendations will likewise evolve to better capture the complexity of this challenge. We look forward to sharing these learnings in future editions of the BoP Protocol.

BOP PROTOCOL – PRE-FIELD PROCESSES

The BoP Protocol process begins with a prefield phase that consists of three interdependent activities: 1) the selection of appropriate BoP project site(s); 2) the formation and training of a multidisciplinary corporate “field” team; and 3) the selection of local community partners. A fourth core activity is the creation of an enabling environment or “R&D White Space” within the corporation that supports experimentation outside of the current business model and business development process. Depending on the company’s experience in 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. A site visit by the team lead prior to in-field work is helpful for addressing logistical issues (e.g., communication, housing) and building a common understanding among all local partners of the project intent and each others’ role in the process.
Site Selection
The project sites should be located in countries or regions which are considered to be of vital, long-term strategic interest and where some facilities exist, but in which the corporation does not already have an extensive, entrenched business presence. Such locations ensure that the project garners steadfast corporate support and resources throughout the business development process, while reducing the risk that the initiative is “captured” by the corporation’s “traditional” business norms and practices. The presence of existing facilities and staff also facilitates relationship building between the corporate team and the community partners by providing a tangible place (e.g., an office) for partners to visit that reflects the corporation’s culture and nature of operations.

Launching the project in more than one community can create valuable opportunities for learning and sharing across communities and can, particularly in later stages, serve as a source of solidarity. This is true if the sites are sufficiently close to one another (e.g., within a two or three hour distance and reachable by public transportation) to allow for visits and exchanges. However, multiple sites significantly increase the complexity of coordination and demand greater time and resources to manage. This is particularly the case if the project is launched in both an urban (shantytown) and rural (village) setting, as the difference in context will likely result in the evolution of two distinct business models. Importantly, a company should only launch multiple project sites if it is able and willing to support each of them fully throughout all three phases of the BoP Protocol.
Team Formation & Preparation

The initial corporate team should consist of approximately four people per site. It is vital that this team possess a range of functional expertise, (e.g., strategy, marketing, and R&D) both to ensure that the business ideas generated draw broadly on the company’s capabilities and to provide continuity throughout the business development process. It is equally important that among the corporate team members is an experienced development practitioner with deep understanding of community facilitation and mobilization, particularly within a social-entrepreneurship framework. One or two additional members with deep ties to the community are added to the corporate team once the site and local partner are established. Doing so enhances the community’s openness and provides a comfortable contact person to whom community members can raise questions and provide feedback on the team’s performance.

The initial corporate team, together with other members of the corporation providing guidance and support to the initiative, receive training 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. Prior to entering 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, thereby ensuring a clear and consistent message.

Corporate team members are selected on the basis of entrepreneurial experience and passion for engaging issues of poverty and sustainable development through enterprise. A blend of experienced managers with five or more years of service within the corporation along with younger (even new) talent ensures the team has deep insights into the corporation’s capabilities and technologies while remaining open to new possibilities and ways of operating. A team diverse in gender and age may also permit access to a wider range of people in a community. Corporate team members

Real World Example

SC Johnson launched its BoP Protocol project in the neighboring Nairobi slums of Kibera, Mathare, and Mitumba and in the rural village of Nyota Township. Nyota, which is accessible by auto vehicle only, is located approximately 5 hours outside of Nairobi.

The Solae Company’s initiative began in the Hyderabad slum cluster of Rasul Pura, as well as in rural Parvathagiri “Mandal” (i.e., county). Parvathagiri Mandal can be reached from Hyderabad via a 2-hour train ride and an additional 1-hour car or bus ride. A third “sister site” was later launched in Mumbai.

Both SCJ and Solae had prior, yet relatively small, business operations in their chosen project countries.
should be drawn, as much as possible, from the country where the project is based, as this creates a pool of local and “field-tested” talent to support the business in the subsequent phases of the BoP Protocol.

Real World Example

The Solae Company’s 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, and four senior-level development professionals on secondment 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 Kenya project based in the US (Cornell University) and Brazil (BRINQ). The team reported to a senior-level Solae employee experienced in new business development.

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. Local partners are financially compensated for their time and for any use of their facilities and other resources. However, it is important to maintain as flexible a partnership arrangement as possible, as the actual needs of the project are highly contingent and cannot be foreseen.

The most important characteristics of an effective local partner are 1) that the organization is open to learning new capabilities and using enterprise as a way to advance its mission; 2) that its staff is experienced in using participatory development practices; and 3) that 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 live in the community. Locating embedded community partners is not easy, as they are, almost by definition, small in size and operate intensely within a narrow geographical range. In some cases, they may be identified through large, well-known multinational funding agencies (e.g., Oxfam, CARE) which often contract with them to implement their own programmatic efforts.
R&D White Space

To derive the maximum value and benefit from a BoP Protocol initiative, it is necessary to create a corporate “R&D White Space” that enables linkages to corporate-level resources and capabilities while at the same time maintaining sufficient independence from the routines, metrics, and structures that govern the core business. Corporate BoP Protocol initiatives are most appropriately (and perhaps most easily) funded through an R&D budget, as the process is best characterized as a special kind of “research and development” — business model R&D. As with traditional R&D, 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. Since pursuing the BoP requires wholesale development of new skills and capabilities, the “R&D mindset” makes implicit sense as it eliminates the expectation for quick returns, rapid scale-up, and the other financial requirements imposed on conventional new business development initiatives.

While it is important that a BoP Protocol initiative has independence from the corporation’s core operating procedures and norms, flying completely “under the radar” in a “skunk works” manner risks cutting the initiative off from the company’s broad base of technologies, human resources, and organizational capabilities. Given that the corporation’s (and community’s) capabilities are the building blocks from which the new BoP business will be imagined and created, restricting access to these capabilities limits the team’s scope for innovation and constrains business possibilities. In all cases, particularly if “flying under the radar” is deemed politically necessary, the team should report to and/or be supported by a senior-level person in the company to facilitate the team’s access to resources and capabilities that may cut across geographical areas and organizational boundaries.

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**Real World Example**

**SC Johnson’s local partner in Nairobi is Carolina for Kibera (CFK).** CFK, founded in 2001 to fight poverty and help prevent violence through community-based development, has its office in Kibera and draws the majority of its staff from the community.

In Parvathagiri Mandal, The Solae Company partners with Modern Architects for Rural India (MARI). MARI, which was founded in the late 1980s by a team of social workers, works intensively in a four mandal area that includes Parvathagiri Mandal and promotes strong community-based organization of the poor. The director of MARI lived for four years in Parvathagiri, and maintains a small office in the community. Both the SC Johnson and Solae teams were supplemented with 2-3 members from each of these organizations.
**Real World Example**

The SC Johnson initiative was championed by the CEO of the company and directed by a senior VP who was head of the company’s corporate sustainability unit. From inception, the project also established a strong lateral connection with the General Manager of the company’s East Africa business (based in Nairobi) and the Regional Manager for South and East Africa in South Africa.

The Solae Company initiative was championed by the CEO of the company and led by a senior director from the company’s Sales and Marketing division. A lateral connection was also established between the project and Solae’s India office in Delhi.

**BOP PROTOCOL – IN-FIELD PROCESSES**

**Overview**

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 manner. 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. A co-creation logic — one premised on joint decision making by the corporation and the community in which decisions are informed by action-based learning and experimentation — guides the business development process from beginning to end. Importantly, the BoP 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 re-embedding the proven business in other communities (see Scaling the BoP Protocol, page 41).

A brief summary of each phase follows on the next page.

**Phase I — Opening Up**

*Opening Up* begins with a company immersion in the community using homestays to build rapport and a base of trust. The company then recruits a community team representative of the community’s diversity that is committed to working together with the corporation to develop new business ideas that can benefit all parties. A series of participatory workshops are designed to build understanding and a shared business language between the two groups. The phase culminates with idea co-creation workshops that converge the group on a single, actionable business concept.

**Phase II — Building the Ecosystem**

*Building the Ecosystem* begins by formalizing a project team comprised of company representatives and those community members who remain committed and motivated to building the new business. Role playing and group field visits are used to ensure that all team members develop a rich, shared vision of the business and a deep sense of responsibility for its success. Action learning is used to build the project team’s business skills and conceptualize an initial business prototype. The prototype, which is evolved by reaching out to the wider community thereby creating “buzz” around the business, consists of the initial product/service offering and an umbrella brand position.

**Phase III — Enterprise Creation**

*Enterprise Creation* creates the full business model using small-scale tests and continued action learning. Local market demand is jump-started through engagement of the wider community in this process. The community team deepens its management skills with the goal of eventually managing and leading the new business independently. At this time, the corporation puts into place a platform to support the replication of the new business in other geographies. The output of this phase is a business embedded in the social fabric of the community.
Key outputs from each phase are shown on the next page.
PHASE I — OPENING UP

Phase I, “Opening Up,” lays the foundation for creating a new partnership united by trust, mutual commitment, and a shared vision for a new business enterprise. It encompasses the steps involved in overcoming the skepticism and cultural distance between the corporation and the community, and ultimately forges a personal, peer-to-peer relationship on which a business partnership of equals can be built. The total time needed to complete the in-field activities of Phase I is about eight to ten weeks per community site. Importantly, all knowledge generated during this phase is made broadly available to the community and local partners. This is done in recognition of the participatory principle of joint ownership, as well as to ensure transparency and minimize the circulation of potential rumors regarding the corporation’s intent. The information can be made available through various kinds of “base camps,” ranging from the local CBO partner’s office, a local school or community center, to a government office frequented by and easily accessible to community members.

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 corporate members and the company, to explain the team’s intent, and to answer any questions people may have. When possible, the team also engages in additional “icebreaking” opportunities, such as participation in a community event hosted by the local partner, to ease the transition into the community.

Following these initial introductions, the corporate team works together with the local partner and members of the community to identify families or individuals willing to host the team members in community homestays. The focus of the homestay is not about collecting ethnographic data or scoping out potential business opportunities. It is about building trust and rapport. As much as possible, the host individuals and families should reflect the cultural and socioeconomic diversity within the community. During the community homestay, each corporate member lives full-time, for at least one week, with a family or individual in the community and assists the host with daily chores and income-generating activities.

Corporate team members need to be mindful that, in their zeal to learn from their hosts and participate in chores, they do not create an additional burden on their hosts. Appropriate compensation for the hosts should be decided by the local partner in consultation with community members. 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.

Real World Example
Over the course of a 7-day homestay in two adjacent villages of Parvathagiri Mandal, three Solae team members 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.

In Nairobi, SC Johnson team members cooked and sold “mandazi” (a Kenyan fried bread) by the roadside, collected trash and sorted recyclables with a youth group, and sold hand-stitched clothing from a small kiosk.

Project Team Development
After the initial immersion, the corporate team’s focus turns to recruiting a representative group of people from the community who are committed to working together with the corporation to develop new business ideas that can benefit all parties.
The corporate team and the recruited community members together form the Project Team.

To begin the recruitment process, the corporate team works through the local partner’s social networks, holding intensive small-group meetings to share in greater depth the corporation’s partnership intentions while being sure to inquire into and highlight the community’s unique strengths and knowledge. The conversations need to emphasize the entrepreneurial nature of the effort. It requires striking a balance between inspiring and motivating people as to the unique business possibilities that a partnership holds, and tempering expectations that business success is certain and rapid. Given the open-ended nature of the project and many BoP residents’ prior encounters with government officials and aid workers, the corporate team may also need to overcome distrust and expectations of largesse (e.g., grants, loans, jobs).

To ensure that the corporate team isn’t creating a class of “gatekeepers,” the team uses Participatory Rural Appraisal (PRA) techniques such as social and institutional mapping. The mapping, which is done at a time and place that encourages broad community participation, highlights the variability in the community across multiple dimensions, such as poverty, caste, occupation, access to resources, and age. Using the maps, the corporate team identifies additional individuals and groups to meet with and invite into the partnership. The team should recruit approximately 40 to 45 people into the Project Team to participate in the ensuing stages of the process, recognizing that not all of the initial participants will elect to continue as they gain a better understanding of what the project entails. During this time, the corporate team also uses Rapid Assessment Process (RAP) to explore issues and questions about the community that surface during the mapping sessions and/or meetings.20

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**Real World Example**

*In Parvathagiri Mandal, women from the self-help groups that the Solae team met insisted initially that the team “was hiding something” and requested the team to “tell us the business you want us to do.”*

*In Nairobi, members of numerous self-help youth groups responded to the SC Johnson team’s question as to the youth’s initial interest in forging a business partnership with the reply: “Absolutely — if you buy us a truck, we will wear t-shirts with your logo.”*

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20 Rapid Assessment Process (RAP) is a methodology used to quickly develop a holistic understanding of a complex issue that lacks clearly defined boundaries. RAP relies on a diverse team composition and open-ended, semi-structured interviews to develop an “insider’s” perspective of the issue and to triangulate root cause/s of a problem. For more information, see James Beebe’s (2001) *Rapid Assessment Process: An Introduction*. 
Collective Entrepreneurship Development
To harness the creative potential of the newly-formed Project Team (i.e., the corporate team together with the recruited community members), it is necessary to first build a shared business language and to develop the group’s ability to think and work together as entrepreneurs and business partners. Establishing trust and mutual respect is central to this task. This is accomplished through a series of daylong, participatory workshops that alternate between small, break-out group activity and full group analysis and reflection. The workshops adapt traditional PRA techniques, such as community transects and participatory photography, within an entrepreneurship framework. Through these sessions (which focus on topics such as “successful partnerships,” “unique customer value,” and “dimensions of a business concept”), the Project Team explores its joint resources and capabilities, as well as the potential needs and wants 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 for their attendance at the workshops, as this changes the nature of the budding relationship from one of “partner/colleague” to one of “client/employee.” However, costs incurred to attend the workshops, such as transportation, are typically reimbursed. As well, food is provided, depending on the length and time of day of the workshops.

At the same time, it is important that the corporate members of the Project Team remain attuned to how the project’s demands on peoples’ time may differentially affect some community members (such as those reliant on intermittent day labor). Indeed, one of the central challenges during this period is to cultivate norms of punctuality and responsibility necessary for effective group performance while remaining flexible and adaptable to the diverse demands on the Project Team’s time.

Real World Example
In Hyderabad, the Solae Project Team dispersed across different areas of the Hyderabad slum community in five mixed groups to photograph local community resources and reflect on their current uses. When the groups reconvened, the photos were projected onto the wall, and each group described the resource’s current use and brainstormed ways that it might be utilized to serve new purposes. One of the resources analyzed during this process — rooftops of homes and buildings — formed a vital dimension of the ultimate business concept that was co-created.

Business Concept Co-Creation
The capstone activity of Phase I, business concept co-creation, begins by developing criteria for business success, both from the community’s and the corporation’s perspective. Using these criteria as general guides, the Project 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 and critical reflection and assessment, iterating over a period of several weeks until the groups can converge, ideally, on a single business concept with a unique and compelling value proposition. Focusing the Project Team on a single output encourages information sharing and critical and open analysis of each other’s ideas, thereby leading to a robust concept that has the commitment of the entire Project Team from its inception. In between iterations, RAP is used to 1) test out assumptions; 2) gain additional information relevant to the emerging business concept/s; and 3) engage the broader community in the business development process.

While the business concept needs to be immediately actionable to maintain community interest and project momentum, it is also vital that it be sufficiently broad so as not to constrain the new business within a narrow band premised solely on current products, technologies, and resources. The intent of concept co-creation is not to be additive and to simply couple the resources of the corporation with those of the community (e.g., selling a current product through an existing self-help group network). Instead, the intent is to be generative and to develop a concept that exceeds what either the corporation or community members currently do. 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 and evolve the business model as the Project Team learns what does and does not work. It also establishes a strategic framework to guide the corporation’s longer-term product and technology development efforts focused on the unique needs and context of BoP communities.

**Real World Example**

*In Hyderabad, the Solae Project Team converged on the concept of a “Culinary Park” that linked the expressed needs for local greenspaces, fresh and affordable produce, and healthy, high quality food options. The culinary park takes advantage of the availability of building rooftops in the slum that can be adapted for use as rooftop gardens. The exact nature of the food products and services to be offered are expected to evolve as the concept is put into action and will likely vary from one neighborhood to the next.*

**PHASE II — BUILDING THE ECOSYSTEM**

Once the Project Team settles on an umbrella business concept that has the potential to generate value for all partners, the initiative enters Phase II, “Building the Ecosystem.” The objective of Phase II is to build an organizational foundation for the new business
and to develop 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 (potentially new) local partners. During this period, the Project Team gets “on the ground and into the field.” Working hands-on, the Team addresses the various practical issues involved in operationalizing the business concept and develops an initial business “prototype” through small-scale experimentation. This phase is about gradually *enacting and evolving* the business concept at a low-level of complexity, rather than *hypothesizing and testing* an ideal, full-blown business structure.

Phase II also marks an important transition in the role of the local (CBO) partner and the community members on the Project Team. As the intent is to establish a new business that unites the community with the corporation, it is vital that the corporate and community members develop the capacity to work directly with each other. In this way, Project Team members learn to rely on and trust one another to overcome challenges and negotiate differences.

While the local CBO partner was critical in providing an initial “bridge” and entry point into the community and facilitating the partnership, in Phase II the CBO and other partners shift into a behind-the-scenes role where they function as project advisors and guides. Thus, while their degree of involvement may remain the same, the nature and the visibility of this involvement changes. Their evolving role allows the corporate and community team members to forge a more direct interdependence and to develop the necessary co-creation capabilities. As in Phase I, partners are compensated for their time and resources.

During Phase II, the community members that comprise the Project Team transition into full-time roles as co-founders of the new business. Community team members have equal responsibility, along with the corporation, for starting the new business, as they will ultimately manage and direct it independently. They do not, however, have the same capacity to bear risk as the corporation. In addition to meeting their own daily needs, community team members will likely shoulder the responsibility of supporting and caring for their families. Weddings, illness, and weather-related crop failures can create financial shocks to the household. For this reason, it is critical that business prototyping activities are structured so that community team members can generate income and that the Project Team is organized in a manner that creates an insurance mechanism to respond to financial contingencies.

Depending on the number of sites and the nature of the business concepts, 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 6 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**.

**Project Team Development**
In Phase II, the Project Team begins the transition into a formal business organization. Community membership in the Project Team is comprised of those original participants who remain committed and motivated to invest time and “sweat equity” in building the new business. A community team size of approximately 20 members is optimal, as tasks can be efficiently divided up among sub-groups of 4-6 people, thereby allowing the business to progress faster. Splitting up project work is particularly important at the beginning of Phase II, as community team members will be transitioning from their other livelihoods and will not be able to dedicate all of their time to the business. Significantly exceeding 20 members causes coordination strain. More importantly, it places tremendous revenue pressure on the business in Phase III, as the fledging business now has to support a large number of people.

Depending on the nature of the business concept and the current team constitution, additional members from the community are recruited into the project to fill skill and experience gaps. These new recruits ensure representation from key segments of the community, including those that are the poorest. A team that represents the community’s diversity will help ensure the broadest level of support for the new business. All new members should undergo a thorough induction process to ensure a
common understanding of the project’s history, the Protocol approach, and the business concept. Members should also be fully aware that the venture will take time and hard work to bring about and that success is not guaranteed. Importantly, the community members themselves should articulate a set of norms and requirements for ongoing participation.

Corporate membership in the Project Team is comprised of two to three people (per site), ideally drawn from the original corporate team to ensure continuity. Given the unique challenges of co-venturing, the corporate members should include an experienced person with demonstrated ability in entrepreneurship, as well as community facilitation and mobilization. Other corporate members, who may be of a more junior-level, need to possess an understanding of new business development and community facilitation principles and a deep commitment to a participatory ethic. These individuals are also chosen with an eye toward building the company’s capability to later replicate and extend the business to new communities and geographies. If the corporate members did not participate in Phase I, it is vital that the corporation include as part of its team one or more returning members from the local CBO partner to ensure continuity and to retain the personal relationships forged. As with new recruits to the community team, any new members joining the corporate team should complete a thorough induction process (including homestays) to ensure deep alignment with the Protocol process and business intent.

**Real World Example**

In Parvathagiri Mandal, the Solae Project Team felt that, in order for the business to be successful, the Team would need to include some of the younger mothers and single women in the community, as well as representatives from the Scheduled Castes (members of the lowest caste groups). Over the course of an eight-week period, the Project Team reached out to approximately 10 more women, eventually inducting six of them. The induction process involved pairing each new member with a “sponsor” from the original team, who was tasked with teaching the new member about the project history and the business venture. A formal ceremony was held to recognize their entry onto the Team. The eventual size of the Project Team was 24.

**Building Shared Commitment**

A sense of shared commitment to the new business and to each other is essential for weathering the challenges that confront all joint entrepreneurial undertakings and for building the new company’s base for sustainable competitive advantage. Creating shared commitment to the new business requires, first and foremost, that all members of the Project Team are in complete alignment as to the core business concept to be pursued and the value that each dimension or component of the business concept generates. Role playing and group field visits are powerful techniques by which all members can develop a rich, shared vision of the business and a deep sense of responsibility for its success. In addition, collectively drafting a “strategic brief” of the
initial business concept (translated in the local vernacular) and updating the description as the concept evolves over the course of Phase II provides a valuable reference point for the Project Team and helps maintain this alignment.

Creating shared commitment among the corporate and community members of the Project Team requires deepening the personal relationship between the two partners and, ultimately, developing a new, shared organizational identity. While the co-creation process itself is the primary mechanism for building this deep interdependency, a number of related actions and activities support its development. When possible, inviting the community team members to the corporation’s local facilities, and hosting periodic team meetings at the corporation’s office build a sense of reciprocity and help to personalize the company. Similarly, having senior members of the corporation travel periodically to the community to meet and work with the Project Team demonstrates the corporation’s commitment to the project.

Additional actions that help foster a new, shared identity include the joint development of 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.

Real World Example

In Parvathagiri Mandal, the women community members on the Solae Project Team greeted a new member from the Solae Company visiting the project for the first time. When he introduced himself to the women and mentioned that “Solae” was pleased to be working with them, one of the women raised her hand and said: “We are pleased that you are able to join us, but...WE are Solae!” Clearly the Protocol process had instilled a deep sense of shared identity and commitment.

In Nairobi, community team members translated SC Johnson’s corporate credo into the local Swahili dialect, Sheng, in the process of developing a set of jointly-developed business principles to guide the Project Team. A representative consolidation team eventually drafted a unified statement that reflected the full Project Team’s shared principles and values.

New Capability Development

The Project Team needs to possess a common baseline knowledge regarding products and technologies to ensure consistency across all interactions with the broader community. In addition, to facilitate the development of an initial product/service offering, the Project Team must have an understanding of general business concepts (e.g., pricing, brand building) and the local business context (e.g., local market value chains). Knowledge and capability gaps among Project Team members are co-identified and specific expertise is sourced from within the corporation, the local CBO partner, and the community as a way to further build mutual commitment and deepen
community integration. All team members are thus both teachers and learners. Documenting and codifying key learnings helps to ensure consistency in the Project Teams’ understanding and provides a tool for inducting future members.

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. In addition, it helps sustain the Project Team’s momentum and enthusiasm, as all “learning” is tied directly to important business outputs. Lastly, action learning highlights individuals’ talents and skills, thereby providing a basis for matching Project Team members to tasks and project roles rooted in demonstrated ability and interest, rather than on status or seniority.

Real World Example

In Nairobi, the Project Team was connected to SC Johnson’s corporate R&D staff to understand the potential health, safety, and environmental issues associated with providing “home health and cleaning services” to the mostly single-room mud homes of the slums. Over the course of these conversations, the Project Team and SCJ’s R&D staff felt that an effective cleaning service would need to incorporate Integrated Pest Management (IPM) techniques, an area in which the R&D staff had limited experience. Subsequently, to understand how to best integrate IPM into the business service, the Project Team provided free cleanings to the Team members’ families and neighbors in exchange for candid feedback. Importantly, SC Johnson’s own R&D staff had to broaden its scope, as well.

Business Prototype Co-Creation

Once all Project Team members possess a deep, shared understanding of the business concept, focus turns toward developing an initial product/service offering and brand positioning. It is important to note that this activity does not involve conducting survey-based market research, which is then channeled into a detailed business plan with forecasts of product sales and revenue streams. Such a “planning and discovery” approach fuels expectations of rapid success among the Project Team, promotes politicking regarding anticipated revenue distribution, and prematurely freezes the value proposition.

Instead, business prototype co-creation uses action learning and small, field-based experiments that interact with the broader community to develop a rudimentary “business prototype” that has passed through an initial “market screen.” By involving the wider community in the actual development and evolution of the business offering, market demand is self-generated, and the business is “built for success” from the beginning. Engagement with the broader community should begin with the community
team’s immediate contacts and social networks, but gradually extend out to involve other community members who can provide more “objective” feedback and input. The strategic involvement of key community members can create powerful word-of-mouth “buzz” for the new business offering. It is valuable to frame the initial brand identity as broadly as possible (i.e., an “umbrella brand”) to have the necessary flexibility for refining and evolving the brand position.

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 level of importance to long-term business success. The Project Team needs to balance “quick wins” that can generate near-term income (and thereby sustain the Team’s motivation) with activities that require more time investment but hold greater potential for sustained sales and pervasive brand presence. Additionally, it is important to begin with activities that allow a relatively wide “margin of error” in execution, as it will take time and hands-on learning for the Project Team to evolve a high and consistent performance level. Even though the Team begins with a subset of the activities, there should be a clear understanding among all Team members of how these relate to the larger business concept and strategic positioning.

**Real World Example**

*In Nairobi, the “umbrella concept” centered on the idea of a Community Cleaning Service (CCS) involving some combination of home cleaning, sanitation, and pest control. After initial trials that included providing free applications in schools, mosques, and homes of friends and family, CCS’s initial suite of services included garbage collection, indoor cleaning, insect control, window screening, and wall repair and patching. CCS is branded as a partnership among SC Johnson, a coalition of slum youth groups, and CFK (the local CBO partner). The business tagline, “we identify with you,” is emblazoned on the back of the youth’s uniforms. Due to variation within and across the slums, the initial price of the service was left up to the individual youth groups.*

**PHASE III — ENTERPRISE CREATION**

Once an initial business prototype is operational, the initiative enters Phase III, “Enterprise Creation.” The objective of Phase III is to establish both a committed market base, and a new organization capable of sustaining and growing the enterprise while evolving and expanding the initial prototype into a complete business model. Preserving organizational and business model flexibility at the early stages of Enterprise Creation is paramount. To work under such conditions of ambiguity, however, demands that the community and corporate team members have established, during Phase II, a deep sense of trust and commitment to each other, including the
capability for managing conflict and negotiating differences. To operate with confidence, corporate and community team members also need to have established strong trust and support from their respective “internal key stakeholders” (e.g., corporate leadership, family networks).

During Phase III, the role of all external partners further recedes so that the Project Team emerges as entirely self-sufficient, possessing the skills necessary to manage the new business and to grow and replicate it in other communities and geographies. 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. Following Clay Christensen’s counsel for incubating disruptive technologies and businesses, an important rule of thumb during this period of development is to be “impatient for profit but patient for growth.”

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.

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New Capability Development
To shift from start-up to a self-sustaining business requires that the community members of the Project Team develop the organizational systems and business management skills necessary for managing ongoing operations (e.g., accounting and book-keeping, planning, logistics) and for growing the enterprise locally (e.g., saving and re-investment, customer feedback). As during Phase II, these knowledge and capability gaps are co-identified and periodically re-assessed by the full Project Team and addressed through action learning scenarios tied to concrete needs of current business operations. Rather than holding a “training” session on cost accounting, for example, the community and corporate members of the Project Team together track the actual revenue flows and calculate profit from the business’ initial operations.

As much as possible, all project management processes and decisions, including the management and allocation of project funds, are jointly administered to build the community team members’ practical management capacity. “Guest talks” by successful entrepreneurs and field visits to successful start-up ventures provide effective ways to both manage the community team’s expectations and to provide insights into the process of growing and running a new business. These activities can help demonstrate the importance of inculcating business practices and habits that have a less immediate and visible impact on profitability and operations, but that are vital to sustaining and growing the business (e.g., tracking customer satisfaction and community impact). Documenting and codifying key learnings and processes helps to institutionalize the learnings and provides a valuable mechanism for inducting future team members as the business grows.

For the corporation, Phase III is also the time to begin building the necessary organizational capabilities to manage future replication and scale-out of the new business in other communities and geographies. This organizational foundation includes both a human resource dimension and a structural, business systems dimension. As many of the management skills and competencies necessary for co-venturing are tacit in nature (e.g., community facilitation, deep dialogue, co-creation), the most effective way to develop future project managers in other geographies is by gradually immersing them in the current business site. This immersion begins with the new managers “shadowing” the current corporate members of the Project Team to understand the ethos of the process. “Shadowing” then transitions into more active involvement and co-direction in order to actively “practice” skills such as facilitation.

The R&D White Space created to support the initial project needs to be formalized within the corporate structure. Corporate-level formalization of this “business model R&D” unit is important for ensuring a consistent flow of patient capital, the application of appropriate performance evaluation milestones, and for effectively leveraging learnings and resources among the initial project site and new geographies. Absent a separate organizational structure for housing and supporting these co-venturing initiatives, the company’s “corporate antibodies” are likely to impose traditional business development practices and performance targets, thereby forcing
the new “BoP” business to migrate towards “middle of the pyramid” markets, and to revert back to a product/line extension business development approach (BoP 1.0).

Real World Example

In Hyderabad, the Project Team opened a Working Capital Account (seeded by Solae) that is jointly managed by Solae and the community team members. The Project Team collectively budgets for its activities and manages cash flows and receipts. In addition, a second Retained Earnings Account was created in which all income from the Project Team’s action learning and initial business operations is held. Solae is initially “seeding” this account to provide “bridge funding” for the women, all of whom are now working full-time on building the business. The Project Team collectively decides how these funds are distributed among the team (and potentially into new investments). In addition to learning how to manage the new business’ finances, the community team members have also expressed an increased sense of pride and self-esteem.

Building the Market Base

In order to deepen trust and shared commitment with the wider community while ensuring that the new business’ products and services are in genuine demand, the Project Team engages the broader community in the evolution of the business prototype and development of the full business model. This process is not about “educating” and “convincing” potential customers of the products’ or services’ benefits — an approach that is effective in stimulating demand when introducing product extensions into a defined and established market segment. Rather, “Building the Market Base” creates 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, “pull-through” demand is generated, and competitive advantage is ensured through an indelible brand connection.

Deep, personalized connections with the wider community are forged through homestays conducted by the Project Team in and around the community the business intends to serve. It is worth recalling that many slums and rural “counties” can have well in excess of 25,000 residents. Homestays allow the Project Team to share informally the business’ intent with key people and groups, while continuously learning from the lives of the people in the community in which the business operates. The high level of visibility afforded by homestays also has valuable “spillover” effects that help breed broad enthusiasm for the business.

A “community advisory board” provides a formal mechanism for engaging the wider community. The advisory board is comprised of various opinion leaders (both formal and informal) in the community and those groups and individuals who have the greatest influence over the purchasing decisions of the community segment/s that the
business intends to serve. To avoid the possibility of board members becoming gatekeepers, and to multiply the number of “touch-points” in the community, “terms” are fixed and membership periodically rotated to bring in new perspectives. All board members receive an abbreviated induction into the business to enhance their ability to effectively advise the Project Team and to ensure that they communicate a consistent message about the business to the community.

Additional actions that build broad support for the new business by involving the community in a co-design process include holding “community contests” to determine aspects of the business offering (e.g., product configuration) or brand (e.g., the logo or tagline) and providing the business’ products or services pro-bono to a public organization (e.g., local school) or at a public event as part of an action learning experience in exchange for candid feedback.

Lastly, the supply chain for the emerging business should be localized whenever possible. This involves sourcing available raw materials and services from community-based vendors, as well as working closely with them to continuously improve the quality of their products and services. It also entails enabling the creation of new community enterprises that can provide needed inputs that are currently unavailable. By localizing the supply chain, the business builds a valuable interdependence between its growth and development and that of the wider community.

Real World Example

In Parvathagiri Mandal, which consists of some 40,000 residents within a 5-mile radius, the Solae Project Team dispatched 6 pairs of team members to six different areas of the county. Each pair of women stayed for two nights with friends or relatives of other Project Team members, learning about each others’ families and the similarities and differences between their own home areas, in addition to sharing about their business. Word quickly spread 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 selling its products and services. Being asked by men and women for their opinions and knowledge proved to be a transformative experience that boosted the women’s self-esteem and confidence.

Collective Entrepreneurship Development

To ensure the development of a robust business model, it is vital that the collective insights and capabilities of the full Project Team are utilized. Creatively responding to challenges and opportunities with the Team’s full range of resources requires that the full Team possess a deep, shared 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 spurred by joint analysis. Conducting joint “sales calls” provides further insights into key issues surfaced through initial business operations. Importantly, working side-by-side in the field reinforces a shared organizational identity and further personalizes the relationship among the Project Team members and the wider community.

While the Project Team begins small-scale commercial operations using the resources, technologies, and products immediately available, during Phase III attention turns to exploring and developing new products and “clean” technologies optimized for the emerging business model and customized to the community’s unique context (social and ecological) and needs. The emerging business, with its set of deep relationships in the community, can be viewed as a real-time “R&D site” in which new products and clean, “disruptive” technologies can be tested, incubated, and improved. Building direct links between the corporation’s R&D and technology departments and the Project Team is a vital first step in translating the Team’s deep, local understanding into new products and technologies. To ensure that technology and product development remain aligned with the realities and demands of the business and community, it is important to treat corporate R&D members as part of the Project Team by inducting them through homestays and participation in in-field business operations.

Real World Example

The Nairobi business was launched using SC Johnson’s current suite and configuration of products (e.g., cleaning agents and insecticides packaged in spray cans). These products were originally designed for purchase by end-consumers for in-home use. After a short time in field, it became clear that, in order for SC Johnson’s products to be effective within the service-based business model of CCS, the products would need to be bulk-packed using a commercial application technology. Given the high cost and long time period for registering new product configurations in Kenya, CCS is simulating costing and pricing on the basis of bulk provisioning while the company explores this new option. In addition, presence in slum communities has opened a window on new product development using clean technology.

Business Enterprise Co-Creation

Working from the revenue prioritization map developed in Phase II, the Project Team gradually expands the scope and complexity of business operations. Each new addition to and expansion of the business is tested out and shaped through numerous small-scale “business experiments” intended to surface nuances in customer needs and wants, as well as unanticipated consequences. The rule here is to “fail small and learn big” so that problems can be avoided later during business expansion and scale-out. Given the uncertainty as to the ultimate shape of the business model and which
dimensions of the business will drive revenue growth, maintaining organizational flexibility is paramount. This flexibility is preserved by minimizing investments in fixed assets when phasing-in business activities, and by postponing binding decisions as to organizational structure (e.g., ownership and governance) and profit and revenue sharing. Instead, all revenue is best held in a common fund jointly managed by the Project Team until there is sufficient clarity and certainty as to the revenue model.

During Phase III, it is important that the performance of the new business and Project Team be evaluated against milestones that emphasize learning and “failing forward,” thereby allowing the Team to experiment widely in evolving a profitable offering. Setting and reaching revenue targets that ensure a baseline level of income for community team members is needed for the business’ ongoing operation. However, milestones based on arbitrary revenue and product sales targets per “traditional” corporate growth expectations inadvertently “fix” the business model prematurely and lead the Project Team into a “push” mode of action. It is important that the corporation remain flexible and open as to its own revenue capture model vis a vis the emerging business and to not recede into a peripheral, “supplier” role based solely on the sale of its current product and technology set. Indeed, shifting into a “supplier mode” in which the corporation is not central to the business’ value proposition gradually erodes the deep interdependence between the community and the corporation. This type of erosion then creates a potentially weak competitive position when the new business is scaled-out to other geographies.

Real World Example

In Nairobi, CCS’s service offering has evolved differently in the three slums. In Mathare, CCS is providing contract cleaning services to the multi-story, concrete apartment buildings constructed as part of the government’s slum redevelopment efforts. CCS cleans the common areas (e.g., bathrooms and toilets) found on each floor. In Kibera, the CCS service focuses on pest control (IPM approach), a significant problem in the mud-based dwellings. In addition, carpet and furniture cleaning has emerged as a valued service. This need, which has proven unique to Kibera, is driven in large part by the slum’s age. Kibera was first settled in the 1950s, and because families have lived there for multiple generations, over time they have accumulated assets. Mitumba, a recently settled slum area where homes are constructed of wood and tin and residents are generally poorer and more transient, CCS is experimenting with a basic pest control service.

SCALING THE BOP PROTOCOL

As we have seen, 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 time and commitment of an initial BoP Protocol initiative, the business model needs to be
efficiently transferred to and re-embedded in hundreds, if not thousands, of other communities in new geographies. To reinforce, rather than erode, the personal brand connections and shared commitment established by the initial business, the growth process must follow a path different from typical scaling strategies. While a full BoP Protocol scaling methodology has yet to be developed, our preliminary experience suggests that an effective replication process should follow an “open pollination model” that draws on both “creation” and “discovery” based business processes. In open pollination, plants propagate through the natural mixing of pollens from the wider population. This open form of crossing builds the plant’s genetic variability, thereby creating a robust platform that is highly adaptable across a wide range of local conditions. Scaling or “propagating” the BoP business would follow 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 and modification as appropriate. Rapid market appraisals can be effectively utilized ahead of the immersion to identify the geographies and communities where the business is most likely to succeed.

22 We are currently conducting the background work and pursuing funding to develop a “BoP Scale-Out Protocol.”
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. “Deep listening” approaches that adapt quick ethnography and PRA techniques to surface unique local needs and contingencies are used to customize the pilot’s initial product/service offering and to determine initial price points.

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). The new Project Team and business liaisons also employ homestays and joint sales calls, thereby leveraging the parent business’ brand credibility to accelerate the development of the local market and to ensure a consistent brand image across sites.

This scaling process would be repeated for each round of “pollination” the business undergoes in every new community. Through this process, each new business venture, while customized to its local environment, maintains continuity with the greater network and adds its own unique learnings and insights to the network’s knowledge base. 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 (akin to a chain reaction). Our experience suggests that it will take three to five years before the BoP Protocol-generated business achieves “takeoff,” at which point the network of businesses grows exponentially. The scaling process is, therefore, best understood as one of “scaling out” rather than “scaling up.”
APPENDIX 1
Designing the BoP Protocol

The BoP Protocol Project was launched in 2003 as a partnership among Cornell University, University of Michigan, William Davidson Institute, World Resources Institute and Johnson Foundation with corporate partners DuPont, SC Johnson, Hewlett-Packard, and Tetra Pak. The Protocol Project emerged from the BoP Learning Lab™, a consortium of companies, NGOs and academics sharing knowledge and experiences about the opportunities and challenges that confront companies (in particular, multinational corporations) attempting to serve the BoP market.

Beginning in 2002, several of the corporate members of the BoP Learning Lab began to articulate concerns that their firms’ current set of capabilities and methodologies for new business and product development were inadequate for the task of truly understanding and serving the needs of BoP communities. This sense of growing unease with the current corporate approach provided the impetus for starting the BoP Protocol Project. The Core Project Team (see below) began by exploring relevant work in related fields (including Anthropology, Social Work, Human Geography, Development Studies, and Design) and methodologies (including participatory rural appraisal, quick ethnography, rapid assessment process, asset-based community development, and empathy-based design).

Following this research, a 4-1/2 day Protocol Design Workshop was held in October 2004 at the Wingspread Conference Center in Racine, Wisconsin. The workshop convened a diverse group of academics, international development professionals, social entrepreneurs, market researchers, and corporate executives to craft this radically new business process (see participant list, page 46). Results of the design workshop were summarized in a report and placed in the public domain in March 2005. A second workshop was held at the Wingspread Conference Center in October 2005 to debrief the initial results of the pilot test in Kenya with SC Johnson and to revise the process based on those learnings. Participants of the second workshop are listed on page 47.

BoP Protocol Core Project Team

Stuart Hart, Cornell University
Erik Simanis, Cornell University
Gordon Enk, Partners for Strategic Change
Duncan Duke, Cornell University
Michael Gordon, University of Michigan
Base of the Pyramid Protocol Design Workshop
Wingspread Conference Center, October 2004

**Workshop Participants**

- **Monika Aring**, RTI International
- **Mohammed Bah Abba**, MOBAH Rural Horizons, Nigeria
- **James Beebe**, Gonzaga University, Leadership
- **Roland Bunch**, World Neighbors
- **Nila Chatterjee**, University of North Carolina at Chapel Hill, Anthropology
- **David Ellerman**, The World Bank
- **Anne Marie Evans**, Global Mosaic
- **William Flis**, African Economic Development Initiative
- **Dee Gamble**, University of North Carolina at Chapel Hill, School of Social Work
- **Kathy Gibson**, Australian National University, Human Geography
- **Gita Gopal**, Hewlett Packard
- **Michael Gordon**, University of Michigan, Michigan Business School
- **Julie Graham**, University of Massachusetts at Amherst, Geography
- **Stephen Gudeman**, University of Minnesota, Anthropology
- **Nicolás Gutiérrez**, EGADE - Tec de Monterrey, Mexico
- **Saradha Iyer**, Third World Network
- **Scott Johnson**, SC Johnson
- **Anjali Kelkar**, Illinois Institute of Design, Chicago
- **Lloyd LePage**, DuPont, Pioneer Hi-Bred
  - **Ted London**, University of North Carolina at Chapel Hill, Kenan-Flagler Business School
  - **John Lott**, DuPont
  - **Dipika Matthias**, PATH
  - **Linda Mayoux**, Women in Sustainable Development
  - **Denise Miley**, Tetra Pak
  - **Mark Milstein**, World Resources Institute
  - **Kenneth Robinson**, Cornell, Applied Economics
  - **Prashant Sarin**, Hewlett Packard Labs-India
  - **Peter Schaefer**, Institute for Liberty and Democracy
  - **M. Shahjahan**, Grameen Bank
• **Ajay Sharma**, *University of Michigan, William Davidson Institute*

• **Sanjay Sharma**, *Wilfred Laurier University, Strategy*

• **Kwaku Temeng**, *DuPont*

• **Richard Wells**, *The Lexington Group*

• **Bill Wiggenhorn**, *Consultant to RTI International*

• **Faye Yoshihara**, *Consultant to SC Johnson*

• **Anjali Alva**, *Wingspread Fellow*
Base of the Pyramid Protocol Workshop II
Wingspread Conference Center, October 2005

Workshop Participants

- **Anjali Alva**, Wingspread Fellow
- **James Beebe**, Gonzaga University, Leadership Studies
- **Catherine Burnett**, Independent Consultant
- **Justin DeKoszmervsky**, Cornell University, Johnson School of Management
- **Patrick Donohue**, BRINQ
- **Dee Gamble**, University of North Carolina at Chapel Hill, School of Social Work
- **Bradley Goodwin**, SC Johnson
- **Julie Graham**, University of Massachusetts at Amherst, Geography
- **Nicolás Gutiérrez**, EGADE - Tec de Monterrey
- **Camilla Hägglund**, Tetra Pak Research and Development AB
- **Molly Hemstreet**, Center for Participatory Change
- **David Hewitt**, The Solae Company
- **Sammy Iregie**, Mathare Community Resource Center, Nairobi, Kenya
- **Farouk Jiwa**, CARE Enterprise Partners (CARE Canada)
- **Scott Johnson**, SC Johnson
- **Anjali Kelkar**, Illinois Institute of Design, Chicago
- **Robert Kennedy**, William Davidson Institute
- **Nyokabi Kiariy**, University of Michigan, Michigan Business School
- **Arun Kumar**, Development Alternatives
- **Daniel L. Lawson**, SC Johnson
- **Delphine Lemée**, Danone Vitapole
- **Lloyd LePage**, DuPont, Pioneer Hi-Bred
- **Ted London**, William Davidson Institute
- **John Lott**, DuPont
- **Marion McNamara**, Oregon State University
- **Denise Miley**, Tetra Pak
- **Mark Milstein**, World Resources Institute
- **Salim Mohammed**, Carolina for Kibera, Nairobi, Kenya
- **Banoo Parpia**, Cornell University, Nutritional Sciences
- **Luiz Carlos Ros**, World Resources Institute
- **Stephanie Schmidt**, Ashoka
- **Sanjay Sharma**, Wilfred Laurier University, Strategy
- **KK Sridhar**, SC Johnson
- **Tatiana Tième**, Cornell University Law School
- **Macharia Waruingi**, Kenya Development Network
- **Richard Wells**, The Lexington Group
- **Sheri Willoughby**, Consultant to Johnson and Johnson Consumer Products Company
APPENDIX 2
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 that 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 on-going dialogue
• Commit to increase community value regardless of the business outcome
APPENDIX 3 (a)

India Community Partners

Rasul Pura, Hyderabad

Satamgari Andalu
Jamal Bee
Kavali Bheemamma
Bollolla Dhanlaxmi
Bee Fatima
Koolla Kamarithi
Ayarla Kanyakumari
Burla Komoramma
Arpula Lalitha
Kuragayala Laxmi
Pampati Nirmala

Burla Padma
Dayyala Pramila
Doodati Rekha
Dasa Saraswati
Girikattula Satyamma
Hingolikar Sharda
Patvari Sheelabai
Shaik Suraya Begum
Pandith Swaroopa
Sanugoju Swaroopa
Lingala Vijaya
Kandagatla Yellamma

Parvathagiri Mandal, Warangal District

Chintakuntla Anuradha
Singarapu Chandramma
Chintapatla Kavitha
Ponugoti Kavitha
Bashaboina Kausalya
Jilla Lakshmi
Kolguri Lakshmi
Rupani Pramila
Maroju Pushpalatha
Md Rahamathbee
Arsham Rajitha

Bogoju Rajitha
Guntuka Rajitha
Daram Ramadevi
Medisetty Ramakka
Godugu Rani
Maduguloju Rani
Rangu Sammakka
Annamaneni Sarojana
Rangu Somakka
Palle Uma
Santosh Nagar, Mumbai

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<td>Varsha Mengawade</td>
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APPENDIX 3 (b)
Kenya Community Partners

Nairobi

Farida Abdallah                       Hussein Musa
Abdulaziz                             Rehema Musa
Abdularahman                          Joseph Mwaura
Wilson Amin                           Irungu Ndegwa
Abdul Faraji Juma                     Nelson Ndegwa
Samuel Githinji                       Frederick Njogu
Abdullahi Ibrahim                     Patric Njogu
Samuel Karanja                        Musa Rashid
Joseph Kibotho                        Abdulkarim Suleiman
Francis Kimani                        James Thuranira
Justine Mokua                         Jeremiah Wanjohi
Isaac Muata                           

Nyota Township, Nakuru District

Hannah W. Gachie                      Kimani Elijah
Jane Muthoni Kiarie                   Wang'ombe
Ken Njuguna Kariuki                   Isaya Kimani
James Kimani                          Wan'gendo
Martha Mburu                           
Patrick Mburu                           

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CHAPTER 7:
THEORY DEVELOPMENT I:
(RE)DISCOVERING MARKET CREATION

I began this dissertation with the goal of advancing the understanding and practice of business development targeting low-income consumers. By definition, the working assumption behind this dissertation was that the BOP was so unique and different from mainstream markets that it required a new innovation practice and management skill set. Existing marketing and innovation frameworks were, it was believed, insufficient in cutting through the socio-cultural, institutional, and political complexity that marked this untapped segment. Radically localizing a business model to the community level of the BOP’s environmental context—what I perceived to be the central business challenge—required novel partnerships and tools, such as participatory rural appraisal, quick ethnography, and rapid assessment process.23

Based on my four years of field experience in the India and Kenya business ventures, I am inclined to argue that this working assumption—that the BOP presents an entirely different challenge from mainstream markets—was off the mark. The core challenge that I confronted in the field turned out to be the same one experienced by entrepreneurs and corporations in mainstream Western contexts—building altogether new consumer markets for new product forms. By product form, I am referring to the broad product class—such as “automobile”—within which the various product offerings are viewed by consumers as substitutes for one another. The products within a product form provide the same core functionality and value and the same set of

23 It is important to note that the inclusion of these development techniques into the BOP Protocol innovation approach was driven also by a desire to address issues of poverty and social exclusion by building local capacity.
consumer skills and behaviors in their use (Bang & Joshi, 2008; Lehman & Winer, 2005). By this definition, a bicycle, a motorcycle, and an automobile are three different product forms.

Though my core assumption was set aside, it comes with a silver lining. Market creation involving a new product form—the so-called “suicide quadrant”\(^\text{24}\) of entrepreneurial opportunities, as it presents the greatest degree of difficult given that it entails commercialization of a new product for a new consumer (Sarasvathy, 2003)—remains a largely opaque management process that continues to bedevil entrepreneurs and managers, whether they target Indian slum dwellers or mainstream Western consumers. The fantastic launch and crash of Segway, an effort that attracted the adoration, funding, and guidance from the world’s leading venture capitalists and entrepreneurs, including John Doerr, Bill Sahlman, Steve Jobs, and Jeff Bezos, serves as a memorable reminder of this harsh reality (Kemper, 2003). The learnings and insights from my field work in Kenya and India are applicable, therefore, not only to the BOP context but also to so-called “mainstream” business as well.

This chapter aims to improve the theoretical understanding of firm-level market creation strategies in this suicide quadrant. As has been remarked, “this is the space within which great companies such as Edison’s General Electric, Apple Computers and Medtronics often emerge” (Sarasvathy, 2003). This chapter is divided into three sections. The first sets a few boundaries: the idea of market, the kinds of market creation I’m considering, and the consumer issue on which I want to direct focus. The second section steps through a market creation typology. The third offers a

\(^{24}\) The suicide quadrant refers to a 2x2 matrix that delineates four possible business opportunity spaces. The one axis differentiates between opportunities based on existing products or that require new product development; the other axis differentiates between opportunities targeting an existing consumer market or an altogether new market. The quadrant requiring new product development for an altogether new market is labeled the suicide quadrant as it presents the highest level of difficulty.
theoretical explanation for the omission or strategic blind spot identified in section two.

I ask the reader to treat the following not as “findings,” but rather as implications and extensions of my research results as reflected in the Kenya and India project work. While the frameworks presented and the direction outlined respond to the business challenges confronted in the field and are inspired by various methods used and the results witnessed, they remain best classified as “informed intuition.”

**Bounding the Strategic Market Creation Literature**

**Defining “The Market”**

First of all, to speak of a “strategic market creation literature” is a creative act in and of itself, as it imposes an artificial boundary around a body of research and writing that arguably has no common, much less stable, foundation. As one review of the literature on markets notes, despite the taken-for-grantedness and ubiquitous presence of the concept of “markets” within economics—the discipline that gave birth to the concept—the market remains “the hollow core at the heart of economics with a scarce sentence in many an economic tome dedicated to what actually constitutes a market” (Lie, 1997). Another author echoes this sentiment, commenting that “if the entrepreneur is the forgotten man in mainstream economic theory, then the market is certainly the forgotten place” (Storr, 2008). Couple this construct ambiguity with the different theoretical lenses and levels of analysis that accompany the various disciplines that today address the topic of market, from sociology to innovation to anthropology, and things get murkier. What comprises a “market” for the marketing literature bears little resemblance to what a sociologist defines as a market.

In light of this variation, I will briefly outline the range of definitions of “market” as a way of grounding my analysis of the market creation literature.
Consistent with Sarasvathy and Dew (Sarasvathy & Dew, 2005), I suggest there are three broad definitions for the term “market” that predominate in the literature: market as demand, market as supply, and market as social field or arena. The marketing discipline generally reflects the “demand-side” perspective, where the demand-side consists of the amalgamation of people, their wants and desires, their behaviors, and their resources that together result in and enables their purchasing a good or service. In this case, “a market” consists of actual and potential buyers of a product (Bang & Joshi, 2008; Kotler, 2002). Kotler, for example, defines a market as “all the potential customers sharing a particular need or want and who might be willing and able to engage in exchange to satisfy that need or want” (Kotler, 2002). Using this definition, a market is measured in terms of volume/quantity of product consumed or the value of those products.

A supply-side view of markets predominates in the strategic innovation, entrepreneurship, and economics literatures, where “market” is frequently used interchangeably with “industry.” “Supply-side” refers to the range of actors, technologies, resources, and processes that are coordinated to convert raw materials into a finished product and to then deliver that product to consumers at a place and at a price that is accessible, affordable, and profitable to all actors in that network. The “market” in this view refers to one or more entrepreneurs/companies that sell products that are substitutes for one another (Bala & Goyal, 1994; Porter, 1981). A substitute product is one that offers the same functionality and core utility as another product but comes in a different form (Kim & Mauborgne, 2005). The market is comprised of competing companies and entrepreneurs and the business models and value chains through which they make products available to customers. A measure of the market would be the aggregate sales of companies competing against one another for the same
customer base. (Brooks, 1995) Standard Industrial Classification (SIC) codes are one commonly used measure of a market’s boundaries.

Anthropology and sociology literatures are focused on the broader web of societal actors and structures—the organizational field, as coined by Dimagio and Powell (DiMaggio & Powell, 1983)—to which the supply side and demand side actors are connected and interact with directly and indirectly. In other words, this view of markets is highly relational (Fourcade, 2007). It emphasizes the “embeddedness” of consumers and producers within a social context as, minimally, a pre-condition of any producer-consumer transaction, and maximally, the very source and embodiment of the transaction (DiMaggio & Louch, 1998; Granovetter, 1985; Krippner & Alvarez, 2007; Polanyi, 1957) (Swedberg, 1994) (Fligstein & Dauter, 2007). A market from this perspective would, thus, include not only companies and their customers, but so too the people, places, technologies, discourses, values, norms, and institutions that shape and are shaped by the actions of companies and their customers.

A Firm-Level Market Creation Typology

The concept of “market creation” reflects a similar range of meanings in the management literature. In all of them, something “new” is being created, but the location of the newness shifts, as does the kind of consumer targeted. My intent below is to organize the different firm-level treatments of market creation in the management literature in order to draw attention to the different management challenges they entail and to the suggested prescriptions. This will provide the necessary context to then consider in more depth the particular kind of market creation that equates to my field experiences—the creation and commercialization of an altogether new product form.

The management literature speaks to four main types of market creation. These market creation types are delineated according to 1) what aspect of the supply is being
innovated and 2) which part of the consumer demand is targeted. Two main kinds of supply-side innovation are discussed. The first concerns the means of production—the pattern or particular combination of resources, capabilities, and technologies through which a product is created. The second concerns the ends of production—the product and service itself and the functionality it provides (Note: for brevity, from this point forward I will use the term “product” to refer to both products and services). On the demand side, the literature distinguishes two different kinds of targeted consumers: existing consumers of a product and its value proposition, and non-consumers of a product and value proposition. These two axes combine to outline four different types of firm-level market creation efforts in the model below.

Note this model differs from the one traditionally used to highlight the suicide quadrant, as my aim is to highlight different conceptualizations of market creation (the original framework highlighting the suicide quadrant was used to represent both market entry and market creation opportunities). That said, Quadrant IV in the model below—creating a market through a new product targeted at non-consumers—has the same parameters as the suicide quadrant and equates with the commercialization of a new product form.
It is important to recognize that the literature distinguishes between corporate-led and entrepreneur-led efforts at market creation. According to the literature, effectively managing the complexity and diversity presented by a large corporation requires establishing operational routines and norms; furthermore, competing successfully against competitors requires continual re-investment in a set of core competencies and technological capabilities (Hamel & Prahalad, 1994; Prahalad & Hamel, 1990; Winter, 1987). These established routines and core competencies, however, combine to create an operational and socio-political order, what the literature
calls a dominant design (Anderson & Tushman, 1990; Tushman & Murmann, 1998), as well as a cognitive order or “dominant logic” (Bettis & Prahalad, 1995; Prahalad & Bettis, 1986) that keep pulling any attempts at innovation back within the organizational fold.

There exists an extensive literature prescribing solutions to these organizational-level challenges, which go by the names of core rigidities, learning traps, and competency traps (Leonard-Barton, 1992; Levinthal & March, 1993; Levitt & March, 1988; March, 1991). Among others, solutions include establishing new venture groups, cultivating dynamic capabilities, and technological experimentation and building the firm’s absorptive capacity (Ahuja & Lampert, 2001; Barringer & Bluedorn, 1999; Burgelman, 2002; Burgelman & Sayers, 1986; Christensen & Raynor, 2003b; Dougherty & Hardy, 1996; Hitt, Nixon, Hoskisson, & Kochar, 1999; Levinthal & March, 1993; Stopford & Baden-Fuller, 1994; Teece et al., 1998). However, as my aim in this chapter is to draw attention to the immediate innovation processes linked to the various forms of market creation—that might be called “field-level processes”—I will set to one side this important issue of corporate structure. That said, I will highlight management prescriptions in which structure and market creation strategy are tightly coupled.

The Question of the Consumer

As I talk through these four quadrants of market creation activity and the firm-level managerial implications, I draw the reader’s attention to the impact of the change on the broader industry (supply-side) and, more importantly, on the consumer (demand-side). While the management innovation literature is quite explicit of how firm-level market creation impacts on the broader industry and firm-level competition, and provides a rich analysis of necessary managerial skills and decision-making
logics, the literature is largely silent about personal-level consumer effects and implications. Importantly, I believe it is the unique personal-level consumer implications of market creation in the suicide quadrant that remain under-theorized in the strategic innovation, entrepreneurship, and marketing literatures and which, consequently, have led to management prescriptions that are largely indistinguishable from other forms of market creation.

At the most basic level, Quadrant IV market creation strategies do not take into account the unique nature of the personal-level consumer learning (Alba & Hutchinson, 1987; Hutchinson & Alba, 1991) that comes into play with new product forms, both at a cognitive and behavioral level. To be clear, research in technology and innovation diffusion identifies consumer learning as an aspect of innovation adoption, but learning is considered in the aggregate (Hutchinson & Alba, 1991; Moreau, Lehmann, & Markman, 2001) and imputed after-the-fact to the product adoption process; product adoption is either modeled as a hazard function that characterize individuals post ante in terms of their time and order of adoption (Bass, 1969; Dodson & Muller, 1978; Mahajan, Muller, & Srivastava, 1990; Norton & Bass, 1987) or as a contingency-based process modeled on personal attributes (Chatterjee & Eliashberg, 1990; Midgley & Dowling, 1993; Tinmor & Katz-Navon, 2008; Wei & Zhang, 2008a).

Cognitively, consumers presented with a new product form need to establish what institutional theory calls cognitive legitimacy (Aldrich & Fiol, 1994; Sine & Lee, 2009; Weber, Heinze, & DeSoucey, 2008)—a sense of normalcy around the product form and a taken-for-grantedness of its value and presence in their daily context. Yet, as consumer marketing has noted, “to understand really new products, consumers face the challenge of constructing new knowledge structures rather than simply changing existing ones” (Moreau et al., 2001). New product forms present consumers with what
the marketing literatures calls high category uncertainty: fitting a new product form into a cognitive classification scheme and developing new category structures—defined as “abstract images embodying features or attributes most commonly associated with members of the category” (Sujan, 1985)—presents a significant learning challenge (Hutchinson & Alba, 1991; Lajos, Katona, Chattopadhyay, & Sarvary, 2008; Moreau et al., 2001; Rindova & Petkova, 2007; Sujan & Bettman, 1989). And drawing on existing categories to understand a new product form has been shown to be counter-productive and cause consumers to mis-understand the product and mis-perceive its benefits (Moreau et al., 2001). The makers of the Segway—the Dean Kamen invention that sought to revolutionize urban mobility—struggled with this exact issue (Kemper, 2003). Was it a kind of scooter? Bicycle? Wheelchair? Golf cart? Eco-transport?

Behaviorally, in order to use a new product form, consumers have to learn a new core pattern and set of skills, habits, and expertise that accompany that product form (Abernathy & Clark, 1985; Alba & Hutchinson, 1987; Gourville, 2006; Martin, 2008; Ram, 1987). The innovation literature’s division of the production process into core and peripheral subsystems applies as well to the consumption process (Gatignon, Tushman, Smith, & Anderson, 2002; Tushman & Murmann, 1998). Core subsystems are those that drive the overall system and impact performance—failure in a core subsystem disrupts the entire system. In riding a bicycle, for example, a core consumption skill is the ability to balance on two wheels; without balance skill, a consumer cannot ride a bicycle. A peripheral consumption skill would be stamina; having stamina allows consumers to do more with the bicycle, but its absence does not preclude use of the bike. That said, even seemingly simple, peripheral motor-skills that comprise consumption processes of a new product form can prove inhibitory—this is made abundantly clear when you watch a first-time computer user struggling to
double-click a mouse, the same individual who in all likelihood drives without problem a several ton vehicle 55 miles per hour on winding roads in the dark.

New product forms are also likely to require changes in a consumer’s existing consumption context (Abernathy & Clark, 1985; Gatignon & Robertson, 1985; Laukkanen, Sinkkonen, Kivijarvi, & Laukkanen, 2007; Ram, 1987; Ram & Sheth, 1989)—all of the external objects and relationships that comprise a person’s social environment. A consumption context is bounded by time, space, and means. Using a new product requires a re-allocation of financial resources, as all consumption requires an outlay of money. Furthermore, it requires a re-allocation of the consumer’s time, as the time invested in using the product takes time away from other consumption activities. Lastly, it requires a re-orientation and potentially a re-purposing of the other material objects in consumer’s lives, as any new product (or even a service) that a consumer uses enters into their current lives in some form or fashion. So the computer has to find a place to sit in the house, perhaps even a dedicated room so that the children can play games on it and not disturb the parents (alternatively, a parent may want the computer in the open so that they can monitor their children’s web surfing). Browsing the online newspaper at night might mean skipping a television program that is usually watched together with the family. The added cost of Internet service may mean having to cancel the daily paper.

At a more fundamental level and a direction that I will outline in more detail later in this chapter and in the next, I believe the current suite of market creation strategies rests on an outdated conceptual model of the relationship between consumers and products and the role that products play in people’s lives. That conceptual model—one that economic historian Karl Polanyi characterized as “disembedded” (Polanyi, 1944)—imputes to consumers and products a functionalist decision logic, albeit “culturally situated,” in which consumers use products to execute
tasks, be they emotional, social, or functional. By that standard, getting the product design right—in both function and form (Rindova & Petkova, 2007)—is all that really matters; commercialization is no more than a question of consumer education and awareness building. As one researcher steeped in this functionality paradigm noted, “commercial success of new products depends on how well the market opportunity has been identified, analyzed, and incorporated into the product design” (Dougherty, 1990).

Yet the past two decades have yielded a significant re-alignment of the theory and understanding behind the role of consumption and the relationship among people, objects, and the external environment more generally. Theoretical advances and findings from the fields of material culture studies (Clarke & Miller, 2002; Miller, 2008), interpretive consumer research (Arnould & Thompson, 2005; Murray, 2002; Thompson & Haytko, 1997) (Belk, 1988, 1989), and neurobiology (Clark, 2008; Rizzolatti & Sinigaglia, 2006) combine to paint a picture in which consumption and material objects are not merely expressions of our identities—a view well established in the relationship approach to brand marketing (Fournier, 1998)—they are literally what we make ourselves out of. Our ideas and emotions, our physical bodies and actions, our personal identities and categorizations, are inseparable from acts of consumption and the material objects with which we surround ourselves. My goal over the course of this and the next chapter will be to look at the unique management implications for Quadrant IV market creation that such a re-theorization enables.

Now I will summarize the four quadrants of the market typology. In discussing the consumer-level impacts, I will talk in terms of the “consumer lifestyle” built around the product, as it provides a useful short-term categorization by which to designate the inter-twined existence of people and products that I sketch out above. Furthermore, it is a term that is already part of the marketing lexicon (though anchored
in the view that consumers use products to express their identities) and, for that reason, hopefully more accessible to a business audience.

**Synthesis of the Market Creation Literature**

Quadrant I Market Creation

Quadrant I—the creation of a new means for existing consumers—is the form of market creation that most closely reflects the Schumpeterian idea of creative destruction and the subsequent *transformation* of industries Schumpeter envisioned (Hart & Milstein, 1999; Schumpeter, 1942) (Abernathy & Clark, 1985; Foster & Kaplan, 2001). The focus here is on architectural-level (Abernathy & Clark, 1985; Henderson & Clark, 1990) re-engineering of core business subsystems (Gatignon et al., 2002) through new combinations of technology, resources, and capabilities that ultimately lower the cost of production and/or improve product quality and consistency such that it out-competes the incumbent model.

Central to Quadrant I market creation are discontinuous technologies that enable leapfrog performance and are based on completely new knowledge bases (Tushman & Anderson, 1986). Christensen’s concept of “disruptive innovation” (Christensen, 1997; Christensen, Craig, & Hart, 2001), which considers how initially inferior technologies are incubated in niche markets until they improve sufficiently in performance to capture the mainstream mass market and transform the industry’s structure, also exemplifies this form of market creation.

An example of this type of market creation is NovoNordisk, a Danish firm that transformed the insulin industry by creating a completely synthetic insulin product that was less expensive, more reliable, and caused fewer adverse reactions in patients than the traditional animal insulin product. Today, all insulin used in the US is synthetic.
So from the perspective of the firms that occupied the industry, the industry exists only in name. Structurally, it has experienced a transformation—the very basis of competition has shifted, as have needed organizational competencies (Hart & Milstein, 1999; Tripsas, 1997). So with Quadrant I, market creation is happening only from the perspective of the firm/s disrupting the established industry order, thereby capturing market share from incumbents.

From the perspective of the consumer, however, very little has changed—same industry, same basic product, and same basic functionality. The consumer maintains the existing lifestyle they had already established around the product: it requires no learning or changing of the consumer’s conception of value (e.g., the synthetic insulin was still treating diabetes, though perhaps more effectively for some consumers); any changes to product consumption processes will be peripheral, if any (e.g., insulin dosages may have changed, but they were still injected and required consumers to test blood sugar levels); and the consumer’s consumption context will be affected minimally, if at all (e.g., insulin vials still needed to be kept in the refrigerator and the needles out of reach of children; a spouse or family member still needed to administer the injection).

Due to the centrality of new technology to Quadrant I market creation, the management prescriptions point to increased R&D investments and experimentation (Rothaermel & Hill, 2005) (Ahuja & Lampert, 2001; Tushman & Anderson, 1986) and building “industry foresight” through networking and stakeholder engagement strategies that import knowledge, even from engagement with the natural world (Benyus, 1997; Hamel, 2000; Hart & Milstein, 1999; Hart & Sharma, 2004; Leonard, 1998; Liebeskind, Oliver, Zucker, & Brewer, 1996; McDonough & Braungart, 1998). While complementary assets are widely acknowledged to play a role in the competitive process (Pisano & Teece, 2007; Rothaermel & Hill, 2005; Tripsas, 1997),
the inability to know \textit{a priori} which assets will be complementary with a new technology make it a difficult issue to manage on a proactive basis. Rather, enhancing the firm’s absorptive capacity (Cohen & Levinthal, 1990) has been noted as a potential way to deal with this issue (Tripsas, 1997), as well as through strategic collaborations (Teece, 1986). Foster and Kaplan argue that a portfolio-based corporate structure similar to a private equity firm allows the firm to best mimic market fluctuations. Christensen et al. (Christensen, 1997; Christensen & Raynor, 2003a) point to the need to establish skunk-work style units within the company that enable managers to operate outside of the organization’s norms and policies which invariably are designed to buffer the company from change rather than enable it.

\textbf{Quadrant II Market Creation}

Quadrant II—the creation of a new means for non-consumers—is a mass-market strategy in which an established product used by a small group of consumers is made available to a much larger group. The focus here is on employing technology, capabilities, and processes to generate an order-of-magnitude gain in the \textit{efficiency} of production and distribution such that it is affordable and accessible to a much wider base of consumers. In marketing terminology, it is a form of market expansion, as the demand for the whole product form increases (Bang & Joshi, 2008). Some elements of Christensen’s disruptive technologies would also appear here.

As with Quadrant I, core business production subsystems are likely to change in attaining these gains, thereby making it difficult for the companies serving the original customer base to replicate quickly without disruption. Entrepreneurs are, therefore, as likely to drive Quadrant II market creation as are established firms. And while radical technological innovation plays a factor in Quadrant II, so too do process innovations and administrative innovations (Van de Ven, 1986) (Berry, Shankar,

An example of Quadrant II market creation is entrepreneur Henry Ford’s mass-produced Model T automobile, which used an assembly-line manufacturing system to effect an order of magnitude decrease in manufacturing cost and the subsequent price of the automobile. The Nano, the $1,000 four-door car released by the Indian conglomerate Tata, is a modern-day equivalent of the Model T.

From the perspective of the firms in the industry, the supply-side innovation has greatly expanded the size of the available consumer base for the product form. So the pie has grown in size for all. However, as suggested above, how that pie is divided up in the short term between the innovating firm and the other firms in the industry depends on the established firm’s ability to modify existing operational subsystems in a timely manner.

From a consumer perspective, the very same consumer lifestyle that was once limited to one set of consumers has now been brought into the lives of a much wider group of people. The important point here is that it is the very same product form offering the same functionality and understanding of value, with the same established set of required consumer routines and skills. So not only does cognitive legitimacy already exist at the consumer level, but there is also an existing public consumption field (Zukin & Maguire, 2004) that provides a reference point for the new consumers. The latter is an effect of the product’s existing societal legitimacy (Aldrich & Fiol, 1994; Elsbach & Sutton, 1992; Rao, 2009; Suchman, 1995). To return to the example of the Model T, non-consumers of earlier automobiles were well aware of the product.
Cars had become a part of normal part of everyday life—roads had been built, cars passed people as they walked or rode carriages, cars were parked in the town, organized car racing had become a popular sport (Rao, 2009).

But the new consumers still have to do a kind of learning to bring the already institutionalized product form into their lives. The consumer skills associated with the product need to be mastered, and the product has to be brought into their personal consumption context. The learning in this case is best viewed as a kind of *lifestyle translation*. Much as institutional theory considers how existing norms and codes are re-configured by new institutions through a translation process that localizes their symbolic meaning (Zilber, 2002, 2006), so too do new consumers have to translate the already visible consumer lifestyles into their personal context. The personal learning is, therefore, jump-started because of this existing social structure and consumption field—they act, in other words, as a ubiquitous community of practice (Brown & Duguid, 2000) operating at an almost sub-conscious level.

Because technology and knowledge play a potentially important role in enabling the supply-side changes in Quadrant II market creation, many of the same management prescriptions for Quadrant I apply here, such as importing knowledge and maintaining industry foresight. Because of the added importance of process and administrative innovations in Quadrant II, additional management prescriptions deal with creating cross-functional teams and conducting joint problem solving that enable the necessary “creative abrasion” to discover unconventional solutions (Hamel, 2000; Leonard, 1998).

The marketing discipline brings an added management factor to the table for Quadrant II. Another way to reduce the effective or perceived price of a product is to increase its perceived consumer value (Bang & Joshi, 2008). Strategies and approaches such as product advertising and word of mouth (Rosen, 2009; Sernovitz,
that create awareness of the need/s addressed by the product (i.e., spreading cognitive legitimacy around the product), would serve as a complementary tactic to the supply-side innovation. These methods, I should note, would be part of the go-to-market strategy, not the innovation process. A voluminous literature exists on the impact of awareness (measured as advertising and word of mouth) on innovation diffusion (Rogers, 1983) through a population (Bass, 1969; Chatterjee & Eliashberg, 1990; Dodson & Muller, 1978; Gatignon & Robertson, 1985; Kalish, 1985; Wei & Zhang, 2008b).

Quadrant III Market Creation

Quadrant III—the creation of a new means for existing consumers—is best described as the “breakthrough products” quadrant. Quadrant III is where radical innovation intersects with a firm’s marketing and new product development platforms to deliver existing consumers an order-of-magnitude improvement in current product functionality and value. In the literature, such an innovation would be deemed a radical, though sustaining, innovation (Christensen, 1997; Christensen & Raynor, 2003a). As with Quadrant II, entrepreneurs play an important role in this kind of market creation. The majority of the management innovation literature dealing with market creation falls in this quadrant.

Breakthrough products can be subdivided into two main types: 1) those that establish a new benchmark and dominant design (Tushman & Murmann, 1998) for the product through superior functionality (i.e., a “next-generation” product); and 2) those that are derivative of an existing product form and provide a subset of existing consumers with a more tailored solution, thereby establishing what marketing calls a new product category within the product form (Lehman & Winer, 2005). If we take the television as the product form, an example of a new dominant design was RCA’s
color television; a new product category within the television product form would be Sony’s portable mini-television.

From the perspective of the existing firms in the industry, the innovation that takes place in Quadrant III has led to a diversification within the product form. In other words, a consumer has more options from which to choose. Whether that diversification leads to overall growth of the product form and the industry, rather than cannibalization of the current product sales and a partitioning of the existing resource base (Mezias & Mezias, 2000), is difficult to predict. On the one hand, it is possible that the additional consumer value created through the enhanced functionality may increase sales of the product form to existing consumers: an owner of a black and white television may choose to also purchase a portable television, whereas they would not purchase a second black and white television (Gatignon & Robertson, 1985). On the other hand, the new product may become a substitute for the original one. For example, people purchase laptops to serve as both a portable and desktop computer. In such a case, the market creation is happening only from the perspective of the innovating firm—they are generating growth by hiving off customers from competing firms. In any event, even if overall consumption does increase of the product form, it will be incremental in nature, rather than at the significant level seen in Quadrant II.

From the consumer’s perspective, both types of breakthrough products (i.e., new dominant design and new derivative design) improve and expand the range of functionality offered by the products within the product form. As such, they enable the consumer to enhance his/her current existing consumer lifestyle established around the product. So as in Quadrant I, there already exists cognitive legitimacy around the product form, the consumer has already mastered and learned the core skills involved in product use, and the consumer has already integrated the product into their
consumption context. If there is consumer-level learning that accompanies the breakout product, it will impact only on the peripheral consumer subsystems—so if additional skills are needed, they are non-core to the product’s use.

For example, the consumer subsystems that come with the portable television are very much those that come with any television: plugging the television into an outlet, sitting and watching the same television programs and receiving the same enjoyment from the programs, fiddling with the antenna to improve reception (back in the days of the antenna), and turning knobs and dials to move among programs. Using the portable will potentially bring new consumer routines and habits to bear on the use of the television—such as purchasing and carrying an extension cord, finding a protective cover in which to carry it in case of rain, enjoying new programming that occurs during the day—but they would not “make or break” the consumer television experience.

Once again, because technological advances can play an important factor in Quadrant III market creation, many of the same management prescriptions for Quadrant I apply here as well, such as importing knowledge from different value chain actors (Hansen & Birkinshaw, 2007) and maintaining industry foresight. In addition, the use of cross-functional and joint-problem solving teams as in Quadrant II is recommended in Quadrant III—including different functional perspectives in new product development ensures the product design is optimized to the different constraints and considerations across the entire value chain.

The key difference in the management prescription for Quadrant III is found in how the firm and entrepreneur engage with the demand-side. In Quadrants I and II, the quality of the company’s innovation output is judged by the company itself (recall, the change is on the supply-side; the product form and consumer offering remain relatively constant). In Quadrant III, the external consumer audience is the primary
judge of the quality of the innovation. As such, much of the management innovation literature is geared toward ensuring fit between the product design and consumers’ needs. The wide range of consumer engagement strategies outlined in the literature address both the initial consumer research phase and the product development phase.

For the consumer research phase, the goal is to catalyze the proverbial “out of the box thinking” and to help managers and entrepreneurs become attuned to unmet needs of current product customers and to discover novel solutions. There are two main schools of thought on consumer research. One is based on the adage “the customer knows best” and is designed to enable consumers to articulate their own needs and wants. This school of thought is considered a tonic for what are viewed as “technology-driven” solutions that end up being flatly rejected by consumers. The methods under this category range from clinical questionnaires and focus groups that establish consumer preferences for different attributes (Shocker & Srinivasan, 1974) to approaches that emphasize the importance of building trust and deep, ongoing relationships with customers as a pre-requisite for eliciting valuable information (Hart & Sharma, 2004; Letelier, Flores, & Spinosa; Vandermerwe, 2004). The rise of the Internet has also made possible “crowd-sourcing,” and “mass innovation” techniques that use blogs and other web-based interfaces to enable extensive consumer dialogue and input (Leadbetter, 2008; Li & Benroff, 2008).

The second school of thought is based on the opposite belief: consumers are the least able to identify and articulate the new forms of functionality that can lead to breakthrough products. Not only do they lack the technical knowledge about “what’s possible,” they are also often unaware of the routines and habits they have adopted around a product’s use. Their habits have become automatic and sub-conscious. Ulwick is among the most explicit about this limitation of a “customer-driven approach.” His outcome-driven innovation methodology is based on teams identifying
the functional and emotional jobs customers are trying to get done, the outcomes they are trying to achieve, and the constraints they face in using a new product (Ulwick, 2005). The focus on the “jobs” customers are trying to get done is cut from the same cloth as Christensen and colleague’s prescription, which starts with the assumption that customers “hire products” to get jobs done (Christensen, Anthony, Berstell, & Nitterhouse, 2007; Christensen & Raynor, 2003a). Much of the design-based innovation methodologies, including empathic design (Leonard & Rayport, 1997) and IDEO’s deep-dive method (Kelley, 2004), reflect this second school of thought. They emphasize watching “users” (consumers of a product) in their “natural environment” in order to glean the culturally-conditioned behavior patterns associated with the product or certain activity sets (Whitney & Kelkar, 2004; Whitney & Kumar, 2003).

At the product development phase, the innovation literature emphasizes ongoing consumer involvement during prototyping and testing (Kelley, 2004; Leonard, 1998; Leonard & Rayport, 1997). Such iterative “co-creation” of the product with consumers (Bendapudi & Leone, 2003; Prahalad, 2004; Prahalad, 2006; Prahalad & Ramaswamy, 2004) is argued to help ensure that the concrete product continues to match-up with consumer needs and that desired price and performance is consistent with production constraints. This co-creation thinking is also reflected in what is called a “service dominant logic” of marketing. Service dominant logic advocates building long-term, interactive relationships between the firm and the customer in recognition that the product value experienced by the customer comes from the handiwork of both the firm and the customer (Vargo & Lusch, 2004). Partnerships with social-sector organizations such as schools are suggested as a low-cost, low-risk way to get “real-life” feedback on beta-versions (Moss-Kanter, 1999). Von Hippel’s concept of “lead user innovation” presents a more nuanced argument and approach to the co-creation concept (Von Hippel, 2005) (Lilien, Morrison, Searls,
Sonnack, & Von Hippel, 2002; Von Hippel, 1986, 1994). Drawing on Roger’s concept of lead users (Rogers, 1983), a sub-group of the population that is cognitively and behaviorally disposed to being the first adopters of new technologies, Von Hippel and colleagues’ approach tries to tap into the lead user’s tacit knowledge and propensity for experimentation by creating “kits” that allow lead users to make modifications and adaptations to a product platform.

The marketing function takes over at the point of commercialization. As in Quadrant II, the role of marketing is to engage with consumers in a manner that builds awareness of and desire for the product. In Quadrant III, however, the marketing function is faced with building awareness and desire for an enhanced or specialized product within the product form. In other words, the issue of product positioning and differentiation become salient components of the messaging and awareness building strategies. The creation of positioning and communication strategies reflects the same two-schools of thought on consumer engagement as the innovation literature. One school emphasizes “getting into consumers’ minds” and then communicating out the unique product benefits in a manner that corresponds with salient behavioral, psychological, (e.g., psychographics), and perceptual/sensorial dimensions of the targeted consumers (Levitt, 1983; Lindstrom, 2005; Novotorova & Mazzocco, 2009; Ries & Trout, 2001). As Theodore Levitt has argued, “If marketing is seminally about anything, it is about achieving customer-getting distinction by differentiating what you do and how you operate…To differentiate an offering effectively requires knowing what drives and attracts customers” (Levitt, 1983).

Another school of thought, reflected in the service dominant logic of marketing noted above, emphasizes building ongoing dialogue and experiential channels of engagement with and among consumers such that consumers themselves become “evangelists” (McConnell & Huba, 2003) and “ambassadors” of the product, thereby
creating what are argued to be more authentic, meaningful, and trusted communications (Deacon, Forrester, & Cole, 2003; Kelly, 2007; Lenderman, 2006; Li & Benroff, 2008; Rosen, 2009; Sernovitz, 2009). The latter approach reflects a theoretical perspective akin to social movement theory, in which activists and issue champions build legitimacy around an issue (which can involve a new product) by creating a new, shared meaning and issue frame (Benford & Snow, 2000; Snow, Rochford, Worden, & Benford, 1986; Weber et al., 2008).

**Quadrant IV Market Creation**

Quadrant IV—the creation of a new means for non-consumers—is the kind of market creation equated with the suicide quadrant of the entrepreneurial opportunity matrix noted earlier and the kind of market creation I confronted in the field. Whereas Quadrant III is the site of break-through products, Quadrant IV can be thought of as break-out products. Quadrant IV innovation establishes an altogether new product form—from the television and the computer, to the specialty coffee store and T.V. dinner—that becomes an accepted part of daily life. This is the space associated with the iconic entrepreneurs such as Thomas Edison and Steve Jobs.

Breakout products can be divided into two main types. First, there are those that establish a new, *stand-alone* product form. Second, there are new, *complementary* product forms that enhance the consumer value of another product form and whose functionality is mediated through that other product form. The Apple personal computer and the television are examples of stand-alone breakout products. Examples of complementary breakout products include Google’s search engine and Sony’s VCR, the former being a complementor to the personal computer and the latter a complementor to the television.
With Quadrant IV market creation, it is not possible to talk about impacts on the industry—there is no group of firms providing the targeted functionality. Rather, from an “industry-perspective,” Quadrant IV innovation creates an altogether new industry and a new consumer base. At best, one can consider spill-over impacts on alternative industries, which would include “products and services that have different functions and forms but the same purpose” (Kim & Mauborgne, 2005). For example, one could have speculated with the introduction of the television about its impact on the industries that deal with entertainment, such as movie theatres, theatre, and even books. One could also consider the television as a part of the news industry (maybe less so today) and consider its impact on newspapers. But the important point is that market creation in Quadrant IV is not premised initially on taking away customers from another firm (though it may do so); rather it establishes a new pool of economic activity that generates value for the innovating entrepreneur/firm, and opens a new potential growth and diversification opportunity for established firms able to envision potential synergies.

From the consumers’ perspective, breakout products introduce a completely new functionality into people’s lives. New product forms—just as new kinds of tools expand the range of things a carpenter can build and create—provide consumers with the means by which to create a new consumer experience for themselves, to create a new consumer lifestyle. But, as noted earlier, that newness is a double-edged sword that requires the consumer to establish cognitive legitimacy for the product form, to learn the core and peripheral skills that come with product use and consumption, and to re-configure their existing consumption space to make room financially, temporally, and spatially for the new product form.

Many of the management publications cited in Quadrant III will tip their hat to the idea of creating break-out products serving non-consumers (Ulwick, 2005), but
then focus the analysis and prescriptions on creating break-through products for existing consumers. The few management innovation approaches that do position themselves specifically as targeting Quadrant IV market creation—blue ocean strategy (Kim & Mauborgne, 1999 2005), new market disruptive innovation (Christensen, 1997; Christensen et al., 2001; Christensen & Raynor, 2003b), and Base of the Pyramid strategy (Hart, 2005, 2007; Hart & Christensen, 2002; Prahalad, 2004; Prahalad & Hart, 2002)—outline essentially the same set of prescriptions as those noted for the other three quadrants.

Blue ocean strategy frames the core management challenge as one of management foresight and “seeing outside the industry box”—the methods (e.g., creating a strategy canvas) and prescriptions (e.g., price minus pricing, looking across alternative industries) that make up their “re-constructionist” strategic logic are designed to help managers break through the dominant logics regarding value creation in their industry. The consumer challenges go unmentioned.

In The Innovator’s Solution, the key method prescribed by authors Christensen and Raynor is a circumstance-based segmentation that is, as the authors themselves acknowledge, essentially identical to Ulwick’s jobs-based innovation approach noted in Quadrant III. Circumstance-based segmentation aims to isolate an initial target customer “by carefully observing what people seem to be trying to achieve for themselves, and to then ask them about it” (Christensen & Raynor, 2003b). This segmentation is followed with “strategies of rapid deployment and fast feedback” with the aim of “converging quickly upon a job that people are trying to get done” (Christensen & Raynor, 2003b). The latter echoes the calls from Quadrant III for rapid prototyping and co-creation of the product with consumers.

And as I detailed in Chapter 1, the main prescriptions outlined in the strategic BOP literature are based on fitting the business offering to the local socio-cultural
context and physical infrastructure. They include deep consumer engagement and
dialogue, co-creation in the design and product development process (Hart, 2005,
2007; Prahalad, 2004; Prahalad & Hart, 2002), and partnerships with local SMEs and
non-traditional partners to access new (local) capabilities (London & Hart, 2004;
Seelos & Johanna, 2007). At the commercialization stage, a number of authors
highlight the importance of consumer education to raise consumer awareness of the
need.

In summary, none of the management innovation analyses offer a theoretical
explanation of what makes Quadrant IV market creation different from that of
Quadrant III. At best, the solution is to “double-down” on consumer research and
consumer engagement, the implicit assumption being that a match between consumer
need and product functionality will take care of the demand side of the equation.

Different streams of research in the entrepreneurship literature also take on the
question of Quadrant IV market creation. The branch of entrepreneurship literature
known as the creation approach to opportunity formation (Alvarez & Barney, 2006,
2007; Sarasvathy, 2001a, b, 2003; Sarasvathy & Dew, 2005) is one of those streams.
The first question rhetorically posed in a seminal paper on the topic was the following:
“How do we make the pricing decision when the firm does not yet exist (i.e., no
revenue functions or cost functions are given) or, even more interesting, when the
market for the product/service does not yet exist (i.e., there is no demand function)”
(Sarasvathy, 2001a)? Presented with Quadrant’s IV condition of Knightian uncertainty
(i.e., a condition of unknowability) this theoretical position argues that causal
reasoning and probabilistic techniques—which include the kinds of market research,
segmentation, and positioning approaches recommended by the three management
innovation perspectives above—are ineffective (Sarasvathy, 2001a). Such causation-
based processes are tailored for Quadrant III market creation, where there are existing demand and supply functions against which to benchmark.

A creation approach (or “effectual” approach, as Sarasvathy terms it (Sarasvathy, 2001a)) prescribes an enactment-based approach, in which entrepreneurs marshal available resources by establishing partnerships and securing stakeholder commitments based around a broad business aspiration, rather than trying to predict or deduce what the “right” offering should be. The new market space is created through the entrepreneur’s actions in dynamic interaction with the contingent commitments of stakeholders.

Yet creation theory and the managerial prescriptions derived from it (e.g., affordable loss instead of expected returns, strategic alliances instead of competitive analysis, exploitation of contingencies instead of exploitation of preexisting knowledge) rests on a theoretical foundation concerning only the nature of the decision-making challenge confronted by the entrepreneur. It leaves un-addressed the equally important question of what consumers do when presented with an offering for which they too lack supply-side or demand-side benchmarks. By default, the consumer side of the equation is assumed to implicitly sort itself out, either validating or rejecting what the entrepreneur brings forth. The irony of this is that if the consumer side of the equation is acting in a rational (albeit culturally situated), value maximizing manner in this “sorting out” process, then the entrepreneur is in fact presented with a probabilistic decision-making condition—the demand-side function can be estimated through consumer research and rapid proto-typing with consumers. As such, the same customer research and product co-creation strategies outlined in Quadrant III would work for Quadrant IV.

This blind spot or inconsistency in the creation and effectuation entrepreneurship literature is brought to the surface in a recently published extension
of effectual logic to the marketing function (Read, Dew, Sarasvathy, Song, & Wiltbank, 2009). In conditions of high uncertainty, the authors argue that the relational and co-creational actions that underpin an effectual decision-making process are more likely to be applied by expert marketers in establishing the marketing mix (i.e., product, price, place, promotion). The authors note that “by interacting with and ‘listening in’ (Urban and Hauser 2004) to specific stakeholders, not only are companies in the initial stages of new market, product, and service development more likely to generate novel information, but the kind of information they generate is also more likely to be useful and valuable…Compared with traditional market research, this increases the likelihood of creating realistic new market opportunities because firms learn at every step what stakeholders will actually commit to and—just as important—what they will not commit to. This enables the firm to fail fast on poor product and service ideas and to bring good ideas to market sooner.”

Here we see the consequences of the under-theorized consumer in the effectuation/creation framework. This excerpt explicitly argues that consumer engagement and co-creation do lead to more accurate information about what consumers really want. This brings us right back to the notion that markets are, in fact, latent and simply need to be uncovered or discovered, thereby undermining the very foundation on which effectuation sits. What seems to have been lost is that in an effectual world where there is no supply-side or demand-side function, product positioning—regardless if it is done through the traditional or through service logic of consumer dialogue—makes no more sense and provides no more value than developing a five-forces model of the industry. The concept of positioning—be it at the industry or consumer level—by definition is based on there being a probabilistic decision space. Absent a supply and a demand function, business development has to simultaneously address the condition of uncertainty faced by both producer and
consumer, thereby erasing the marketing function in its traditional manifestation as a positioning exercise.

The evolutionary stream of research in entrepreneurship, a field that draws on both ecological and institutional theories, does occasionally bring to the surface the specific question of consumer cognitive legitimacy for a new product form (Aldrich & Fiol, 1994). However, organizational strategies to achieve cognitive legitimacy tend to lose their specificity and lump consumers together within a generic “stakeholder category” (Aldrich, 1999; Delmar & Shane, 2004; Shane, 2004). As a consequence, strategies for building cognitive legitimacy focus more on issue framing strategies, as per social movement theory, that aim to resonate with stakeholders and gain their support (Aldrich & Fiol, 1994). But the personal-level learning processes by which consumers build cognitive legitimacy are not discussed. Because of this, the management implications from the evolutionary entrepreneurship would seem to lead one right back to same marketing positioning/communication strategies premised on segmentation.

Research on Quadrant IV market creation undertaken from social movement theory perspective also speaks to the agency and importance of the consumer-side of the equation. Here too, the agency of consumers is directed toward the legitimacy and acceptance of the new product and its value (Burr, 2006; Hiatt, Sine, & Tolbert, 2009; Rao, 2009; Sine & Hiatt, 2008; Sine & Lee, 2009; Weber et al., 2008) or, in some cases, its illegitimacy (Hiatt et al., 2009; Weber, Rao, & Thomas, 2009). The primary medium for generating legitimacy is discourse, with issue framing (Benford & Snow, 2000; Snow et al., 1986) serving as the mechanism through which cultural codes are mobilized to build a collective meaning that legitimizes a new space of consumption. To be fair, social movement theory is not a firm-level strategy; rather it takes the social field as its unit of analysis. As a consequence of this level of analysis,
consumers are treated and represented as either a collective agent (The Consumer) (Burr, 2006) or as part of a broader stakeholder network (Sine & Lee, 2009; Weber et al., 2008). As such, the personal learning necessary to make sense of a new cultural code is imputed to have occurred.

As with evolutionary entrepreneurship, in trying to bring the institutional social movement perspective with its emphasis on discourse-based collective meaning and shared frames down to a firm level strategy, the tendency is to move in the direction of a marketing positioning stance based on segmentation, communication and awareness building, and consumer education. As with the creation approach to entrepreneurship, this leads to an ironic outcome: the institutional economic and social movement literatures, as I read them, are premised on the social construction of markets and the notion that consumers (as much as entrepreneurs and companies) are powerful agents in the creation process. Yet, if there are indeed collective issue frames and codes whose resonance with the Consumer can be determined a priori and then used to mobilize them, the agency of the Consumer is fairly constrained. They become part of the “environmental givens” that managers simply need to understand; their agency is limited to one of potential “spoiler” in the event that managers get the framing wrong.

Before concluding this synthesis of the market creation literature and turning attention to understanding the source of this theoretical gap, it is important I explain what may appear to be a significant omission from the analysis of Quadrant IV market creation strategies—the Crossing the Chasm strategy outlined by Geoffrey Moore (Moore, 1999). Moore’s chasm-crossing strategy, which is based on Rogers’ innovation diffusion model that segments a target population into five main categories (i.e., innovators, early adopters, early majority, late majority, and laggards) based on their amenability to new-product adoption, outlines a comprehensive methodology for commercializing what I’ve called “break-out” technologies. His method is based on
the assumption that each segment has a different risk-reward profile and that moving from the low-risk (innovators and early adopters) to high-risk (early and late majority) segments requires de-risking the product offering through a more comprehensive product offering (modeled on Levitt’s “whole product concept (Levitt, 1983)) and a communication strategy that builds confidence in the product’s reliability. But as Moore himself acknowledges, the chasm crossing strategy he outlines is based on a “business-to-business” (B2B) context—so selling new technologies to another company for use in its operational systems (Dewar & Dutton, 1986).

Business-to-business market creation, I argue, presents an entirely different management challenge than a business-to-consumer effort. In a B2B context, buyers of a new technology are spending company funds, not their personal funds. Also, unlike end consumers, the criteria against which these technology buyers’ performances are evaluated is pre-established by the company and codified in a handful of performance targets and deliverables. Furthermore, the people who have to learn new routines and skills to utilize the new technologies are often not the buyers themselves (e.g., IT manager), but other employees in the company (e.g., sales force, shop floor managers, accounting office). Decision-making under such a context is a very different animal than when conducted by consumers paying out of their own pockets for a product that they themselves will have to value, master, and integrate into their personal lives and contexts. Chasm-crossing strategy has been omitted for this reason.

**The Missing Person of New Market Creation**

I began my introduction to the different schools of thought on markets with the quote, “If the entrepreneur is the forgotten man in mainstream economic theory, then the market is certainly the forgotten place.” As my analysis suggests, within the
strategic market creation literature, it appears that the individual consumer holds the dubious honor of having been forgotten. When consumers do appear in the literature, it is *en masse* as either a target segment reducible to an *a priori* shared psycho-behavioral trait (e.g., Rogers’ visionary innovator segment) or need (e.g., the soccer mom mini-van segment), or as a unified Consumer body joined together by a shared thinking and set of norms as reflected by their use of a common product (e.g., the Patagonia yuppies). The idea of Consumer and its treatment in the literature is, arguably, a *depersonalized* one. Let me be clear, this is not meant as pejorative. I believe market creation efforts in Quadrants I, II, and III can succeed using this depersonalized Consumer logic because consumer learning can build on and benchmark off of existing consumer lifestyles established around a product form; in fact, it is arguably necessary from an efficiency standpoint. However, I believe it is the open-ended nature of consumer learning required in Quadrant IV—the site of breakout products—that depersonalized innovation strategies fail to address.

Before moving on to Chapter 8 to discuss key parameters of a “personalized” innovation strategy for Quadrant IV, I want to outline theoretical reasons for the existence of this gap, as I believe the diagnosis and remedy are intertwined. To attribute this gap to “oversight” would be an oversight in and of itself. Entrepreneurship theory and strategic management theory have carved out a disciplinary space premised on the creative agency of the entrepreneur and the manager to counter-weight the structural determinism that underpinned early economic analyses of firm creation and performance. Why, then, does not this same creative agency reach down and out to individual consumers in theories of new market creation? Furthermore, as noted in my review, a momentum clearly exists around viewing and treating the consumer as an agent—a fact reflected in the frequency of the term co-creation in the innovation and marketing literature. But why does that
consumer only appear in aggregate and only as part of an abstract, collective voice, as in “Consumers want the product to be green” or “Consumers don’t like the term biotech.” I offer three inter-related arguments to explain this elision.

First, there is what I would call the image of the “mindless consumer.” As Zukin and Maguire (Zukin & Maguire, 2004) note, the act and idea of consumption is often denigrated. Beginning with the 19th century critique of capitalism by Marx, consumption has been argued to be a means of manipulation of the masses (most notably by the Frankfurt School of philosophers such as Theodore Adorno), a path to cultural homogenization, personal escapism and social stratification, and a cause of environmental degradation (Storey, 1999). Today, the very concept of “the consumer” carries a pejorative connotation, as it is equated with a mindless kind of activity that requires no effort and no thought—consumers are couch potatoes, mall rats, automatons. Much today is written about consumer apathy and the need to make them more mindful. In this respect, one could argue that the lack of attention and focus on the personal consumer-learning dimension of Quadrant IV reflects the overarching societal view that 1) being a consumer doesn’t entail much personal effort or learning; and 2) that consumers are apathetic and will not adopt a product that requires learning. So the depersonalized Consumer logic we see in existing Quadrant IV market creation strategies is an extension of these broadly accepted social codes concerning consumption.

Second, and an argument that I briefly noted earlier, I believe today’s innovation strategies reflect what Karl Polanyi has termed a disembedded market logic25 (Polanyi,

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25 It is important to note that the concept of embeddedness associated with Karl Polanyi differs in important respects from that of sociologist Mark Granovetter, whose perspective has been taken up by management theorists. In *The Great Transformation*, Polanyi argues that the concept of “market” conceptually disembedded economy from society. In other words, “disembedded economy” was a representation of an ontological state. Granovetter’s work has approached the issue of embeddedness as an epistemological project, attempting to “prove” that the economy is shaped by and overlaps with the social. Ironically, in converting Polanyi’s ontological argument into an epistemological project,
1944), a way of theorizing, practicing, and intervening into “the economy” that arose in the late 19th century in conjunction with the industrial revolution and which is reflected in today’s dominant paradigm of innovation that I designate “structural innovation.” I have developed this idea in detail in recently published work based on my dissertation research (Simanis & Hart, 2009). In summary, Polanyi argued that the post 1850’s idea of economy known as the “market economy” was conceptually disembedded from other societal objectives and functions, creating the idea of a stand-alone space consisting of consumers and their needs awaiting fulfillment by producers. This shift made possible and was further reinforced by the movement to adopt closed-system principles of physics into the field of economy, thereby giving birth such economic concepts as equilibrium and elasticity, and supply and demand.

The critical implication of this disembedded market to the current discussion is that, in the language of cultural theory, it “reified” the idea of consumer, thereby giving it an existence of its own apart from the person. This consumer existence was dominated by the logic of functionalism—the point of consumption, in other words, was to satisfy material needs. Agency of the consumer subject was bounded within the space of satisfaction of needs and wants. As I noted, prior to this conceptual shift, “humans-as-consumers did not exists as a stand-alone identity or category of thought” (Simanis & Hart, 2009). Today, management and innovation practices implicitly reflect and continue to reproduce this stand-alone, value-maximizing Consumer through a structural paradigm of innovation. This paradigm consists of a belief that consumers have a perpetual stock of latent needs and wants awaiting a solution; that value is experienced and derived by the consumer through consumption of the product; and that the purpose of stakeholder engagement is to enable companies to

acquire the necessary knowledge and resources to bring “better, faster, cheaper” solutions to consumers (Simanis & Hart, 2009).

The emergence of many of the dialogue-based and co-creational approaches over the past decade, as well as the design-based methods that treat the Consumer as part of a cultural system, are clear efforts to try and re-embed the consumer (Granovetter, 1985). Paradoxically, these efforts to re-embed the consumer by considering additional factors that influence consumption inadvertently validate and keep alive the idea of the Consumer itself. In other words, those approaches have added additional consumer research variables to the segmentation mix and broadened positioning strategies to including emotional and social as well as physical needs. But they have not pulled the field away from targeting and thinking about consumption as a separate space and separate human function governed by systemic regularities in behavior and thought. Consumer co-creation and consumer dialogue have simply intensified established innovation practice and marketing by harnessing this particular consumer agency; it has not changed the idea of consumption from this functionalist rendering. As such, the failure to integrate personal-level dynamics in Quadrant IV market creation strategies can be read as the continued influence of a structural innovation paradigm on management theory and practice.

Third and related to the arguments above is the underlying idea of personhood embodied in the functionalist view of consumption and, more broadly, in the post-enlightenment historical period. As neurobiologist Marco Iacoboni notes, Descarte’s cogito, ergo sum—I think therefore I am—defines the dominant Western understanding about the mind as an independent process and construct that establishes the basis of human free will. A person and the self is defined by the “solitary, private, individual act of thinking” (Iacoboni, 2008). A person’s existence is influenced by, but not dependent on or derived from, other people, other things, and other ideas.
Rather, thought guides a person’s behaviors to use objects in the external environment and to reflect and execute wants and desires; they are inputs and resources through which a person makes meaning.

This view leads to what anthropologist Daniel Miller calls a “depth ontology”—the belief that “a persons’ being—what they truly are—is located deep inside ourselves and is in direct opposition to the surface” (Miller, 2010). Together, these demarcate the two dualities that bracket Western thought: mind-body, and subject-object. The material point is that when one looks at a consumer from this perspective of personhood, the natural thing to do at the innovation stage is to first and foremost double-down on consumer research to truly understand what consumer’s want and need. Once that product has been created in the vision of the Consumer, commercializing it is a matter of speaking to Consumer’s cognition: It doesn’t matter if it is a never-before-seen product or one as mundane as sliced bread—the goal is to get through to the consumer’s mind, and the consumer’s mind should take care of the rest (i.e., the behavior changes leading to purchase and use of the product). In summary, the default tendency in Quadrant IV market creation strategies to simply intensify the same cognitive-based consumer practices as used in Quadrants II and III is consistent with the dominant idea of personhood that exists today.

**Conclusion**

The goal of this chapter was to delineate the unique managerial challenge posed by market creation for a new product form and to highlight and synthesize the theoretical and practical gaps in the management literature. My goal in the next and final chapter is to take an initial step toward addressing this gap by outlining the boundaries of a “market creation mix” and a broad strategic innovation process designed to bring about the necessary personal-level consumer learning.
CHAPTER 8:
THEORY DEVELOPMENT II:
TOWARD A MARKET CREATION STRATEGY

To summarize where we are, I’ve argued that an effective strategy for creating a new market around an altogether new product form must take into account the condition of uncertainty faced by both the firm/entrepreneur and the consumer: the entrepreneur’s uncertainty in the creation and commercialization of a product without production benchmarks (e.g., supply-side and demand-side), and the consumer’s uncertainty in valuing and integrating a product that has no consumption benchmarks (e.g., personal-level and societal level).

Current management innovation strategies for new product form market creation—including blue ocean strategy, new market disruptive innovation, and BOP strategy—are all production focused. Theoretically, they implicitly assume the existence of a latent market. Their prescriptions, as a consequence, are mainly intensifications of the same practices and approaches (i.e., management foresight, deep customer engagement) used for product innovation within an existing product form (i.e., Quadrant III of the typology). Effectuation and creation-based entrepreneurship theory, though they detail appropriate entrepreneurial logics and practices for managing the entrepreneur’s uncertainty, leave un-theorized and un-addressed the issue of consumer uncertainty. I suggested that the omission of the consumer element was not an oversight, but a consequence of 1) a widespread societal sense that consumption is a mindless activity; 2) an innovation paradigm that treats the Consumer and his/her consumption needs as a standalone space; and 3) a dominant sense of personhood based on mind/body and subject/object dualities.
The goal of this chapter is to engage in greater depth the consumer side of the equation. I will start by considering the role and place of products in people’s lives, an analysis that will provide alternative perspectives—rebuttals if you will—to the three factors noted above that I believe are behind this consumer blind spot. I will then use that as a basis to frame out what it means to create a new consumer-product lifestyle, employing a theory base (i.e., performance theory) derived from the post-structuralist philosophy I introduced at the beginning of this dissertation. Lastly, I will consider the implications of these issues on both the content and process dimensions of a market creation strategy. As part of this analysis, I will introduce two theoretically-grounded management frameworks—a “Market Creation Mix” for the content dimension and “Performance Innovation” for the process dimension—that respond to the unique demand-side challenges of new market creation. For simplicity sake, for the remainder of this chapter I will use the term “market creation” to refer to the specific case of market creation for a new product form (Quadrant IV).

**People and Products**

As I suggested in my review of market creation strategies, there exists a functionalist assumption about people’s relationships to products. In other words, people use products in a conscious, deliberate manner to achieve ends and meet needs—so a milkshake is hired to fulfill the job of a providing a refreshing, mess-free breakfast that can be consumed in the car on the way to work (Christensen et al., 2007). The ends and needs can go beyond basic utility, to include emotional and social functions. As Ulwick noted, “when purchasing an automobile, for example, a woman may want to be able to transport children from one location to another (functional job), but she may also want to feel successful (a personal job) and be perceived as attractive by others (social job)” (Ulwick, 2005). This functionalist assumption, I argued, is a
hang-over effect of what I term a “structural innovation paradigm,” which relegates consumption to a stand-alone category of human activity, together with a Cartesian logic of personhood that places cognition and mental processes as the locus of action and agency (Spinosa, Flores, & Dreyfus, 1997; Thompson, Locander, & H., 1989).

A far richer, more complex picture of the relationship between people and products has been proposed. Material culture studies and consumer culture theory are two research streams that have contributed to this more expansive view. In *Evocative Objects*, anthropologist Sherry Turkle explores how objects ranging from a 1964 Ford Falcon, a glucometer, to a silver Navajo bracelet act as “companions in life experience:” we think with and through objects, we feel through and because of objects (Turkle, 2007). The act of writing with a pencil in your hand reshapes ideas and creates new ones, rather than simply reflecting out what is sitting in one’s head (Clark, 2008).

Daniel Miller’s ethnographic accounts of people who live in the same block of South London similarly bring forth how relationships to objects—from McDonald Happy Meals to Ikea furniture to Christmas tree ornaments—are the means by which people create and express relationships with children, parents, friends, and family (Miller, 2008). Relationships, Miller notes, “flow constantly between persons and things.” The devotion to things and their accumulation is often inseparable from a devotion to persons.

In a related vein, products and things also are how people establish their sense of self—their identities (Fournier, 1998; Thompson & Haytko, 1997; Walker, 2008). This can be understood at several levels. On one level, products are experienced as representations of oneself—people associate with their car, their home, their choice of beer, and surround themselves with objects that contribute to their image of themselves (Belk, 1988, 1989; Thompson & Hirschman, 1995). On a second level,
objects are experienced as literal extensions of oneself. So the loss of one’s home or a pet creates the same sense of loss and grieving as losing a limb (Belk, 1988). On a third level, products and material objects can be said to actually make a person. Miller’s ethnographic account of Indian women and their relationship to the traditional garb called a sari demonstrates this. As Miller describes of the learning process by which a woman “inhabits” a sari, “She must learn to move, drape, sit, fold, pleat and swirl the sari in an appropriate way…She can hardly sleep because she is so afraid that loss of consciousness will lead to her head or knees being uncovered, and as a result she feels stifled in the summer nights. For one woman her worry about the sari falling off leads her to tie her petticoat string so tightly that later on the doctor is convinced she will harm the baby now growing inside her” (Miller, 2010). The sari and the experiences it entails is part of what makes up the very idea and experience of being a woman in India.

The concept of “embodiment” is central to many of these perspectives on the relationship between people and objects. On one level, embodiment—of emotion (Turkle, 2007), attitudes (Niedenthal, Barsalou, Winkielman, Krauth-Gruber, & Ric, 2005), imagination (Joy & Sherry, 2003), action (Farnell, 1999), memory (Belk, 1988), and thought (Lock, 1993)—refers to the idea that the physical body in dynamic contact with objects and the external environment is a critical actor in cognitive (e.g., information processing) and emotional processes, rather than an empty vessel that simply responds to brain commands or relays information. The smell and feel of a coat triggers memories of a grandfather; music is played to fire-up a person and team before a big game; we go for a run to help think through an issue.

On another level, embodiment refers to what sociologist Bourdieu calls “history turned to nature” or what Foucault calls a disciplining of the body (Foucault, 1979 (1975))—the process by which people are shaped, figuratively and literally, by
cultural practices and the material objects they involve. Bourdieu’s term for this embodiment, the *habitus* (Bourdieu, 1977 (1972)), (a concept he extended from the work of Mauss (Mauss, 1979)) can be thought of as habits of thought, behavior, taste, and desire that people have internalized and learned through practice and daily routines linked to material objects. Just like the constant repetition of playing a sport changes a person’s body and turns them into a “basketball player” or a “football player,” so too are people molded through the performance of social routines. Growing up in a Trinidadian slum will leave one “marked” with a different aesthetic as to physical beauty and, therefore, a different relationship to clothing than someone growing up in rural Idaho (Miller, 2010). Retrieving water on a daily basis from a rural bore-hole and carrying the water back on one’s head, as women in India and elsewhere are apt to do, leave its imprint on the shape of a woman’s body and the very idea of womanhood.

It is worth noting that while these shifts relating to personhood were driven by changes in the philosophical landscape—most notably by the arrival of phenomenology, post-structuralism, and feminist theory—recent discoveries and insights from neurobiology move the biological understanding of personhood in a similar direction (Connolly, 2002; Varela, Thompson, & Rosch). Specifically, the discovery of the mirror neuron system—premotor neurons that fire at the sight of other people doing and experiencing things, thereby allowing the viewer to share in the experience of another—has established a biological basis for this embodiment, as one’s “personal” emotions and feelings are, in fact, physiologically altered by those of others (Iacoboni, 2008; Rizzolatti & Sinigaglia, 2006). These same neuron systems contribute toward explaining the often-noted chameleon effect (Chartrand & Bargh, 1999) and contagion effect (Hatfield, Cacioppo, & Rapson, 1994) recognized in the social-psychological literature.
The important point is that the various forms of embodiment discussed in the literature “collapse the difference between subjective and objective, cognition and emotion, or mind and body” (Reischer & K., 2004; Van Wolputte, 2004). Products, from this angle, are part and parcel to being human, to living a life. They are part of the backdrop that conditions and structures how we think and feel and move; they are also part of the foreground that we pick up, manipulate, and mash-up in conjunction with other products and objects to create patterns of relationships with the people and environment around us. Consumption, through this lens, is not only a deeply mindful activity (in an embodied sense), but also an act of creation and a practice of interdependence.

**Product Use as Performance**

The view of *consumption as an embodied action* is consistent with the core theoretical foundation of performance theory. Performance theory in its most general application treats human expression and communication, verbal and otherwise, as an embodied and contextualized *social event* that both draws on and transforms existing discourses and norms as they are used. Every performance event is an act of contextualization—it is both a creative act by the performer, but one that is dependent on pre-scripted elements given by social norms and forces (Bauman & Brigs, 1990). Furthermore, the meaning of every performance is not captured in the linguistic structure of words or in the dictionary-definition of those words, but emerges through the dynamic interaction of a person—as embodied agent—in a social interaction (Bauman & Brigs, 1990; Beeman, 1993).

To “perform a product,” then, a person—much like the entrepreneur of creation theory—starts with a set of given resources and boundaries and then enacts the product meaning or consumer value. Value, in other words, doesn’t reside in the
product, but emerges from the particular pattern of relationships within which the product use occurs in that particular moment in time. Parking one’s new Mercedes on the curb for all to see is one kind of product performance that is set on a particular performance stage and which generates a particular kind of value; driving the same Mercedes along Highway 101 on a romantic get-away entails an entirely different performance stage, thereby affording a different form of consumer value. In performance theory terms, the person has decontextualized an element of the first performance—namely the car—and recontextualized (Bauman & Briggs, 1990) it in another performance. So just as creation theory’s entrepreneur can create an infinite number of businesses from the same starting point, so too can the same person create a diversity of consumer performances with the product.

Thus, from a performance perspective, to say that a consumer lifestyle has been created around a product does not mean that a consumer has cut and pasted a product and its functionality into their environment. Rather, it means that a consumer possesses a performance capability around the product. That capability consists of both an embodied set of performance repertoires around the product and a capacity for contextualizing and recontextualizing the product. To use the language of organizational theory, a consumer product lifestyle is a person-level capacity for product exploitation (as reflected in a set of performance repertoires) and for product exploration (as reflected in the capacity to recontextualize the product) (March, 1991).

A related theoretical implication that arises from the application of a performance theory lens to product consumption concerns the very status of what a “consumer market” is. Performance theory, which draws part of its intellectual foundation from post-structuralism which I discussed in the Introduction, would treat the concept of a “consumer market” as a kind of effect—an effect that creates the appearance of a common consumer experience in which a core set of functionality
inherent in the product matches up with common consumer needs and wants. This bears emphasizing: the general understanding among people that they have a clear need/want that requires resolution by a certain product form—basic parameters of our “market” definitions in the preceding chapter—is an effect that emerges once a dominant product discourse is established.

A seemingly unified market emerges once a consumer lifestyle around the product has already been established, and both a wide range of product performance routines and a capability for product recontextualization exist within a target population. The ubiquity of the product’s presence and the performance routines turns the performance into a reflexive act, and the product’s value and necessity unquestioned. They have become so much a part of a person’s habitus that the experience of value shifts into a subconscious level, thereby crowding out any other way of thinking about the product, its use, and the value it provides.

Understanding consumption as an embodied consumer performance, therefore, crystallizes the challenge posed by new market creation and highlights the significant gaps in current new market innovation strategies. It highlights that in the absence of a dominant product discourse and already embodied product performance routines, the consumer need/product functionality couplet and the related product functionality/consumer outcome couplet are the wrong units of analysis. Innovation and marketing approaches that focus on these elements disembark and attempt to fix the value of the product outside of the contingencies of the contextualization process that underpins a consumer product performance. In Bourdieu’s terminology, these approaches “objectify” the performance and treat it as if it were a static, mechanical

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process, rather than a contingent, embodied practice (Bourdieu, 1977 (1972)). Or as Thompson would argue, they confuse consumer behavior with consumer experience (Thompson et al., 1989).

With new market creation, the appropriate unit of analysis is the product performance. As the preceding discussion suggests, the unique demand-side challenge of new market creation is one of building people’s capability for contextualizing and re-contextualizing a product so as to enable a wide-range of product performances to emerge. Acquiring this capability allows a person to become a consumer of the product. Key to understanding this capability is the recognition that product performances are a form of embodied action, not cognitively driven behaviors that can be triggered through education and awareness building (Thompson et al., 1989). The final section will begin to sketch out the contours of such a strategy.

**Toward a Market Creation Strategy**

Before addressing the theoretical structure for a market creation strategy, I want to take a moment to re-count an experience from my work in India with Solae, as it helps provide some concreteness to the strategic direction I outline. The reader will recall how in Nairobi, the launch of the Community Cleaning Services business was met with zero consumer demand, despite what seemed to be a very needed offering and the close engagement of community members in the process. On the heels of that, I had brought the insights of creation theory into the process and project framing in India, as the idea of “business enactment” provided a valuable language and framework for evolving the business concept into a full business model. But the way forward still seemed incomplete, as it provided no theoretical or practical basis for addressing the demand side of the equation. The proverbial “other shoe dropped” in
Phase II of the India project as we worked with the community business team to ensure alignment on the business concept following the three-month hiatus.

One of the key elements of the Solae business concept was an in-home healthy cooking coaching service that would help families integrate soy protein into daily foods. It was critical, we believed, for the community team to understand the soy protein intimately in order to be effective cooking coaches. The recently-hired field lead was trained in popular education, a form of adult education (usually for people who are illiterate) pioneered by educators Paolo Freire and Myles Horton (Pyles, 2009). The goal of popular education is to engage people in such a manner that they “take ownership” of concepts and infuse them with a meaning grounded in their daily lives and reality. In order to get the community business partners to appreciate and create their own understanding of Solae’s soy protein product, we instituted extensive action learning activities. After receiving basic information about the soy protein, each of the community business partners was given 100 grams of the protein per week with which to experiment at home for family meals. In addition to this at-home experimentation, the business partners cooked together in shifts on a daily basis from a recipe list that they themselves created. Every day, the business partners debriefed on what they cooked and what they noticed and/or learned. The degree of experimentation was surprising: soy protein was being put into every kind of dish they could conceive. One of the women succeeded in incorporating the soy protein into home-made yogurt (a staple food in India), something that Solae’s own food technicians had not been able to master (soy protein becomes clumpy in high acidity foods like yogurt).

What was interesting to note is how, after just several weeks, the community business team had acquired extensive personal associations with and anecdotes about the soy protein. A husband of one team member, for example, would only eat
breakfast upma (a kind of porridge) if it contained the soy protein because of the superior taste. There was also a vocabulary and set of concepts tagged to the protein. For example, the raw protein was referred to as “the powder,” chapattis made with soy protein had a “silky” and “smooth” texture, puddings and milk were made “thick,” they talked of “higher energy levels;” “grams” and “serving size” became units of measurement. And their cooking habits and sensibilities had shifted to accommodate the protein: they became very attuned to food temperature and acidity (elements that impacted the soy protein’s performance); traditional recipes (such as yogurt) were altered. And a variety of objects revolved around the soy protein: some took the protein powder out of the bag in which it was provided and kept it in a saved container alongside spices; a particular spoon served as a measure in the home; an electronic scale in the office measured out the protein.

Based on the results witnessed, we decided to extend the business team’s action learning to include the broader community. For example, the first such series of events were dubbed “neighbor cookery days,” as it entailed the community team reaching out to friends they considered expert cooks. These local gurus, as they were called, were explained the business concept that the team was creating and the need for the business team to acquire excellent cooking skills; as such they asked the friend, who she considered to be a role-model, if he/she would share the personal skills and secrets that made him/her such an excellent cook and to cook his/her specialty dish together while integrating Solae’s soy protein. The dish was cooked in the friend’s own home, using her utensils (the business team member paid for the ingredients); the recipe was recorded and compiled into a cookbook (which was to be part of the cooking consulting offering). Afterwards, an organized tasting session was held that brought together the neighbor’s family and friends and community leaders—some 80 people at a time. The gurus themselves explained the dish to the guests. The event
itself was held on a rooftop where a rooftop garden was simulated, as a rooftop garden was among the elements of the business concept.

After approximately three months of conducting these and other such community engagement events—all of which involved having people in the community come together to share their knowledge and help the community business team while cooking with the soy protein in their own homes—the community team began receiving daily requests to sell the soy protein (the business had yet to be launched formally). The difference in consumer demand between Kenya and India was astounding—and if anything, the “need” for soy protein was far less obvious than the need for the home cleaning service.

Even in this retrospective account one can see that the community business team members and the broader community persons involved in the events were developing a performance capability around the soy protein—they were enacting several distinct performance routines (e.g., cooking different dishes in their home environment, cooking collectively at the office) and, through that process, were acquiring the capacity to re-contextualize the product in other performances. In retrospect, this was a critical step in moving toward a market creation strategy and a significant shift from Kenya in which we engaged the broader community in the traditional process of providing feedback on prototypes of the offering (e.g., entering into people’s homes to clean and treat for insects and asking them what they liked or didn’t like, how much they would pay, etc).

There are two over-arching insights for a market creation strategy that I want to extract from this example. First, the process of creating an initial embodied performance routine around an altogether new product form is best viewed as a process of enacted sensemaking (Daft & Weick, 1984; Maitlis & Sonenshein, 2010; Smircich & Stubbart, 1985; Weick, 1979, 1988, 1996). Sensemaking is “a motivated,
continuous effort to understand connections (which can be among people, places, and events) in order to anticipate their trajectories and act effectively” (Klein, Moon, & Hoffman, 2006). The term enactment emphasizes that “when people act, they bring events and structures into existence and set them in motion” (Weick, 1988). Because the new product form is not part of any existing patterns of relationships with people, concepts, emotions, habits, routines, or other objects, there are no benchmarks or cues from which to initiate a performance. The new product form, as discussed above, holds no inherent, a priori meaning because it has not been implicated in a product discourse—rather, meaning or value can only emerge out of a product performance. This is consistent with the creation and effectuation theories’ characterization of the entrepreneurial decision making process. To create that initial performance so that meaning and value can be experienced, a person has to assemble, in a bricolage fashion (Baker & Nelson, 2005), an initial set of inter-connections and patterns of relationships.

Second, the ability to recontextualize a product form within another performance routine does not spring automatically from having created an initial product performance. While related, it presents a unique challenge and requires a unique capacity. As noted earlier, before recontextualization can occur, some portion of the initial performance—in performance theory terms, a piece of “text” out of a larger script—has to be “rendered extractable” and “lifted out of its interactional setting” (Bauman & Brigs, 1990). This process of entextualization or decentering, however, will likely “incorporate aspects of context, such that the resultant text carries elements of its history of use within it” (Bauman & Brigs, 1990). Translating this into a product use situation, the implication is that the product alone is not what is “extracted” and recontextualized; rather, it is the product coupled with a subset of the product performance that is extracted. For example, when the community business
team members recontextualized their performance of the soy protein in the home of a
guru, they likely brought with them not only the soy protein, but also a set of cooking
habits and skills and an emotional commitment to the protein based on anecdotes and
experiences with family and co-workers. Recontextualization, because of its
contingent and ambiguous nature, is a form of tacit knowledge and skill (Winter,
1987). Because tacit knowledge is difficult to codify and transmit, building a
recontextualization capacity—much like constructing an initial performance—is best
accomplished through hands-on, action learning (Polanyi, 1966).

In a broad sense, then, a market creation strategy aims to jumpstart and
facilitate the initial sense-making process around a product performance routine, as
well as the additional hands-on learning required for subsequent recontextualization.
Following, I will discuss implications of this on both the content and process
dimensions of a market creation strategy. I will conclude with a discussion of the
paradigmatic basis of this strategy.

Strategy Content: The Market Creation Mix

To help catalyze sense-making towards a product performance for an
altogether new product form, the product offering needs to wrap the product within the
wider range of elements that comprise a product performance—a Market Creation
Mix, if you will. The goal is to seed an initial set of connections between the new
product and a potential user’s context. The approach has grounding in complexity
theory’s concept of autocatalysis, in which emergent properties (such as life) are more
likely to occur as the diversity of molecules and their interconnections increase
(Kauffman, 1995; Waldrop, 1992). In this case, the targeted emergent property is the
consumer product performance.
To understand what kinds of elements need to be captured in a market creation mix, it is important to recall that a product performance is an embodied action. Embodied actions collapse the dualities of mind/body and subject/object (the two dualities that define modern, Cartesian logic), resulting in a complex pattern of relationships that weave together elements across all of these domains. These dualities, by extension, provide a means for organizing a market creation mix. Below I present a model derived from these two dualities. The mind/body duality is reflected in the mental/physical axis; the subject/object duality is reflected in the personal/extra-personal axis. Together, they delineate four kinds of “product props”—Codes, Customs, Cast, and Concretes—that can be mobilized in conjunction with the core
product in a performance routine. I draw from the Solae India soy protein case for examples of these product props.

“Codes” are intangible, conceptual props. They can be thought of as “buzz words” and conceptual categories that exist in a person’s social space and that can be linked to the product. Concepts like “powder,” “grams,” “high energy,” and “silky” that became tagged to the soy protein are examples of Codes. “Customs” are the bodily routines, habits, and behaviors that would be implicated in the use of the product. Examples of Customs include the practice of measuring the protein, assessing the food’s temperature, and joint/group cooking among neighbor housewives. “Cast” is another intangible, conceptual prop, though it consists specifically of different social roles and identities that can be connected to the product. Examples of a “Cast” include the identities of “cooking gurus,” “tasters,” and “husbands who prefer porridge with soy protein.” Concretes are the material artifacts with which the product interfaces. The plastic container used to store the soy protein among the spices and the dedicated protein-measuring spoon are examples of Concretes.

Product props would be actively circulated around the product offering in all manner—in packaging, sampling, branding, messaging—so that all touch points with the customer and broader population base cement the association between the product and the props. Though they aren’t represented as part of the offering, props can even be included with a product, much like a measuring spoon is included in a container of GatorAid powder mix.

Facilitating the sense-making process also requires addressing a second barrier: the absence of cognitive legitimacy around the new product form and the anxiety that is often experienced when a change in routines and cultural patterns is required. Spinosa, Flores, and Dreyfus (Spinosa et al., 1997) argue that creating a sense of continuity with the past is necessary for bringing about change when it is occurring.
outside of a top-down decree or imposition. They argue that for new practices to become important, they must feel familiar, rather than discontinuous with the past. “Continuity within change” is consistent with core tenets of community organizing theory as well, which recognizes that bringing new ideas and practices into a community causes anxiety, even fear. As community organizer Saul Alinsky argues, “People only understand things in terms of their experience, which means that you must get within their experience” (Alinsky, 1971).

The props comprising the 4 Cs of Codes, Customs, Cast, and Concretes—because they are sourced and drawn from the context of the targeted population—contribute to establishing this continuity within change. To inject “continuity” into the core product offering, however, the core product should be augmented with “product anchors”—product add-ons that contain explicit links with the targeted population. Product anchors, unlike props, are part of the actual product offering and contribute to its functionality; they are viewed by the customer as part of what is being purchased. An example of a product anchor from the Solae case is the recipe book comprised of protein-fortified dishes developed by the gurus as part of the neighbor cookery day events. The recipe book, which identified the local cooking guru responsible for the recipe, was intended to be part of the set of products and services provided to housewives via the cooking coaching service. In theory, the effectiveness of the product anchor would increase with the granularity and specificity of the connection to the targeted population.

The logic behind a market creation mix stands in direct contrast with the marketing concept of “whole product” (Levitt, 1983), a core element of Moore’s chasm-crossing strategy (Moore, 1999). The idea of the whole product concept is that as one moves from early to late adopters, users require a progressively more complete functionality, as they are more risk adverse and less willing to invest “start-up” time in
its use. Therefore, by whole product, Levitt refers to the various elements that need to be in place for the core product’s functionality to be experienced with the least amount of effort on the part of the consumer. So Best Buy’s Geek Squad service—which will take the computer and monitor out of the box, plug them in and connect them up in a customer’s home, turn them on and run through the start-up menu—is an example of a whole product approach to a computer, as it makes the computer immediately usable for a consumer that otherwise has no experience or knowledge about using a computer.

The market creation mix is not a whole product approach, as it does not attempt to provide more complete or more appropriate functionality. On the contrary, a market creation mix precisely avoids making assumptions as to what consumer value the product offers; rather, it aims to enable a “multiplicity” of value experiences by the consumer so as to allow for widespread product recontextualization. The web of product props, together with the product anchors, are designed to de-exoticize the new product form and to catalyze associations among the product and the context so as to established a sufficiently robust pattern of relationships as to make a range of product performances imaginable and realizable.

Strategy Process: Performance Innovation

The strategic innovation process for new market creation similarly needs to be structured to “get people to work on themselves” (Gibson-Graham, 2006) in order to trigger both the initial sensemaking process and, equally important, the next level of learning needed to develop and cement a new capacity for product recontextualization. As I discussed earlier, it is the latter which enables—by virtue of the product’s resulting ubiquity—the formation of a dominant product discourse that underpins the
growth of a mass market: the product and its value enter the realm of what philosopher Paul Rabinow calls a “social fact” (Rabinow, 1986a).

As I’ve conveyed through my discussion of embodiment and performance, cementing the embodiment that both enables and constitutes a consumer performance routine and capability for recontextualization takes real work on the part of the would-be consumer. The well-known difficulty of holding steady to one’s New Year’s diet and exercise resolutions brings this observation down to earth—performing an exercise routine for a month is one thing, making it an ingrained part of the self is another. And a sustainable business and market requires repeat customers and product users.

Creating and sustaining commitment within the targeted population base, then, represents one of the defining demand-side challenges that a new market creation strategy must address. The Performance Innovation framework below outlines a theoretically-grounded approach to enabling this embodied commitment to a product performance routine within an initial target population. The framework consists of three activity platforms for engaging the target population that I’ve designated as Make, Model, and Marry. These activity platforms are centered around the establishment and growth of a “Performance Community,” a kind of community of practice (Brown & Duguid, 2000; Lave & Wenger, 1990) in which the shared practice in question is the use of the new product form.

The “community of practice” concept, which brings into the field of learning the same underlying idea of embodied action as contained in performance theory, is premised on the idea that “learning to be” something—whether that something is an occupational position such as a teacher or lawyer, a hobbyist such as a cyclist or musician, a social role such as a husband or father, or a cultural identity such as a citizen of the US or Mexico—isn’t a question of information acquisition; rather it is a
process of enculturation that “requires developing the disposition, demeanor, and outlook of the practitioners” (Brown & Duguid, 2000). Practices, in this view, are forms of “situated knowledges” (Brown, Collins, & Duguid, 1989; Brown & Duguid, 2000; Cobb & Bowers, 1999; Haraway, 1991; Lave & Wenger, 1990) that become embodied and acquire their meaning through what Lave and Wenger label “legitimate peripheral participation”—a largely unconscious, apprenticeship-like process that occurs by engaging with (from the inside) the “activities, identities, artifacts, and communities of knowledge” that make possible the practice (Lave & Wenger, 1990).

![Performance Innovation Diagram]

FIGURE 10: Performance Innovation
I should note that in my Performance Innovation framework, I do not apply Lave and Wenger’s “community of practice” concept in a pure fashion, as their intent was to provide an analytical framework to understand what they viewed as an organic, largely subconscious process. In other words, Lave and Wenger did not intend the concept as a pedagogical strategy: Communities of practice don’t “teach” people. Furthermore, their focus was on how “newcomers” come to learn an existing practice and become part of an existing socio-cultural community; they did not consider how a new community of practice is created, the issue that lies at the heart of new market creation. As such, in my appropriation of the community of practice concept into a practice of Performance Innovation, I will bend Lave and Wenger’s analytical framework to suit a somewhat different objective, including one that has an explicit pedagogical intent.

In the Performance Innovation process, the Performance Community serves as both means and ends. From a means standpoint, the Make, Model, and Marry activity platforms are all conducted as communal activities with a consistent group of people from a target population. Importantly, here I am using the term “community” in a geographical/spatial sense, as a group of people that interact continually with one another at a physical, material level within a set of shared activities. The community, in this case, is constituted by virtue of what Gibson-Graham, drawing on the work of Luc Nancy, label “being in common” (Gibson-Graham, 2006). In other words, the shared quality among the members of the community is not an underlying trait or characteristic or even a shared meaning of an experience; rather it is the act of simultaneous and ongoing participation in an event, thereby establishing the grounds for interdependence.

The kind of learning enabled through communal activities is of particular value to establishing a product performance routine, as well as a capability for
recontextualization. First, people working together on a task “give rise synergistically to insights and solutions that would not come about” (Brown et al., 1989). Collective action can lead to wider range of ways of using a product that an individual would arrive at on his/her own. Second, group activities put on display for all participants the wide range of roles, skills, and micro-practices that often comprise a practice and which no single person may possess in their entirety (Brown et al., 1989). As Brown and Duguid’s suggest, “knowledge, traveling on the back of practice, (is) readily shared” (Brown & Duguid, 2000). So in cooking a meal together, one person may demonstrate novel knife techniques, another excellent sautéing skills, and a third excellent plating skills—seeing the “best-practices” within the group can strengthen each individual’s performance capability around the meal preparation. Group activities also allow for “reflective narratives” (Brown et al., 1989) and discussions to occur, which intensify the embodiment by creating associations and meaning rooted in personal experience (Brown et al., 1989; Brown, 2006; Sen, 2003). Similarly, neuroscience suggests that watching a practice, combined with doing a practice intensifies the learning experience, as it utilizes both mirror (pre-motor) neurons and motor neurons (Iacoboni, 2008).

The creation of a Performance Community around a new product form is also the end goal of the innovation process. Here, I am using the term community in the spirit of Benedict Anderson’s post-structuralist based concept of “imagined community” (Anderson, 1983), in which community consists of a sense of shared traits and qualities—a common being in Nancy’s terminology (Gibson-Graham, 2006). Importantly, that sense of commonness is a discursive effect that is created and recreated through performance of a dominant community discourse. This view of community is consistent with that of Lave and Wenger. A Performance Community, then, is a group of people whose repetition of a diverse set of product performance
routines normalizes the product performance (i.e., establishes cognitive and social legitimacy) and sets the stage for the emergence of a dominant product discourse. This Performance Community *becomes* the community of practice around a product into which others can be apprenticed and enculturated. They are the seed from which a mass market can be grown.

The three activity platforms in the Performance Innovation framework—Make, Model, and Marry—describe different pathways or mechanisms by which an embodied commitment to a product performance is established within the Performance Community. Each activity platform contributes to one of three main elements that are noted by the literature to enable commitment: 1) a sense of *ownership* of and personal identification to the issue or need (Alinsky, 1971; Chambers, 1983, 1997; Simanis & Hart, 2009); 2) *habituation* of one’s physical and social body to the routines and patterns of relationships entailed with a practice (Brown et al., 1989; Gibson-Graham, 2006; Martin, 2008); and 3) close *affiliation* and identification with a group of people sharing the same pursuit (Gibson-Graham, 2006; Yunus, 1998).

To reiterate, each of the activity platforms are conducted as communal activities with a *consistent* group of people from a target population. While I’ll present the three activity platforms as independent efforts, they can all three be combined within a single event or engagement. While not a perfect example, the neighbor cooking guru activity in India by the Solae team combined elements of almost all three platforms.

The Make platform involves activities undertaken with the Performance Community that utilize their personal knowledge and skills to generate an output that will make up the business in some fashion. The output can be part of the core product offering or a product anchor, or it can address some other aspect or element of the
business’s operations, such as a logo design or brand name. The important issue is that the output must reflect and signal overtly the personal “authorship” by the Performance community members for this element. It is by keeping this authorship publicly visible that a sense of ownership—even responsibility—for the product offering is instilled and sustained. In the neighbor cooking guru event in India, the guru’s specialty dishes (with soy protein added) were captured and recorded in a cooking book that became part of the cooking coaching offering.

The Model platform consists of activities that are undertaken repeatedly so that participants engage in the kinds of routines, habits, and behaviors that are entailed with the product’s use. The important factor here is that the habits and behaviors that are being modeled are done so in a non-reflective manner and are simply embedded with an activity that has, on the surface, an independent objective (Gibson-Graham, 2006). The goal is for the core actions and behaviors that will later be called upon in a product performance to feel natural and normalized, for them to have already “taken pleasurable hold” over the embodied self (Gibson-Graham, 2006) and have become “part of our cell memory that will increasingly assert itself without resorting to conscious calling” (Gibson-Graham, 2006). By normalizing the behaviors ahead of enacting a product performance, it reduces the scope of change and conscious, reflective learning that a person associates with adoption of the product—so learning a product performance feels like less work. It bears emphasizing that this is not about product testing or getting consumer feedback on a prototype, activities that do require conscious, reflective engagement. In the cooking guru activity, for example, the object of the exercise was for the guru to share her cooking skills and prowess; to do so, she was asked to prepare her specialty dish, though incorporating the soy protein. In the process of sharing her knowledge, the cooking guru also modeled the routines associated with soy protein cooking.
The Marry platform consists of activities and outputs that establish material and symbolic connections among the members of the Performance Community that promote and enable sustained interaction among themselves outside of the organized events. Facilitating relationships among the Performance Community that spill over into their broader lives and routines carries two objectives. One, it expands their personal investment into each other’s lives, thereby creating a web of support that helps ensure each one’s ongoing participation in the Performance Community. As Gibson-Graham note, “the individual needs nourishment and encouragement from without to sustain acts of self-cultivation” (Gibson-Graham, 2006). Two, it helps to further naturalize the product performance by blurring the boundaries between the organized activities around the business/new product offering and their other life’s work: the value, enjoyment, and meaning they experience through “outside” interactions flows into the organized group activities. For example, in the cooking guru activity in India, we brought the various gurus and their family members together to meet with one another during the tasting of the dishes. Bringing the extended families together likely helped kickstart closer relationships among the gurus and created spillover effects. A more powerful “Marry” output from that same event would have been the creation of an informal phone tree among the gurus to be used for the purpose of borrowing each other’s pans and cook stoves for a large family social event like a wedding or holiday gathering (a common practice in the slums, given the limited space in the homes for cooking and storing food.)

Somewhat paradoxically, getting people to dedicate time and effort into these activities would be done by asking for their help, rather than by inducing them through compensation. People would be recruited from the target population—much like the cooking gurus in the Solae India project—under the auspices that the business depends on their unique personal knowledge and expertise. Structuring the engagement in this
manner—as a personal call-to-help—automatically positions people in a position of responsibility to the business’s success and contributes to their sense of personal ownership and commitment. While there is a “sub-plot,” this appeal and the engagement must be genuine and authentic (Alinsky, 1971). This also helps maintain the credibility and perceived independence of the Performance Community in the eyes of the broader target population.

Market Creation Logic: Embedded Innovation Paradigm

To conclude this chapter and discussion of market creation strategy, I will move up a level of analysis and summarize the implications of the preceding discussion in terms of an innovation paradigm. As I discussed in Chapter 7, I believe one of the causes of the blind spot that blots out the “person in the consumer” is the prevalence of a structural paradigm of innovation (Simanis & Hart, 2009). This structural innovation paradigm (SIP), which I argued was an outgrowth of a late 19th century phenomenon that Karl Polanyi described as the conceptual disembedding of the economic sphere from broader society (Polanyi, 1944), consists of three reinforcing beliefs: 1) the role of companies is to address the always present stock of latent consumer needs and wants; 2) products are vessels of value generated by the company’s operations, which is then released by the consumer through the act of consumption; 3) the goal of stakeholder engagement, including consumer engagement, is to acquire the necessary knowledge in order to increase the value contained in the company’s products. This paradigm plays itself out in a range of innovation strategies—from design based innovation, blue ocean strategy, BOP strategy, and new market disruption—that are all shaped by a functionalist logic of consumerism.

In this and the preceding chapter, I have argued that SIP “breaks down” in the case of new market creation, as new product forms present targeted consumers with a
condition of uncertainty. Introducing an altogether new product form into the complex, interdependent patterns of relationships between people and products that sustain and are sustained by a person cannot be addressed through the causal logic of structural innovation strategies. The strategies I’ve outlined are grounded in the view that bringing a new product into a person’s life is an emergent, contingent process. It is my belief that these strategies contain the elements of a new paradigm of innovation, one that re-embeds Polanyi’s 19th century consumer subject back into the person. For this reason, I have named this an “embedded innovation paradigm” (EIP). As I have already elaborated on this paradigm in recently published work based on my dissertation research (Simanis & Hart, 2009), following I will provide a brief summary of its core premise and dimensions.

Whereas the end-game of SIP is the creation of new and improved “customer solutions”—i.e., products and services that are better, faster, and cheaper—the end-goal of EIP is a new community of practice based around a product. Creating a new community of practice entails—to re-introduce a term discussed in my Introduction—a new subjectivity based around the consumption and use of a product. “Subjectivity,” again, is a culturally-normed and socially-recognized discourse regarding a social role or identity that a person enacts; it consists of a pattern of relationships among people, objects, ideas, concepts, emotions, practices, and habits of thought. We are constantly, at every moment, enacting a subjectivity of one sort or another. To put it plainly, EIP is about creating a consumer, not serving a consumer.

New subjectivities, including new consumer subjectivities, function as a kind of power that a person can use to shape and mold one’s life in a new direction. It opens up new ways of looking at the world and new ways of inhabiting the world. Feminist historians, for example, have argued that the creation of the department store and the supermarket (and the related subjectivity of “woman shopper”) opened up a
space of independence from male supervision, thereby enabling women to “leave the
domestic space of the home and lay claim to the center of the city” (Zukin & Maguire,
2004). To be sure, creating new consumer subjectivity also entails a form of
coercion—there is an effort to influence a person’s behavior, desires, and wants and to

*subject* them to a way of living. That said, all interventions to create new
subjectivities, not just consumer subjectivities, are at their foundations, efforts to
shape and influence people and the world in which we all live—from negative subject
positions like “dead beat dad” and “welfare queen,” to positive subjectivities like
“career woman,” “social entrepreneur,” and “democratic citizen” (Cruikshank, 1999).

It bears noting that I am not suggesting that EIP is ethically superior to SIP,
nor inherently more sustainable than SIP—EIP simply aims to intervene into and
change a different aspect of customers’ lives. The effects of those changes, just as with
SIP, will be multiple and conflicting, with its “goodness” or “badness” subject to the
same processes of negotiation and settlement that are called into play with assessment
of other business outputs and impacts.

EIP, as I have explained, consists of three main dimensions that stand in
opposition to SIP. First, the role of a company is not to fulfill latent consumer demand,
but to be a source of economic diversity by harnessing the *latent potential* within
economies. Stirring the economic pot creates “an ever-expanding range of
opportunities for people to participate in economies on terms meaningful to them”
(Simanis & Hart, 2009). Second, in place of a view that value is contained within the
product, EIP is based on the view that value emerges from the pattern or *community of
relationships* that a person joins and mobilizes when using a product. As discussed
above, using a new product entails joining a new community of practice; and joining
new communities present “opportunities to learn and grow and experience;” they
“offer new ways of life, new adventures” (Simanis & Hart, 2009). Third, with EIP,
stakeholder engagement is not a transactional process of knowledge and information acquisition, but a *transformational* act that aims to “create new stakeholder behavior, habits, and identities” (Simanis & Hart, 2009). Rather, EIP is first-and-foremost a personal change process grounded in what Connolly calls an “ethos of engagement,” in which “subjects are made anew through engaging with each other” (Connolly, 1999; Gibson-Graham, 2006).

Competitive advantage under EIP is based on what I have termed “business intimacy.” Business intimacy is a relational state in which the company as an institution has become an indispensable element in the pattern of relationships that comprise a consumer performance and the community of practice around a product. In other words, the community of practice around a product is inseparable from the existence of the company. While fans of the Baltimore Colts football franchise could still watch football games, the community of practice around the Baltimore Colts football team withered when the franchise moved to Indianapolis. Similarly, the closure of Harley-Davidson would result in the demise of the current community of practice established around the “hogs” that no other motorcycle could fill. Business intimacy is, therefore, not about brand trust or social capital (Adler & Kwon, 2002; Burt, 1997; Portes, 1998); it is about cementing the identity of the company into a community of practice such that consumers end up self-policing their own behaviors and guarding the market from new entrants.

The kind of competitive advantage characterized by business intimacy rests on a theory of power that, as I discussed in the Introduction, differs significantly from that which underpins traditional theories of competitive advantage. Traditionally, competitive advantage is based on a “juridical” concept of power in which its very *possession* enables a company to impose its will over another company: power is a negative force that disables another actor’s agency. The power on which business
intimacy rests is what post-structuralist theory calls “productive power”—power that operates by virtue of enabling someone to act and do something. Creating a new community of practice in which the company plays a constitutive role exerts power to the extent that it enables a performance that wants to be repeatedly enacted.

From a strategic management perspective, competing against productive power is enormously difficult, as there is no target, no power to be rested away from a competitor. Much as Antonio Gramsci has argued that the best way to counter a dominant ideology is by establishing what he calls a counter-hegemonic ideology (Gramsci, 1971), competing against a community of practice in which one’s competitor is an integral actor is best done by creating an altogether new community of practice.

While not perfect, an example that I’ve used from the Solae project to indicate the early presence of business intimacy involved the visit of a senior Solae executive to the rural project site in Parvathagiri Mandal, approximately seven months after we launched. With the twenty-plus women partners from the community seated on the floor, the Solae executive introduced himself to the women, concluding his opening words with the comment that Solae was pleased to be working with them. After the translation was completed, a surprising silence fell over the group. After a pause, one of the women spoke up: “We are pleased that you are able to join us, but...WE are Solae!” (Simanis et al., 2008a). The community of practice the women were creating around the soy protein was inseparable from Solae’s identity.

In conclusion, I want to highlight what I see as the complementary nature of this embedded innovation paradigm with the creation theory of opportunity. Without question, I have been walking down a path that was illuminated for me by the creation theory literature of opportunity formation; my journey was simply undertaken from the opposite end of the path. Creation theory problematized the underlying ontological
assumption in the management and entrepreneurship literature concerning the “supply-side” of the market equation, namely that opportunities have \textit{a priori} existence of entrepreneurial actions. My critique has aimed to illuminate the ontological assumptions about the demand-side of the market equation, namely that consumer needs have \textit{a priori} existence of an embodied product performance. In this respect, my dissertation and the embedded innovation paradigm it has spawned have helped “fill out” creation theory, contributing, in the end, to what I hope are more robust business strategies for bringing to life the markets of tomorrow.
CONCLUSION

The preceding two chapters have highlighted a gap in management theory and practice regarding market creation for new product forms. This gap, I argued, is a direct consequence of an entrenched functionalist-view of consumption together with a Cartesian treatment of the individual and his/her agency. Using the lens of performance theory, I have attempted to re-frame the concept of personhood and the act of product consumption so as to open up new avenues for management intervention for addressing the unique challenges faced by consumers presented with a new product form.

My aim with this concluding chapter is to bring my dissertation full-circle by reflecting on my findings in relation to the two-part goal that animated my research: to enable corporations to profitably serve the world’s lowest income communities while contributing to their broader development. The analysis and discussion is also intended to illuminate areas of future research opportunities with respect to the Base of the Pyramid. I will first discuss the applicability and relevance of my general theoretical arguments regarding market creation summarized above to the specific context of the base of the pyramid. There is reason to suspect that the issue of market creation around new product forms is central to corporations’ ability to tap into the purported growth opportunity represented by this socio-economic segment. The market creation challenges confronted during the SC Johnson and Solae projects on which my theoretical findings are based represent, I conclude, the norm for corporate ventures rather than outliers.
Next, I will consider my research experiences in relation to the second half of my initial goal—the alleviation of poverty and advancement of a human development agenda. In an effort to drill down on the unique business challenges presented by new market creation, my re-counting of the initial creation and implementation of the BOP Protocol downplays this equally important global development agenda and the central role it played in giving shape and form to the business development efforts in Kenya and India. Importantly, the effort to bridge business and development goals through the BOP Protocol holds significant implications for the very viability and survival of the BOP concept within the corporate sector. The BOP concept today, I believe, has reached a critical juncture and is at risk of becoming a passing management fad and/or a philanthropic activity under the auspices of company’s corporate social responsibility departments.

The Link Between Market Creation and the Base of the Pyramid

The initial “hook” for companies with regards to the Base of the Pyramid concept was that the world’s lowest tier of income earners held the promise of a new source of significant revenue growth. The argument in support of this assertion was two-fold. One, while individually the people in this segment had low incomes, the sheer number of people falling within this socio-economic classification—some two-thirds of the world’s population—represented upwards of a trillion dollars of purchasing power in the aggregate. A critical second line of reasoning held that these official purchasing power statistics far understated the total economic value circulating within this segment. This was the case because a majority of the economic transactions within the low-income segment were “off the books”—informal, very small-scale transactions that took place outside of legally-recognized and sanctioned economic institutions and practices (Prahalad & Hart, 2002). Furthermore, because the
low-income sector existed outside of formal legal institutions such as property rights regimes, a significant portion of asset value remained non-monetized (De Soto, 2000). It was, therefore, within the informal and non-monetized spheres of economy where corporations could uncover a hidden fortune at the bottom of the pyramid. The formal economy represented only the tip of the proverbial iceberg.

Making the opportunity even more compelling was the fact that the Base of the Pyramid population contained an enormous range of fundamental needs, from clean water and nutrition to communications and electricity. And there was little to no existing competition serving these needs. Instead, non-consumption of goods and services presented the main barrier to be overcome (Hart & Christensen, 2002). In summary, the implication for corporations was that the BOP contained massive latent demand together with a far greater ability and willingness to pay than would otherwise meet the eye.

I propose, however, that it is this very combination of factors—a high level of product non-consumption (and thus, an absence of competition) together with a high level of informal and non-monetized activity—that together suggest that the majority of business opportunities for corporations at the Base of the Pyramid will entail market creation of new product forms. I will speak to each of these factors separately.

By definition, the commercialization of products for which there is no current consumption or current providers presents a market creation challenge. The absence of consumption and competitors signals the absence of the entire product form; they are two sides of the same coin. So, as with “mainstream” consumers confronted by a new product form like the Segway, BOP consumers presented with a never-before consumed or offered product will first need to establish basic cognitive legitimacy for the product form, learn new category structures and concepts, re-orient
consumption patterns, and develop new core product operational skills. Using the terminology and framework I developed in Chapter 8, consumers in the BOP adopting a product that addresses an unmet need are equally challenged to establish a new performance routine around that product in order for it to become an established part of their consumption context.

It is important to note that there appears to be a particularly robust form of functionalism and Cartesian logic attached to the BOP space that implicitly assumes that because the unfulfilled needs being targeted are often fundamental or “basic” in nature (e.g., clean water, electricity, adequate nutrition), the challenge of product adoption should be less of an issue (provided that the product is designed and marketed in a culturally-appropriate manner). In other words, because the unfulfilled needs are ones thought to be essential to a normal and healthy life, getting BOP consumers to adopt such a product should be far more straightforward than convincing US customers to adopt a Segway: The prevention of illness and death through purified water would appear to be a much easier “sell” than the comfort and convenience of the Segway. This would explain the predilection within the BOP literature for educational and social marketing campaigns—the consumer challenge is viewed largely as one of simply educating a population and building awareness around a particular social issue related to the targeted need (e.g., the link between dirty water and diarrhea). Once awareness is created, the BOP consumer is assumed to have the necessary motivation and desire to adopt the product and make the necessary behavioral change (Hammond, 2010).

The failure of several rigorous corporate efforts to address basic needs such as Procter and Gamble’s PuR water purification product and Coke’s nutritional beverage—as well as my personal experience in Nairobi with SC Johnson’s Community Cleaning Service that aimed to improve home cleanliness and sanitation
(an offering that had clear health implications) and to rid homes of various insect pests that were carriers of disease—suggest that this assumption is tenuous. Creating a new consumer performance around, for example, a water purification product remains a formidable consumer-level challenge: The idea of handing over money for something called “pure water” must become normalized and accepted; new concepts such as “water borne disease” and “microbes” may need to be developed and understood; new water categories may need to be internalized, such as drinking water, cooking water, and bathing water; the established routines associated with different water-consuming activities such as cooking and bathing may be altered; money and time must be re-allocated to allow for the purchase and use of the water purification product; personal space may need to be re-orientated for the use and storage of the technology, as well as for the storage of purified water; and core product operational skills will likely need to be developed around the operation and maintenance of the water purifying technology. Viewed in this light, the limitations of the functionalist, Cartesian assumptions that underpin most social marketing approaches to product adoption are clear.

On the contrary, it is arguable that the consumer challenge of enacting a product performance around a new product form is inherently more difficult in a BOP context than in mainstream consumer segments. The reason for this is two-fold. If, as argued in Chapter 8, the likelihood of enacting a new product performance increases as the number of linkages and associations increase between the new product and existing products and commodities within the consumer’s field (akin to an improv actor being able to create a wider range of performances as the number of props he/she has at hand increase), then the relatively low level of existing commodities and products circulating in the lives of BOP consumers would limit their range of possible product performances. The product performances around a laptop computer, for example, are considerably greater and richer for a person living in a two-bedroom,
fully-furnished home with a library of DVD’s and CDs, a digital camera, a credit card, and a home internet connection than for a person living in sparsely furnished, one-room mud house lacking electricity.

A second reason to suspect that new product form adoption will be more challenging in a BOP context is derived from my argument that product consumption/performance is based on a tacit consumer capability developed through practice. A great example that underscores the view that product consumption is a kind of cultural competence can be seen in the documentary movie, *God Grew Tired of Us: The Story of the Lost Boys of Sudan*. The documentary details the lives of several young men resettled to the US from Sudan who were among the thousands of children dubbed the Lost Boys. The Lost Boys were male children who fled their villages during a protracted civil war to avoid conscription into the rebel armies. The young boys spent most of their childhood and young adult years together in an isolated, impoverished refugee camp near the Kenyan border while they waited for the war to end. The documentary contains moving footage showing the resettled Lost Boys’ introduction to the features of their new apartment and to a grocery store—experiences that highlighted their hesitancy, discomfort, and somewhat humorous clumsiness in using and interacting with such basic objects as a light-switch. When product consumption/performance is viewed as an acquired consumer-level capability, then BOP consumers like the Lost Boys, because of their relatively low levels of experience with product consumption, will possess a lower capability level than their middle and upper-class counterparts for efficiently enacting an initial product performance and then learning to re-contextualize a product into a wide variety of performances.

The second factor that I believe will shift corporate BOP efforts into a market creation situation is that the majority of goods and services at the BOP are
exchanged in informal, small-scale markets. At first, this seems to be a contradiction in terms. Why is market creation (of new product forms) necessary when a product market already exists, albeit small-scale and informal? To answer that, it is helpful to provide an example of what I mean by an informal market. Prior to the advent of micro-finance, a low-income person in a village or slum who was unable to meet the lending standards of banks (e.g., a formal credit and income history, available collateral) had no choice but to seek a loan from a local moneylender. Local moneylenders were people from the community who, by virtue of their close knowledge of and proximity to the borrower, were in a position to extend credit with confidence of repayment and the ability to locate and monitor closely the debtor/customer (thereby lowering the lender’s risk). Such an informal, highly localized market transaction was not one, however, that was amenable to standardization, aggregation, and scale, as it was premised on having intimate local knowledge and long-standing family relationships developed over, in many cases, decades of time. But without the possibility of standardization, aggregation, and scalability, such informal markets hold little opportunity and value for billion-dollar corporations.

For corporations to intervene into and provide products and services currently offered and consumed in the informal sector, I believe that they will be forced to essentially transform the established business model and offering in order to make them sufficiently standardizable and, thus, scalable. This re-structuring will, in all likelihood, result in a product that, from the consumer’s perspective, looks and feels like a new product form—it will consist of a very different bundle of attributes and require an entirely different set of core consumption skills and capabilities than those associated with the informal sector product.
Consider Grameen Bank’s micro-finance model, one that has proven to be a scalable and replicable alternative to the moneylender model and has spawned an industry that today has entered into the mainstream (for example, Compartamos, the largest micro-finance institution in Mexico, raised $400 million in 2007 through an initial public offering). Central to the Grameen offering and business model (and to many micro-finance offerings) is the use of solidarity lending groups as a means of achieving the low risk and high repayment rates that local moneylenders achieve by virtue of their close relationship and physical proximity to the borrower. With the solidarity group model, a loan targeted to a single person is extended to a group of women borrowers of which the individual is a member; the group, rather than the individual, is accountable for repayment. Importantly, with the solidarity group, group formation entails a rigorous induction and socialization process, so that group members identify strongly with each other and provide each other with emotional and spiritual support in all aspects of their lives, in addition to business and technical support.

If we step into the shoes of the borrower and compare the products provided by the local moneylender with the product of Grameen Bank, I believe we would come to the conclusion that—even though both provide access to capital—they are entirely different product forms, much like riding the bus and driving one’s own car both entail personal mobility but represent different product forms. It is this same kind of radical innovation of the business model and subsequent creation of new product forms that will likely be the inevitable outcome when large corporations attempt to formalize and aggregate any informal market, be it for finance capital or cook stoves.

At this point, it is useful to recall that the radical localization strategy which I identified in Chapters 1 and 2 as the predominate framework in the BOP literature, as well as the foundation of the initial BOP Protocol, is designed for entering existing
product and consumer markets in which there exist what decision making theorists classify as a probabilistic decision environment: The supply and demand functions exist, thereby making targeted research and product innovation possible (Alvarez & Barney, 2007; Sarasvathy, 2001a; Sarasvathy & Dew, 2005). I have furthered argued in Chapter 7 that, under such conditions, consumers similarly confront a probabilistic decision-making situation with regards to product adoption, as they have already integrated the product within their consumption context or can use other consumers of the product as reference points. That being the case, radical localization strategies would have very limited application at the BOP. Specifically, they would only be applicable for accessing the “tip of the BOP iceberg”—that is, the formal, institutionalized product markets in which low-income consumers already participate that are already aggregated and structured for scalability. The potential “blue ocean markets” around unmet BOP needs and the dis-aggregated, informal BOP markets that together contain the majority of potential economic value reflect conditions that require market creation strategies.

In conclusion, this analysis explains why the majority of corporate efforts to serve the BOP have ended and will continue to end in failure, including my efforts with SC Johnson in Kenya and the previously mentioned effort by P&G with PuR. The market entry strategies being employed rarely encounter the conditions necessary for their success. On the flip side, I believe it is not a coincidence that the rare corporate success stories—such as Unilever India’s highly touted development and launch of its Wheel brand detergent for India’s urban BOP consumer and Danish multinational Arla’s successful introduction of its Power Cow brand of powdered milk for Nigeria’s urban BOP consumer—have occurred when corporations target formal, established product markets in which BOP consumers also participate (Simanis, 2010). In both the Unilever and Arla cases, the companies were introducing an
improved product into an existing product market around which there existed formal supply chains and distribution networks. To tap into the potential fortune at the bottom of the economic pyramid, corporations will need to hone and develop market creation strategies effective for the commercialization of new product forms.

**The Base of the Pyramid Protocol: Balancing Business and Development**

As explained in the Introduction to this dissertation, the impetus for my research lay not only in how corporations could profitably reach the BOP, but also how corporate innovation and business development strategies could address the issue of poverty alleviation and global development. This idea of linking corporate profit generation with poverty alleviation was arguably the defining characteristic of “Base of the Pyramid” strategies and one that, I argue, accounted for its initial widespread appeal across business and development sectors. Without question, this objective played a critical role in shaping my own action research—it was fundamental to the very structure and logic of the BOP Protocol, and guided the innovation and business development techniques I employed in Kenya and India.

Importantly, I believe the attempt to merge these two goals in the Protocol provides valuable insights for the very future of the broader BOP movement, as well as for related efforts to create fruitful dialogue between business and other disciplines, such as ecology and policy. For the BOP Protocol’s effectiveness and utility as a business development tool was hamstrung not only by the blind spot regarding the unique consumer challenges of market creation, but also by losing sight of the core audience: the corporation. As I explain below, the Protocol emerged as a development tool in search of a business application. Given the importance of these learnings and their centrality to my research, following I provide background that highlights this
tension, as well as some concluding thoughts on how best to successfully bridge business and development objectives.

When I began my action research in 2004, there was growing criticism of, and backlash against, the BOP concept (Karnani, 2007). The criticism was leveled at the claim that corporate efforts to serve the BOP represented a way to solve poverty. The general critique was that making and selling products to poor people had little to do with poverty alleviation and human development. In fact, simply selling products to poor people could leave them worse off.

Working within this climate, the BOP Protocol Initiative turned out to be as much an exercise in finding common ground between the business and development sectors as it was creating a BOP-specific innovation tool for managers. The BOP Protocol Design Workshop organized in 2004 was an intervention aimed to provide a forum for differing perspectives on business and development and to develop a mutually agreed upon language and approach that addressed the concerns and objectives of both constituencies. I do think the effort succeeded in building this bridge to the development sector—a significant accomplishment in and of itself. For example, the concept of “mutual value creation,” which emerged from that workshop and was endorsed by all corporate and development sector participants, entered into the broader BOP lexicon as one of the central tenets to which a corporate BOP venture should adhere.

Building that consensus, however, came at a price. Specifically, the effort to bridge business objectives with emerging perspectives on development theory and practice that argued for the deep inclusion of the poor in the creation of new models of economic activity set the Protocol (and BOP strategies more broadly as will explain) on a strategically-shaky business foundation. In trying to maintain intact the principles, practices, and language of development, the first draft of the BOP Protocol
resembled the proverbial camel: Development principles and tools had been aggregated with business principles and tools, rather than being integrated into a business strategy. In fact, I would argue the problem framing used in the Protocol, as well as the core innovation technique of business co-creation, resonated far more strongly with a development audience than a business audience. I will address each of these separately.

At the level of problem framing, for example, the Protocol inadvertently adopted what I call a needs-based development logic. The central purpose of the business, in other words, was framed as addressing “needs” in the community (in the 35 pages of the 1st Edition of the Protocol, the term “needs” appears no less than on 40 occasions). Clearly, the term “needs” isn’t foreign to business: businesses frequently talk about meeting “customer needs” and “consumer needs.” But the term as used by managers is short-hand for the product and service enhancements that increase the customer’s experience of value throughout its various touch-points with a company and its product. So when a manager speaks of customer needs, the term carries this specificity and highly bounded context. To relate this to the preceding section, the existence of customer needs implies the existence of an established product market.

The concept of “needs” as used in the Protocol, however, carried a decidedly development sector flavor, as in: “Working in cooperation with the broader community and using participatory techniques, the [Company’s] objective is to identify the various needs of the community” (Simanis et al., 2005). Needs in development speak referred inherently to things such as clean water, nutrition, sanitation, health care, and education—abstract categories of human activity that are imbued with a sense of biological and social necessity. These development-based needs, as I noted in the preceding section, represent potential “blue-ocean markets.”
While innocuous sounding, this development-based problem framing likely contributed to a growing misperception that these abstract, development needs presented a business challenge structurally equivalent to the highly contextualized and bounded customer needs to which companies and managers attended. By conflating these two meanings of the term “needs,” the Protocol validated the perception that the unmet needs of the BOP were tantamount to massive, product markets (Simanis, 2010; Simanis et al., 2008b). This, as I’ve explained in this dissertation and in recently published work (Simanis, 2009), was bound to lead to business failure, as the consumers targeted with these needs-based products (e.g., water purification products) were essentially faced with new product forms. A business approach to serving such abstract development needs required creating a new consumer market around that need—a challenge that required an innovation approach effective in managing the uncertainty faced both by managers on the supply side and by consumers on the demand side (Simanis, 2010). The initial Protocol, which was grounded in a market entry logic, was not equipped for addressing this challenge.

At the level of business process, the “centerpiece” of the BOP Protocol’s innovation approach was “business co-creation”—the collective creation of an altogether new business entity by a company in close partnership with the community. With business co-creation, essentially every business activity was undertaken jointly with the community. The pre-fix “co,” which appears in the 1st Edition of the Protocol more than 70 times, is linked to everything from identification of needs, mapping of assets, generation of ideas and business plans, creation of metrics, evaluation of alternatives, and ownership of information and the business.

Yet, as noted in my introduction to the 1st Edition of the Protocol in Chapter 3, the rationale for using co-creation throughout the entire business development process was driven largely by development goals and in pursuit of the fairly abstract vision of
mutual value creation. Business co-creation was done primarily as a way of building capacity in the target communities, ensuring a more even distribution of value between the corporation and the community, and equalizing the power dynamics between corporations and communities so as to avoid “community capture.” The concept was, in many respects, an extension into the domain of business of what is called a “participatory theory of development.” In participatory development, participation is viewed as the core objective and ends of a development process rather than a means to an end (Chambers, 1983, 1997). Empowerment and creation of relationships of equality across socio-economic classes are the central goals of participatory development.

From a business perspective, the primary justification for business co-creation was that it would create trust, thereby allowing companies to better hear the “voices of the poor” and to ensure the resulting business truly addressed the community’s needs. In simple terms, business co-creation was a way of ensuring the business and product offering was built on accurate information about the local context. As a tool for acquiring sophisticated local information and consumer knowledge, however, business co-creation was overkill—many of the collective decisions that are outlined in the Protocol had marginal to no impact on understanding the local context (co-creation of metrics; co-creation of business plans). Existing methods used by product designers and consumer insight specialists could provide equally valuable local understanding with far less complexity.

Over the past several years, managers have commented that this extensive co-creation process seemed to be a tedious, unnecessarily complex way of creating the business. Based on my years of work experience in the field, I agree with them: Co-creating a business with a community opens up a whole set of organizational and interpersonal complexities to be managed, in addition to those that accompany any
business development effort. The incremental business benefits of taking on this added complexity were highly circumspect. In retrospect, business co-creation as we had envisioned and articulated it was a development tool in search of a business application.

The predominance of this development-centric logic and the centrality of a development-based methodology in the BOP Protocol accounts for its relatively low uptake by corporations, even in its 2nd Edition incarnation. Despite the significant awareness of the BOP Protocol within the broader community of interest on Base of the Pyramid, as well as growing corporate attention to the BOP, there have been only two other applications of the BOP Protocol following the SC Johnson and Solae efforts.

Perhaps most importantly, the development-driven strategic logic of the BOP Protocol has not proven effective in providing business teams with the necessary guidance for building an effective business. In one of the two recent applications of the Protocol—an effort in which the field team possessed excellent capacity and enjoyed tremendous corporate support and resourcing—the project was closed down after less than two year’s of operation, as the field team was so focused on “business co-creation” as an end in and of itself (a common interpretation of the Protocol) that the business was severely compromised. To use a Michael Porterism, because the BOP Protocol was positioned on the fence dividing business and development, it has been neither an effective tool for development nor business.

**The Future of the Base of the Pyramid Concept**

At a macro-level, the BOP Protocol experience serves as a bell whether for the broader BOP movement. As with the Protocol, the evolution over the past decade of the BOP concept has left it positioned precariously with respect to its initial
constituency—the corporate sector. While interest in “market-based approaches to poverty alleviation” remains strong within development agencies (e.g., UNDP, IDB) and the non-profit sector, corporate interest and investment in BOP business initiatives are, in my estimation, waning. The BOP concept today is in jeopardy of following the very path of the industrial democracy movement of the 1950s and 1960s, which, despite tremendous interest at the time, failed to become institutionalized in core operations of corporations and has all but faded from popular consciousness.

The BOP concept began as a fairly straightforward business argument: the four billion people on the planet with low per capita incomes presented a significant growth opportunity for corporations, provided that corporations shed a number of managerial and operational biases and innovated their revenue and business models. It is important to note that the development and poverty alleviation component of the original argument was a by-product of a business strategy—successfully making and commercializing products for this target demographic was the means by which the corporation could improve people’s lives and, thereby, claim to impact poverty.

As I discussed earlier, the criticism against this initial argument came swiftly from the development sector, rightly chastising the simplicity of the BOP concept’s poverty alleviation argument. The initial BOP argument had reduced six decades of work by institutions and disciplines created specifically to address poverty to a consumer choice model. As the various criticisms noted, poverty alleviation encompassed issues far beyond that of access to basic needs such as health care, sanitation, and education to include ones of vulnerability, livelihood stability, gender equality, voice, economic development, and democratic accountability (Esteva, 1992; Rist, 2003; Simanis et al., 2008b).

Looking back, the juncture at which this criticism was made opened up two paths forward. One path involved scaling back the grand claims of business’s power to
eradicate poverty and focusing on the more humble (though far from simple) challenge of creating affordable and desired product and services for the BOP demographic. The second path entailed upping the ante and taking the position that, even with this greatly expanded definition, corporations were potential engines of poverty eradication. The path chosen has clearly been the latter.

Today, the very meaning of “doing BOP” encompasses the expansive meaning of poverty alleviation, including providing access to basic health and social services, enabling local income generation and livelihood creation, providing local skill and capacity development, and building self-esteem and empowering those most disaffected. “Doing BOP” has become tightly linked to new conceptualizations of capitalism altogether (e.g., inclusive capitalism, conscious capitalism), as well as democratic and participatory principles and practices of operation. Indicative of this escalation are the proliferation of “impact assessment” tools (a term imported wholesale from the development sector) deemed necessary to determine whether a BOP venture can be called successful; sales and profits generated by the company play a relatively minor role in such impact assessments, with the preponderance of metrics focused on poverty.

Thus, in the effort to up the ante and to make the BOP concept about poverty alleviation—a laudable and understandable goal—the BOP concept, like the BOP Protocol, has morphed into a development strategy in search of a business application. The BOP concept today is, first-and-foremost, a market-based approach to poverty alleviation. The goal and organizing framework, in other words, are poverty alleviation; business value is backed-out and derived from efforts to do poverty alleviation, rather than a poverty alleviation effect being the by-product of a business strategy. In short, the relationship between corporate growth and poverty alleviation has been completely inverted.
Ironically, what started out as a concept intended to help corporations grow their revenues has done more to grow the revenues of the non-profit sector. Indeed, in the ten years since the seminal working paper (Prahalad & Hart, 2002) outlining the BOP concept was circulated, significant corporate success stories remain elusive, whereas philanthropic and non-profit programs and enterprises based on a “BOP strategy” have mushroomed in number and size. For the non-profit sector, the fortune at the bottom of the pyramid has been very real. This is an observation, not a criticism.

The above is not to say that the transformation of the BOP concept into a poverty alleviation strategy is bad or negative. The work being done by non-profits and social entrepreneurs under the BOP banner is tremendous and valuable. Rather, my aim is to point out that as long as the BOP concept asks that corporations repurpose themselves in pursuit of poverty alleviation—a goal whose very meaning, definition, and significance have been forged under an entirely different set of institutional parameters—BOP efforts will, by default, migrate to the periphery of corporate operations (i.e., the non-revenue side). I believe that trend is already underway today. Most of the high-profile, highly-publicized corporate BOP efforts—from the Grameen-Danone partnership, the Goldman-Sachs 10,000 women initiative, Phillips’s rural cook stove project, to Procter & Gamble’s PUR water purification efforts—are all essentially philanthropic or social responsibility ventures.

In order for the BOP concept to enter the core operations of a company and be treated as a strategic growth opportunity, we will have to move in the opposite direction: we will have to repurpose the idea of poverty alleviation in a way that its meaning, definition, and significance blend into and intertwine with the institutional parameters and discourse of the corporation. This is not simply a question of trying to “graft” poverty alleviation and BOP onto existing corporate activities, as concepts such as “inclusive supply chain,” “fair trade,” and “shared value” attempt to do.
Rather, we have to keep firmly in mind the development impacts and effects we want to achieve, but let go of the very concepts of BOP and poverty alleviation, recognizing that when they resurface inside the corporation they will be a shadow of their former selves. For those of us working in the so-called “BOP space,” getting corporations to turn their innovation and business acumen to creating products and services for the world’s low-income consumers will require a strategy of self-obsolescence.

As an example of how this might look, I point to the total quality management (TQM) and just in time (JIT) management revolutions. I would wager that these management practices—ones today considered baseline skills for any respectable company—have had an order-of-magnitude greater impact on reducing firm’s environmental impacts than any company’s environmental management initiative have had. TQM and JIT have had, paradoxically, such profound environmental impact precisely because they were not undertaken for that purpose! Rather, the goals, practices, language, and metrics of TQM and JIT all were focused on enabling a company to grow and be more profitable. The profound environmental benefits were derivative of achieving a business objective. The same must happen with BOP.

My decision to focus this dissertation on the issue of new market creation and the commercialization of new product forms—rather than business and poverty alleviation—was taken in pursuit of this goal. I have tried to return to more modest origins in which the BOP represents a potential growth market in an effort to re-frame the issue—as organizer Saul Alinksy has long counseled—in terms of the experiences and realities of my audience: corporate managers. While doing so will inevitably expose me to the now almost reflexive criticism that I am looking at the BOP only as consumers (and therefore failing the acid test of an inclusive, BOP business), I hope this framing helps corporations in their quest to bring the functionality of their products and services to the world’s low-income sector.
APPENDIX 1:
BOP PROTOCOL KENYA PILOT PROJECT

Pre-Reading Preparation

Week 1: Business and Development - The Base of the Pyramid
• Christensen, Craig & Hart, “The Great Disruption”, Foreign Affairs.

Week 2: Critical Perspectives on the Business of Development
• Chambers, Rural Development: Putting the Last First, Chpt 1 (“Rural Poverty Unperceived”)
• Chambers, Whose Reality Counts: Putting the First Last, Chpts 4 & 5 (“The Transfer of Reality” and “All Power Deceives”)
• Simanis, “Entrepreneurship and Global Development: An Anti-Essentialist Critique and Extension”
• Simanis, “Sustaining Our Un/common Futures: Innovation at the Borders of Thought”, part 1

Week 3: Engaging the BoP Differently
• Chambers, Rural Development: Putting the Last First, Chpt 7 (“The New Professionalism: Putting the Last First”)
• Hart, Capitalism at the Crossroads, 2005, Part III: Chpts 7, 8 & 9 (“Broadening the Corporate Bandwidth”, “Developing Native Capability” and “Toward a Sustainable Global Enterprise”)
• Simanis, “The Practice and Politics of Stakeholder Engagement: Toward a Power-Sensitive Theory of Stakeholder Interests”

Week 4: Methods 1
• Chambers, Rural Development: Putting the Last First, Chpt 8 (“Practical Action”)
• Chambers, Whose Reality Counts: Putting the First Last, Chpts 6 & 7 (“Learning to Learn” and “What Works and Why”)
Week 5: Methods 2

- Beebe, *Rapid Assessment Process*, Introduction and Chpts 1, 2, & 3 (“To RAP or not to RAP and the Basic Concepts”, “Data Collection: Triangulation and Getting the Insider’s Perspective” & “Iterative Analysis and Additional Data Collection”)

Week 6: Kenya Ecological & Socio-Cultural I


Week 7: Kenya Ecological & Socio-Cultural II


Week 8: Kenya Ecological & Socio-Cultural III

- Amudavi & Mango, “Enhancing Community Based Research: The case of a participatory action research experience in a rural community in Kenya”
- Nandwa et al, “Soil Fertility Regeneration in Kenya”
## APPENDIX 2: BOP PROTOCOL PILOT PROJECT

**BOP Protocol Pilot Project**

**Summer 2005**

**Draft Workplan - May 11, 2005**

<table>
<thead>
<tr>
<th>Week</th>
<th>1 &amp; 2</th>
<th>Nairobi</th>
<th>Activity</th>
<th>Objectives</th>
<th>Key Outputs</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td>1) Arvind Venk AM  2) Introductory meetings with SCJ and ApprITEC  4) Meet with CIP and disc group visit to Kilima (Nairobi) 5) Group Dinner with SCJ and ApprITEC</td>
<td>1) Set up meetings and logistics for following 2 weeks with SCJ and ApprITEC  2) Get situated in office space, set up computers, arrange communication logistics  3) Expose group to urban slum context  4) Preliminary identification of necessary markets</td>
<td>1) Detailed agenda for weeks 2 &amp; 3  2) Full implementation plan  3) Event budget  4) Material spec’ing  5) Preliminary draft of social business plan</td>
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<td>6) Follow up meeting with SCJ  7) End of week debrief</td>
<td>8) Report on first week’s progress  9) Lay out a plan for the second week</td>
<td></td>
</tr>
<tr>
<td>2(a)</td>
<td>1 (SCJ Team)</td>
<td>Nairobi</td>
<td>1) Meet with SCJ staff  2) Visit existing SCJ consumer programs in E Africa in 2-3 different locations in Nairobi and suburbs  3) 1-day home visit with SCJ to 203 targeted urban BOP households - conduct semi-structured interviews  4) See ApprITEC</td>
<td>1) Gain understanding of SCJ’s assets, operations &amp; distribution net  2) Gain understanding of how SCJ perceives and frames local needs and constraints  3) Begin to assess the functionality that current products and competencies provide</td>
<td>1) Draft of strategic genealogy of SCJ  2) Draft of resource map of SCJ</td>
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<td></td>
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<td>5) Visit SCJ distributor sites in</td>
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<tr>
<td>2(b)</td>
<td>2 (ApprITEC Team)</td>
<td>Nairobi</td>
<td>1) Meet with ApprITEC marketing &amp; impact assessment staff  2) Meet with ApprITEC’s R&amp;D and “new business” staff  3) Visit ApprITEC pilot sites outside Nairobi - conduct semi-structured interviews with retail shop owners and available customers</td>
<td>1) Gain understanding of ApprITEC’s assets, operations, and competencies  2) Develop understanding of ApprITEC’s marketing and impact assessment processes  3) Identify data needed for monitoring and impact assessment analyses  4) Identify data needed for</td>
<td>1) Draft of strategic genealogy of ApprITEC  2) Draft of resource map of ApprITEC</td>
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<td></td>
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<td></td>
<td>5) Collect data to assess pump-off effectiveness in communicating marketing message</td>
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<tr>
<td>3(a)</td>
<td>1 (SCJ Team)</td>
<td>As Necessary</td>
<td>1) Coordinate with ApprITEC and SCJ to see pump-off (Note: site activity is done together with Team 2)  2) Additional 1-day home visit with SCJ to targeted rural BOP households - conduct semi-structured interviews  3) Visit SCJ distributor sites in</td>
<td>1) Collect data to assess pump-off effectiveness in communicating marketing message  2) Continue to learn about map SCJ’s assets, operations &amp; distribution net  3) Continue to gain understanding of SCJ’s framing of local needs, opportunities, and constraints  4) Develop understanding of SCJ’s current market position</td>
<td>1) Qualitative assessment of pump-off effectiveness in communicating marketing message  2) Refine draft of strategic genealogy of SCJ  3) Completed resource map of SCJ</td>
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<td></td>
<td>5) Collect data to assess pump-off effectiveness in communicating marketing message</td>
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<tr>
<td>3(b)</td>
<td>2 (ApprITEC Team)</td>
<td>As Necessary</td>
<td>1) Collect data to assess pump-off effectiveness in communicating marketing message  2) Continue to learn about map ApprITEC’s framing of local needs, opportunities, and constraints  3) Begin to develop understanding of farmers’ needs/constraints  4) Determine data collection required to assess markets</td>
<td>1) Qualitative assessment of pump-off effectiveness in communicating marketing message  2) Refine draft of strategic genealogy of ApprITEC  3) Completed resource map of ApprITEC</td>
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<td></td>
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<td></td>
<td>5) Collect data to assess pump-off effectiveness in communicating marketing message</td>
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<tr>
<td>4</td>
<td>1 &amp; 2</td>
<td>Nairobi</td>
<td>1) Meet with Drs. Oates, Allner, &amp; Lee at the Ag Research Center of Eigen &amp; present BOP Protocol  2) Meet with Participatory Group and do 1-day training in their methodology  3) Visit one or more sites where Eigen conducting Participatory Assessments</td>
<td>1) Preparation for homestay immersion  2) Develop understanding of what efforts currently underway around locally-based development and perceived obstacles (e.g. disease) to those efforts  3) Begin to develop understanding of local community structures</td>
<td>1) Resource map of Eigen/ABB  2) Resource map of PBK  3) Detailed summary of current participatory efforts (and their learnings) with smallholder farmers</td>
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<td>4) 1-day Homestay in Nairobi District villages  5) Each team member to learn a given task performed in the home (e.g., cultivating, cooking dinner)</td>
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<tr>
<td>5(a)</td>
<td>1 (Pye Team)</td>
<td>Nairobi District</td>
<td>1) Develop understanding of local community systems and how needs currently met, keeping eye out for “obstacles” to meeting needs and potential opportunities  2) Develop understanding of social structure segments - gender, race, class - in order to</td>
<td>1) Life stories that provide insight into local needs and perspectives and critical contingencies</td>
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<tr>
<td>5(b)</td>
<td>2 (Urban Team)</td>
<td>Kibera</td>
<td>1) Each team member learns what hands-on tasks performed in the home (e.g., cultivating, cooking dinner)</td>
<td>1) Life stories that provide insight into local needs, perspectives, and critical contingencies</td>
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<td>2) Each team member learns what hands-on tasks performed in the home (e.g., cultivating, cooking dinner)</td>
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<td>6(a)</td>
<td>1 (Pye Team)</td>
<td>Nairobi District</td>
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<tr>
<td>1) Use RAP/PAL in working with pye-growers to understand needs, local constraints and capacities; 2) Establish local hub for information sharing and point of contact.</td>
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<tr>
<td>3) Identify needs and obstacles around pye farming; 4) Assess local technical knowledge around pye; 5) Establish metrics for value creation; 6) Compare AgriSAGEs current marketing and assessment program relative to findings; 7) Begin to consider how SCJ's distribution opportunities/business models that support pye strategy.</td>
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<th>6(b)</th>
<th>2 (Urban Team)</th>
<th>Nairobi (Kisera)</th>
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<tbody>
<tr>
<td>1) Use RAP/PAL in working with local community to understand local needs and values, constraints, and capacities; 2) Establish local hub for information sharing and point of contact.</td>
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<tr>
<td>3) Identify needs and obstacles to meeting those needs; 4) Establish metrics for value creation; 5) Compare AgriSAGEs current marketing and assessment program relative to findings; 6) Begin to consider how SCJ's distribution opportunities/business models that support pye strategy.</td>
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<th>7(a)</th>
<th>1 (Pye Team)</th>
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<tr>
<td>1) Use RAP/PAL in working with pye-growers to understand needs, local constraints and capacities; 2) Continue thinking through linkages to AgriSAGEs; 3) In particular, how the findings relate to AgriSAGEs marketing program and SCJ's distribution goal &amp; pye strategy.</td>
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<tr>
<td>4) Complete critical assessment of AgriSAGEs and how to potential business models using insights gained from RAP/PAL; 5) Brainstorm linkage opportunities between urban and rural areas; 6) Complete strategic assessment of SCJ and AgriSAGEs; 7) Finalize Resource Map of SCJ and AgriSAGEs communities.</td>
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<td>1) Use RAP/PAL in working with local community to understand local needs and values, constraints, and capacities; 2) Establish local hub for information sharing and point of contact.</td>
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<th>8</th>
<th>1 &amp; 2 (Pye Team)</th>
<th>Nairobi</th>
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<tbody>
<tr>
<td>1) Reconnect with SCJ and AgriSAGE staff, present and assess initial findings; 2) Collect additional data as needed from SCJ and AgriSAGE; 3) Establish connections with additional ecosystem partners.</td>
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<th>9(a)</th>
<th>1 (Pye Urban Team)</th>
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<tbody>
<tr>
<td>1) Conduct participatory &quot;idea generation&quot; workshop with SCJ staff, AgriSAGE staff, farmers, local pye growers and other possible partners; 2) Establish an &quot;idea bank&quot;.</td>
<td></td>
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<td>3) Identify new opportunities for value creation and potential business models involving pye growers/SCJ/AgriSAGE; 4) Identify potential ecosystem partners; 5) Build local capacity.</td>
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<tr>
<td>3) Identify new opportunities for value creation and potential business models involving local community; SCJ/AgriSAGE; 4) Identify potential ecosystem partners; 5) Build local capacity.</td>
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<th>10(a)</th>
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<tbody>
<tr>
<td>1) Verify and collect additional data from pye growers/farmers; 2) Establish relationship with potential partners identified during workshop; 3) Present back to community any findings.</td>
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<tr>
<td>4) Research potential opportunities that emerge from &quot;idea generation&quot; workshops and potential models involving pye growers/SCJ/AgriSAGE; 5) Identify potential ecosystem partners and roles within new enterprises; 6) Brainstorm linkage opportunities between urban and rural areas.</td>
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<tr>
<th>11</th>
<th>1 &amp; 2 (Pye Team)</th>
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<tbody>
<tr>
<td>1) Verify and collect additional data from AgriSAGE and SCJ; 2) Establish connections with potential partners identified during workshops.</td>
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<tr>
<td>3) Continue development of business opportunities and plans for SCJ, including necessary partners, resources, and capabilities; 4) Develop tentative recommendations for AgriSAGEs marketing program; 5) Preliminary review of findings with SCJ and AgriSAGEs.</td>
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APPENDIX 3:
KENYA PROTOCOL PILOT WORKPLAN

Kenya Protocol Pilot Workplan
December 1, 2005 - March 1, 2006

<table>
<thead>
<tr>
<th>ACTIVITIES</th>
<th>OBJECTIVE</th>
<th>DESCRIPTION</th>
</tr>
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<tbody>
<tr>
<td><strong>1. YOUTH TRAINING &amp; PREPARATION</strong></td>
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<tr>
<td>Customer Relationship Building Workshop</td>
<td>To provide skills that improve the youth's professionalism during initial customer engagements, thereby increasing the probability of the pilot's success. 2) To provide some assurance that the youth groups' initial interactions with customers will reflect positively on the SCU brand.</td>
<td>Workshop on building and maintaining customer relationships, &quot;business language,&quot; communicating with customers, etc.</td>
</tr>
<tr>
<td>Accounting, Record Keeping, &amp; Savings Workshop</td>
<td>To help ensure that youth possess a baseline set of skills that enable them to cope effectively with challenges and opportunities arising from inflows of money into their organizations.</td>
<td>Workshop on accounting for money and inventory flows. Workshop on how groups can save build the business while achieving their broader community objectives (social/environmental missions)</td>
</tr>
<tr>
<td>SCU Product Induction Seminars</td>
<td>1) To provide youth groups with the necessary training and background knowledge to confidently engage with customers, to ensure the products are represented correctly and applied correctly, and to reduce customer suspicion regarding the youth's intentions. 2) To ensure that the youth groups' reflect positively on the SCU and CJK brands/reputations.</td>
<td>Put youth groups (selected people) through an &quot;accounting council&quot; training program that teaches and tests the groups on proper use and application of the products, the products' active ingredients, the environmental profile of the products, and background knowledge on insects/health/etc. To demonstrate successful completion, groups would receive certificates/patches for jumpsuits/etc. &quot;Certified SCJ Ambassadors&quot;</td>
</tr>
<tr>
<td>Team Building &amp; Confld Mgmt Workshop</td>
<td>To help ensure that youth possess a baseline set of skills that enable them to work effectively as a team and to deal with inter- and intra-group conflicts arising from the project.</td>
<td>Workshop on effective interpersonal communication, group effectiveness, and conflict management</td>
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<tr>
<td><strong>2. BUSINESS IDENTITY CREATION</strong></td>
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<tr>
<td>Develop Common Marketing Platform &amp; Message</td>
<td>1) To ensure that initial engagements with customers build a consistent, accurate and professional brand image. 2) To build the youth's sales skills and confidence, thereby increasing the probability of project success. 3) To provide some assurance to SCU and CJK that the youth groups' efforts reflect positively on both SCU's brand and CJK's reputation - hard to build a good reputation, but it's very easy to hurt it! 4) To ensure that feedback coming from the field is comparable.</td>
<td>Develop common &quot;sales pitch:&quot; Who are we? Who is SCU? Who is CJK? What is our relationship to SCU and CJK? What is our product/service offering? What benefits and value can we provide?</td>
</tr>
<tr>
<td>Produce Sales Support Materials</td>
<td>1) To provide youth groups with the necessary support materials that will assist with customer acquisition. Begin to build brand/organization identity, and help communicate the value of the new business.</td>
<td>Design, develop, purchase &amp; print necessary marketing-related materials: e.g., flyers, clothing (jumpsuits), t-shirts, caps, logo, business cards</td>
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<tr>
<td><strong>3. BUSINESS MODEL PILOT TEST</strong></td>
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<tr>
<td>Market Test 1</td>
<td>To test out the business concept. 2 weeks in-field implementing the business model</td>
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</tr>
<tr>
<td>Business Model Re-design Workshop</td>
<td>Revisit the business concept based on customer feedback</td>
<td>Multi-day meeting to share learnings and adjust business model/value proposition</td>
</tr>
<tr>
<td>Market Test 2</td>
<td>To test out the business concept. 2 weeks in-field implementing the business model</td>
<td></td>
</tr>
<tr>
<td>Business Model Re-design Workshop</td>
<td>Revisit the business concept based on customer feedback</td>
<td>Multi-day meeting to share learnings and adjust business model/value proposition</td>
</tr>
<tr>
<td>Market Test 3</td>
<td>To test out the business concept. 2 weeks in-field implementing the business model</td>
<td></td>
</tr>
<tr>
<td>Business Model Re-design Workshop</td>
<td>Revisit the business concept based on customer feedback</td>
<td>Multi-day meeting to share learnings and adjust business model/value proposition</td>
</tr>
<tr>
<td>New Business Launch</td>
<td>To initiate a formal business launch that builds awareness within the community and increases SCU and CJK's brand visibility/reputation</td>
<td>Hold public events (e.g., Tree-planting awareness, take-n-put cleaning) that link the new business to the main areas of activity targeted by the business (health, environment, cleanliness)</td>
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APPENDIX 4:
SOLAE BUSINESS MODEL
APPENDIX 5:
SOLAE BOP PROTOCOL JOB DESCRIPTION

Professional Internship Opportunity
The Solae Company: Base of the Pyramid Business Development Intern

Term & Reporting
Temporary: April 1, 2006 – July 30, 2006
Position reports to Solae’s Director of Global Accounts

Position Description
The Solae Company is an alliance between Dupont and Bunge Ltd to bring more great
tasting, nutritious soy-foods to the marketplace.

The Solae Company has initiated a project to develop sustainable businesses in India
that serve the needs of poor individuals and communities that comprise the “base of
the economic pyramid” (BoP). For the first phase of this project, Solae seeks four
interns to become members of a Solae BoP Protocol Team. The Team will include
members from and be guided by a US-based group of leading BoP business
professionals and academics affiliated with Cornell University’s Johnson School of
Management who have directed the development of a BoP Protocol™. The BoP
Protocol™ is a roadmap for engaging poor communities in co-developing business
ideas that meet local needs and generate value for the company.

The four-month position will begin with a 10-week, full time field immersion on April
17, 2006. During the in-field immersion, the Solae Protocol Team – led by the US
members – will use the BoP Protocol™ process to engage two communities in co-
developing business models and initiatives. During the immersion segment – which
will take place in an urban slum and a rural village – the Protocol Team will use
homestays and participatory methods to co-develop new business models and
initiatives, as well as to build the foundation for a long-term relationship between
Solae and the communities.

Prior to the field-work, a part-time preparatory course (to be administered through
weekly conference calls and a web discussion board) will be led by the US members
of the Solae Protocol Team. The training is intended to provide an in-depth
understanding of the BoP Protocol™ process and to provide the necessary skill sets
and background knowledge to effectively implement this process. The course will
cover theories and perspectives on BoP business development, participatory action
learning and rural appraisal methodologies, and background information on food and
development in India.
Position Responsibilities
Due to the intensive nature of participatory business development, the intern will be expected to maintain a highly flexible work schedule, working when and as-needed to build trust and rapport with the community and other potential ecosystem partners.

The Solae Protocol Team will be responsible for the following deliverables:

1. **Strategic Initiatives Plan** that outlines near-term and longer-term business opportunities, as well as recommended courses of action, for serving these and other BoP communities sustainably.

2. **Business Co-Generation Report** detailing the set of business ideas and models co-developed with the local communities through the BoP-Protocol™ process.

3. **Immersion Report** that provides in-depth documentation and analysis of the Team’s activities and key learnings in implementing the Protocol. The report will also detail the needs, aspirations, assets and resources co-identified with the community.

Qualifications
Solae is looking to hire creative people with a passion for engaging issues of poverty and sustainable development through enterprise. The ideal candidate is someone who works effectively in a team setting, yet is self-directed. The ability to work under conditions of high uncertainty and to adapt to the project’s needs is critical. The participatory basis of the project demands a high degree of humility and the ability to engage and learn as equals with people from varying educational and experiential backgrounds, formal and otherwise.

Given the diverse set of skills demanded by the project, Solae is looking to hire interns that possess expertise in one or more of the following areas:

- **Business or Social Entrepreneur**
  - Strong entrepreneurial skills and experience in starting new businesses
  - Strong business analytic skills (e.g., financial analysis, market analysis), project planning skills, and understanding of strategic frameworks
  - Work or volunteer experience in poor communities (in urban slum/rural villages), in particular working in partnership with poor communities to address local needs

- **Social Worker or Development Anthropologist**
  - Experience in fostering community-based businesses and local income-generating activities
  - Commitment to a participatory philosophy of development and experience in applying participatory techniques (in urban slum/rural villages) to address issues of poverty and marginality
  - Training and experience in managing issues of gender and development
Strong group facilitation skills

- Development Nutritionist
  - Training in nutritional sciences and various perspectives on nutrition and development
  - Commitment to a participatory philosophy of development and experience in applying participatory techniques (in urban slum/rural villages) to address issues of malnutrition
  - Training and experience in managing issues of gender and development as they relate to nutrition, health and well-being
APPENDIX 6:
SOLAE BOP PROTOCOL PROJECT OVERVIEW DOCUMENT

Solae BoP Protocol Project Overview

The objective of the Solae BoP Project is to build a close relationship using the BoP Protocol™ process with a poor community in Hyderabad (in both a slum and nearby rural village) and, through that relationship, to co-develop new business ideas and models that benefit both the community and the company. Solae may choose to pilot test and further develop one or more of the identified business models if the company finds them to be attractive opportunities.

The key assumptions of the BoP Protocol™ and this project are:

1) A corporation alone cannot create a business that serves the needs of poor communities, as traditional company’s business systems and processes are geared to serve wealthy market segments. Instead, sustainable businesses that serve the poor have to be based on the existing resources and social structures within those communities. Thus, companies have to work in partnership with poor communities to build such businesses.

2) Both communities and companies have unique resources, technologies and knowledge. By working together as equal partners and creatively combining these talents, these two groups can create businesses that neither one could create alone. So, through such partnerships, completely new possibilities emerge for meeting local needs through enterprise.

As the BoP Protocol™ is based in a participatory philosophy of development, the co-developed business models and ideas would be rooted in the needs of the community and the community’s own definition of “development”.

The field-work phase in India would follow a timeline similar to the one below:

1) **April 1 – April 14:**
   Protocol team meets with potential local community partners and begins to gain exposure to the community. This phase is best described as an introductory period during which the Protocol team spends time in the community and “learns the ropes”.

2) **April 15 – April 30:**
   Protocol Team conducts a “deep immersion” in the community. This would entail homestays in the community by each of the team members. The purpose is for team members to build trust with the community and to gain some insight into what people value and how they live their lives.
3) **May 1 – May 14:**
Protocol Team identifies people and groups within the community with whom to partner. This process involves selecting specific people or groups that will continue to work with the Protocol Team and Solae in identifying new business ideas and opportunities for collaboration. During this period, the Protocol team also reaches out to other institutions and organizations that could be potential collaborators with the community and/or Solae (for example, MFI institutions, technology-based NGOs, multilateral organizations, small or medium enterprises).

4) **May 15 – May 28:**
Protocol Team, working with the community groups, conducts local needs and asset analysis through participatory methods. This time is also used to train both community groups, as well as other Solae and Dupont company members, in how to think about partnering with each other. Again, neither group is used to working with the other – it is important that both come into this partnership with a different mindset.

5) **June 1 – June 10:**
Protocol Team conducts “Idea Generation Workshop” that brings together people from Solae, Dupont, the community groups with which it has worked, and other potential partners to think creatively about new business ideas. At the end of this period, a set of business ideas and rough business plans will have been outlined. The attention then turns to evaluating the opportunities and deciding if there are opportunities that various individuals and groups would pursue in partnership with each other.
APPENDIX 7:

SOLAE BOP PROTOCOL TRAINING: CONCEPT SUMMARY

Development

- Development can be thought of as a paradigm and way of understanding the world (perhaps relating to the idea of progress and happiness); as any paradigm, it is not based on an objective understanding of reality.
- Still dominated largely by the field of development economics, but increasing presence by social workers and anthropologists.
- Has moved from a pure income-based understanding (GNP) to a multi-factor model such as the UNDP’s Human Development Index (HDI), as well as to capabilities-based frameworks (e.g. Sen, RSA).
- Needs and wants are relational concepts embedded in a cultural context - cannot assume the categories and criteria we use (e.g. nutrition, happiness) mean the same thing from one context to another, nor that we can know a priori what a person/community wants.

Base of the Pyramid

- BoP traditionally thought of as a market community defined by their lack of income (< US$3 a day)
- Tends to position poor communities as dependent on outside help and without capabilities
- To be mutually beneficial, need to view the BoP as having capabilities and knowledge they don’t lack infrastructure, businesses a different way.
- Early BoP focus on shaping aspirations can be a top-down imposition of products
- Engaging at community and local NGO can provide a check against this happening
- Focus on income generation via MFI has tended to catch people in debt traps
- From a business strategy perspective, firms can better succeed with disruptive technologies in BoP markets than in ToP markets that have legacy systems (e.g. power grids) and high sunk costs.

Community

- Communities are comprised of diversity and difference, not homogeneity; they are people who share “being in common”
  - Seek out diverse, not common
  - Understanding culture and relationships, particularly relationships of power
- Communities are dynamic, not static entities
  - Cannot understand community from a snapshot in time
  - Ongoing engagement necessary
- Communities are shaped by relationships and are, therefore, not necessary place-based nor confined to “the local”
  - Seek out and understand the networks among people in our communities
  - Local communities can have global reach
- First need to build rapport before “engaging” community
- To build trust with the community, one must first build a relationship and respect
  - As the Protocol is about a business partnership, we must make sure our relationships foster this understanding

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Co-Creation

- The Protocol deals with co-creation of business models, not simply products.
- Need to think of the BoP not as customers/consumers, but as partners and colleagues.
- Need to be sure that co-creation doesn't lead to co-optation or exploitation of the community.
  - Engaging local NGOs in this process may be one way of preventing this.
  - Transparency of operations is important as well—the “base camp” idea is one way the Protocol aims to prevent exploitation.

Triple Bottom Line

- Draws attention to the broader impacts of business, but is a hard concept to put into use.
- Treats “economic,” “social,” and “environmental” as separate entities, not cross-cutting or interdependent.
  - May lead to maximization, not optimization.
- Often assumes the three dimensions are uniform across cultures and that all people segment their lives on these dimensions.
  - Whose definition of environment, social, and economic do we use? Who are the standards by which performance are ascribed?
  - Protocol work should use participatory methods to both identify the relevant categories, as well as the criteria.

Radical Transactiveness

- Fringe stakeholders are, in development terms, marginalized groups or entities; companies typically ignore fringe stakeholders because they are neither powerful, legitimate, nor urgent.
- Fringe stakeholders possess valuable knowledge and understanding that, if properly engaged, can help companies proactively respond to potential problems and develop competitive advantage (the ability to develop radical new products and business models).
- To engage and learn from fringe stakeholders requires building a dialogue and relationship of trust and mutual understanding.
- By ignoring fringe stakeholders, a company can potentially destroy value for its core stakeholders (e.g., Monsanto).
- One way companies can “locate” fringe stakeholders is by “putting the last first”—in other words, to seek out the poorest and weakest members in society (the BoP).
Native Capability

- Is a capability that allows MNCs to become socially embedded in a community and, through that relationship, to co-develop business models from the ground up.

- Strategies (or business ideas and models) for the BoP cannot be realized without engaging the community in the development of the strategies themselves.

- The Protocol is a process for building an MNC's native capability.

PRA

- Participation is an end, not just a means.
  - Need to be constantly aware how the team is creating value for the community throughout the process, not just at the output (e.g., the business ideas and models).

- Participation can be understood as a continuum in terms of decision making, from passive to active.

- The highest level of participation is when community members themselves undertake initiatives.
  - In the beginning, the Protocol will be between Functional and Interactive.
  - The Protocol project should seek to develop capabilities and structures that foster self-initiated activities.

- The Protocol is not the same as PRA; most importantly, the firm is not a facilitator of the community, but a part of the community.

- For the Protocol, the objectives of the PRA tools and framework are to:
  - To build rapport between the community and company and, thereby, a basis for dialogue and common understanding.
  - To help build the community's and the firm's understanding of business partnerships and mutual value creation.
  - To develop the community's ability to think creatively about new business development and entrepreneurship.
# APPENDIX 8:
## SOLAE BOP PROTOCOL: REVISED WORKPLAN

### Solae India Protocol Pilot - Draft Workplan

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## APPENDIX 9:

### SOLAE BOP PROTOCOL: WORKPLAN DESCRIPTION

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<th>ACTIVITIES</th>
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<tr>
<td><strong>I. BUILDING SUB-COMPUNITY</strong></td>
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<tr>
<td>Map People and Institutional Potential of Community</td>
<td>Generate a map of the various community groups and constituencies to: 1) help identify appropriate sub-community (and criteria for selection) and to 2) help assess impact of any business idea on weaker members of community 3) help identify existing institutional partner possibilities</td>
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<td>Identify and meet with group leaders and key individuals in community</td>
<td>1) Work through community partner to identify those people in the community who are looked up to 2) Meet with leaders to discuss to discuss goals of the project and generate support for larger sub-group involvement</td>
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<td>Discuss Solae Protocol project with sub-groups &amp; Select sub-group representatives</td>
<td>1) Create alignment, understanding and excitement about the project within each of the sub-groups in the community 2) Ask sub-groups to identify criteria for the type of people best suited for workshops/idea gen 3) Ask sub-groups to select members (about 5) to represent them in the PED and Idea Gen workshops</td>
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| **II. ECOSYSTEM DEVELOPMENT** | |
| Identify potential business partners (SMEs, local NGOs, etc) | Work through local contacts to identify groups and individuals that can provide various types of resources (e.g., financial, technology, HR) to a potential business and can serve as future points of contact for others in the community |
| Discuss Solae Protocol project and collaboration | Create alignment, understanding and excitement about the project objectives and recruit to partner PED workshop and Idea Gen Workshop |

| **III. PED** | Prepare people for idea generation workshop; develop ability of partners to work together |
| Session 1 - A Successful Partnership | 1) Develop shared understanding of characteristics of a successful partnership 2) Develop shared understanding of the concept "mutual value creation" 3) Develop shared understanding of what each of the partners bring to the business and what each of the partners want from the business 4) Start building sense of commitment and trust |
| Session 2 - Aspects of a Business | 1) Develop among community understanding of the various dimensions of a business that can influence the business' performance |
| Session 3 - Unique Value & Sustainable Competitive Advantage | 1) Develop community's ability to think critically about what value their business provides 2) Develop community's ability to think critically about what ensures a business' ongoing viability |
| Session 4 - Deconstructing and Creatively Combining Resources | 1) Train participants to critically assess their resource base and to understand their functionality 2) Accustom participants to thinking about and working as partners and team members 3) Accustom participants to seeing how novel business concepts can arise through combining resources |

| **IV. IDEA GENERATION** | |
| Pre-workshop Brief | |
| Session 1 - Business Success Criteria and Team Resources | |
| Session 2 - Business Idea Development and Refinement | |
| Workshop Follow-Up | |
APPENDIX 10:
FIELD NOTES: SHG RECRUITMENT MEETING IN PARVATHAGIRI

Group Name : Krishnaveni Group
Date of Meeting : 19th May, 2006
Members Present : 12 out of 15
Names (L to R) : Kollur Rama, Sarojana (1st Leader), Pedapalli Uppalama
(2nd Leader), Pedapalli Sujata, Kolluru Yadamma, Bagasapna, Gudela Venkatamma,
Varalakshmi, MD Madharbi, Madhavi, Pedapalli Sarojana, Kolluru Ellama
BOP Team : Sonika, Paul, Srinivasa, Patrick, Indira

Observations of the group meeting

• Group members were not informed about the project by their leader. The group
had not met since David’s meeting.
• The leaders who were present in David’s meeting did not recall the purpose of
the project and were passive observers.
• Indira started with the page on Who is Solae? This led to the conversation
being company focused and we had to struggle to get them back on track of
thinking about business, ideas and partnership.
• They raised points about giving them work, telling them what to do and they
will do it, us being educated and them being uneducated and hence we know
better, them only farming and doing savings in the group only, categorizing
tasks that they currently do as not involving any ideas.
• We attempted to break the above myths by giving local examples, trying to
show how each and every activity they do in farming or savings involve deep
thinking, thoughts about profit and loss and involving ideas.
• We gave example about children’s education and they said that they want their
children to have a better future and position and not work on the fields as they
are doing. We used it to tell them that this also involved better thinking and
planning for future and they could do similar thinking in terms of business idea
generation.
• The group at the end started seeing our point of view but there were gaps in
understanding and they were still not clear as to what the end result is and how
they would contribute and benefit from it. They were of the opinion that we
were hiding something and not clearly spelling out our purpose, the goal and
result of the project.
• However, the group displayed energy, warmth and in the end was energized
about our presence and committed to come for the PRA exercise on Monday.
• Toward the end, we got to know that each of them had their own caste-based
business apart from agriculture like Pottery, Toddy, Fish.
Vocal members of the group were Varalakshmi and Madhavi. Sarojana and Ellama also participated. The other group members were reserved but did add points to the discussion.

**Questions raised during the meeting**

- Is it the company or you doing the business?
- Why don’t you tell us what to do and we will do it?
- What are you hiding from us? Tell us clearly?
- Take us to the SOLAE company and show us the company and what they do and how they work?
- Is SOLAE giving us material and we will make it into different products?
- We are housewives, farmers, labourers. We have no time to spare for business. How can we do business?
- We are uneducated and you are educated and have lots of ideas. You tell us and we will do it?
- We will put some money and Solae will put some money and we will share the profit? Is it correct?

**Learnings from the meeting**

- Check whether they have been informed about the project by their leaders.
- Introduction to be synchronized and sequenced.
- Spend time on introduction and breaking the ice. Speak casually on what they do, how they plan for the future. Talk about their existing businesses, challenges, opportunities for growth etc. Then slowly build on what they say and introduce the BOP concept.
- Avoid taking up Solae in the beginning. Talk about co-creation. Importance of partnering and strength of team/group work.
- Try to use local examples to drive home the point about using own mind/judgment, idea generation and profit/loss.
- Talk about partnership with MARI and that we are here for the community to benefit. This will help build trust and help them understand that we are here for the long-term and this effort would be sustainable.
- Explain that money by itself does not grow, it’s only the coming together and collective efforts of people that makes it grow.
- Create an example to differentiate creating a business vs holding a job
APPENDIX 11:
FIELD NOTES: RAP MEETING WITH WOMEN VILLAGERS
ABOUT RECREATION

RAP with BC Women (Goud community) under the tree

Participants: 4 Women from the community, Sonika, Swetha, Srini, Kalavathi

Observations:

1. Husbands are toddy tappers. They work from 6 am to 12 noon and from 4 to 8 pm.
2. Women are housewives. They manage the house, children and make plates with leaves, threading of flowers at home.
3. The leaf plates are sold at Rs.30 for 100 plates.
4. They eat all vegetables, eggs and also meat (Chicken, Mutton, Fish).
5. Husbands come home to eat lunch and dinner.
6. The favorite pastime for women is chatting with the neighbours as a group, watching television, cooking and sleeping.
7. Children attend school, small kids go to Anganwaadi’s.
8. The buy buffalo milk delivered home at Rs.10 per liter and all children drink milk.
9. Their average daily income is Rs.30 per day.
10. They do not go out to eat as it is very expensive costing almost Rs.50 for a family of four and hence prefer to spend Rs.10 and cook at home.
11. For recreation, all the community families get together and go on a temple visit (4 kms from Parvathagiri) once a year. It is a day trip.
12. At the time of dusherra, all the women of the village gather at the maidan and perform Batkamma dance.
13. Toddy is sold at Rs 10 for 2 liter bottle. The customers are other caste people. Men and children normally drink toddy. Women drink but do not admit to it.
14. The only time women eat at restaurant is when they go to Warangal for shopping or watching movies which is very rare.
15. They said they are very happy when they meet each other.
16. They normally socialize closely with people in the same street only. However they are aware of people in other streets and are friends with them.
APPENDIX 12:
INITIAL BUSINESS CONCEPT PAPERS: PARVATHAGIRI

Business Concept 1:
Chetla Kindá Rural Bakery and Distributor:
“*The Goodness of Solae where Friends and Family Meet*”

Core Business Concept:
A healthy-foods bakery that produces a line of soy protein-enriched sweets, snacks and beverages, as well as additional foods to meet unique dietary needs (e.g., sugar-free, low fat). The bakery’s name – “chetla kinda”, which is Telegu for “under the tree” - reflects both the business’s brand, as well as the unique means of distributing the bakery’s products to other villages.

- **Brand:** The bakery will offer a peaceful and relaxing environment that draws on the wholesomeness associated with nature (store décor to include plants, stones, indoor waterfall). The products and marketing messages would convey a message of health and goodness. In-store nutrition information and education would reinforce this branding and provide additional value to the consumer. A separate seating area for women would be provided.

- **Distribution:** The bakery’s foods would be distributed across villages via a “mobile bakery service” to a network of recognized “community tree” sites. A direct-to-consumer model is vital, due to the limited, un-hygienic, and cluttered shelf space of most village retail shops. In addition, people routinely meet and socialize under trees, and equate those sites with happiness, sharing, and peacefulness. Each village possesses several well-recognized tree sites where people gather to socialize. A vehicle bearing the Chetla Kinda name and brand image would establish a regular delivery/service schedule at several tree locations within each village. This Chetla Kinda Mobile Bakery would serve as a temporary storefront and remain at each tree site for a given period of time (e.g., 1 hour) serving freshly baked goods, sweets and drinks. As with the retail store, nutritional information and education would accompany the product offering.

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27 The business would pay high attention to sanitation and cleanliness and seek government certification.
Unmet Need & Business Opportunity:
In Parvathagiri, almost all food is prepared at home and consumed at home. Local “hotels” or restaurants (there are three in Parvathagiri) serve mostly visitors or travelers, with men constituting the overwhelming majority of customers. The few prepared foods that are, however, routinely purchased and consumed by all members of the community include curd and bakery products. Bakery products include salty snacks (e.g., mixtures, puffs) and sweets (e.g., ladoo, baked goods). Women choose to purchase bakery goods because of their time-consuming and complex preparation, while children like the variety that a store provides. Bakery goods are consumed at home on a regular basis and are also purchased for special events (e.g., visiting neighbors, holiday festivities, and wedding celebrations). There are no high-quality bakeries in Parvathagiri or surrounding villages (Warangal, which is approximately 50 kilometers away, is the closest location).

The Chetla Kinda Bakery addresses this baked-goods need gap while building off of a growing awareness around the importance of nutrition to learning, development and good health. Government-administered “Integrated Child Development Centers” (Anganwadi) have helped to communicate the impact of nutrition on child development. Yoga classes, which were made available over a 2-year period in Parvathagiri, have further raised awareness of the health and nutrition linkage. In general, there is a strong awareness of the health impacts of certain foods (e.g., meat for strength, curd for curing an upset stomach.)

Core Products and Services

- **Food Products:**
  - Line of soy protein-enriched sweets, snacks, and baked goods
  - Soy-protein enriched juices and drinks
  - Sugar-free foods for diabetic patients

- **In-Store Services:**
  - Peaceful, natural dining space with separate seating for women
  - Staff trained in nutrition and health
  - Nutrition and health-related educational and informational materials and events

- **Other Services:**
  - Event catering (e.g., weddings)
  - Local delivery
  - Chetla Kinda Mobile Bakery Service to neighboring villages

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28 Farm workers, who constitute a large majority of the population, carry their lunch with them to the fields. Lunch typically consists of leftover rice and pickle. Bakery goods, such as sweets and snacks, and “cool drinks” are not consumed in the field but at home with the family.

29 Although there is no bakery in Parvathagiri, some sweets and salty snacks are available through a retail store and push carts food businesses. However, quality (sanitation, taste) and variety are considered poor.

30 The use of locally produced organic ingredients will be explored.
Business Concept 2:
Growing Up Healthy Children’s Center:

Core Business Concept:
Growing up Healthy is a child day care center that provides protein-enriched food sources and professional medical care and oversight to children under the age of 5. In addition to enhancing the child’s welfare, the Center gives parents an opportunity to participate in income generating activities (eg, day labor).

Unmet Need & Business Opportunity:
Government provided day care services for poor families (Anganwadi) have highly variable quality and frequently are unable to meet the demand within the villages. In Annaram Sharif, there is one anganwadi center, while in Parvathagiri there are three. In both cases, there is greater demand than the facilities can support. This demand comes from a) children that qualify for anganwadi admittance (poorest of the poor) b) children of families with greater means. Thus, it appears that there is significant latent demand for professional, high quality child day care.

Core Products and Services

• **Food Products:**
  - Infant health mix
  - Soy milk based health drink for kids
  - Uggu – Preparation with pulses
  - Protein enriched biscuits and sweets
  - Protein enriched fruit juices
  - Eggs

• **Services:**
  - Play material
  - Doctor and nurse
  - Health and nutrition counseling
  - Immunization facilities
  - Baby sitter

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31 The government establishes one anganwaadi center for every 1,000 residents. The anganwaadi, however, can only support 45 children of the “poorest of the poor”. Often, there are more than 45 children per 1,000 residents that fall within this classification.
Business Concept 3:
Solae Cooking Well Center
“Coming together with Solae to make our families grow strong”

Core Business Concept:
A center where women come together to enjoy the experience of preparing healthy, tasty and protein-rich meals for their families. The Cooking Well Center uses an innovatively designed space to promote higher cooking efficiency, collaborative cooking, and socializing between users. The Cooking Well Center is made up of the Solae Kitchen and a Well-Being space that supports the Kitchen and its users. Members pay a membership fee (much like an athletic facility) and pay bulk rates for use of Solae ingredients stocked in the kitchen.

i. Solae Kitchen:
An area with “high-end” kitchen equipment designed for multiple people using it simultaneously. Members can cook meals individually for their own families or learn to cook together for multiple families. Members can also use the space to cook for “larger” events or to offer catering services.

The Kitchen has a pantry stocked with Solae Protein ingredients for cooking, as well as local organic ingredients. The kitchen hosts classes on cooking healthy, nutritious, and tasty meals using Solae ingredients and act as a hub for sharing of nutrition related innovations from Solae, MARI, or other sister centers.

ii. Well-Being Space:
A multi-use space that hosts a variety of activities to support the Kitchen and its users. This space can be arranged by the Center’s users to meet their specific needs or opportunities. Some example uses are below:

+ Recreation Space
  o For children while women are using the Kitchen
  o For women waiting to use the kitchen
+ Training Space – for education not involving the Kitchen directly
  o Nutrition Classes
  o Yoga Classes
  o Nutrition & Beauty Tips
  o Dances
+ Weekly Women’s Restaurant – A Women-only day, meals cooked in the Kitchen by members but open to non-members.
+ Snack Store – to sell prepared healthy snacks or juices.

32 The Solae Kitchen can potentially provide members with bulk rate purchases for other staple food items, thereby offsetting part of the membership fee.
Unmet Needs & Business Opportunities:
In Parvathagiri demands on women’s time are strong. Although women enjoy socializing, collaborating together, and learning new methods to support their families, there are limited opportunities for these activities due to the daily responsibilities of working, caring for children, and preparing meals. Additionally, although women’s first priority is the health and happiness of their families, few women can afford higher end kitchen equipment such as refrigerators, gas ranges, or ovens that would allow for a wider variety of taste and nutrition options for their families. Finally, although there is a strong awareness of the importance of nutrition, the knowledge of how to integrate better nutrition into meals is limited and few opportunities exist for women to develop that knowledge in a hands-on manner.

The Cooking Well Center meets these needs by providing a “third place”33 for village women where they can come together to both socialize and prepare healthier and tastier meals for their families. The Center provides higher end kitchen equipment in a clean environment that is designed to promote collaboration, socializing, and efficiency of users. The Center also acts as a hub to teach women how to integrate better nutrition into their families’ daily meals and becomes an ideal location to introduce new food concepts to village women, the chief decision makers for families’ nutrition and meals. The Cooking Well Center also gives Solae a daily window into the food needs and wants of local families. Finally, the Cooking Well Center allows women to collaborate both for their daily cooking as well as income generation opportunities (catered events such as festivals or weddings, meals for travelers, school contracts, etc.)

Core Products and Services:
+ Cooking & Nutrition Services
  o High end kitchen facilities
  o Hands on healthy cooking classes
  o Solae Tips & Recipes

+ Food Products
  o Solae Ingredients for use in preparing meals
  o Prepared soy foods, juices and snacks

+ Women’s Collaboration & Socializing
  o A space to work and share together

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33 First place being the home, second being the field or shop. Starbucks created a “third place” in the U.S. via its coffee shops designed to be another place Americans can go to outside of work or home.
APPENDIX 13:
BUSINESS CONCEPT CONVERGENCE WORKSHOP – PARVATHAGIRI
APPENDIX 15:
BUSINESS CONCEPT RANKING – PARVATHAGIRI

<table>
<thead>
<tr>
<th>Rank</th>
<th>Concept</th>
<th>Value to Community</th>
<th>Value to Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Chetla Kinda Bakery</td>
<td>6.645</td>
<td>3.8</td>
</tr>
<tr>
<td>2</td>
<td>Cooking Training Center</td>
<td>5.45</td>
<td>3.23</td>
</tr>
<tr>
<td>3</td>
<td>Bakery + Training Center</td>
<td>5.566</td>
<td>3.655</td>
</tr>
</tbody>
</table>

Note: The values are approximate and subject to interpretation.
APPENDIX 16:  
INITIAL BUSINESS CONCEPT PAPERS – RASUL PURA, HYDERABAD

Business Concept 1:  
Solae Sunrise Tiffin Delivery Service

“Waking Up to the Goodness of Solae”

**Core Business Concept:**

A direct-to-home breakfast delivery service that provides a branded line of healthy, Solae protein-enriched breakfast tiffins\(^{34}\) to the slum’s large population of laborers, auto drivers, and maids who customarily eat breakfast outside of the home. Customers would subscribe to the service for a designated period of time (e.g., one month) and order in advance\(^{35}\) from a menu of tiffin items. The tiffins would be prepared at one or more joint cooking sites\(^{36}\) distributed throughout the slum and would be delivered hot to customers’ homes at a specified time in the morning. The presentation of the food and the dress and appearance of the delivery people would emphasize neatness, health, & well-being. Distribution would either piggyback onto or emulate the daily AM home delivery of milk by the company Vijay Milk. Currently, Vijay Milk provides home milk delivery to approximately 50 homes in the slum through college-age youth.

Home delivery of locally-prepared tiffins overcomes the limited reach, high cost, and location-dependence of a restaurant facility. Furthermore, the creation of a home-based breakfast delivery service opens future opportunities to introduce Solae ingredients into the dinner meal, a meal that is almost without exception prepared and consumed at home. This could be accomplished through product sampling and sales at the time of the AM tiffin delivery\(^{37}\) or through additional services provided at dinner time. For example, given that dinner is frequently eaten while watching television, a complementary “TV tiffin” service could be explored.

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\(^{34}\) “Tiffin” is a word used to describe lighter meals and foods eaten for breakfast and throughout the day. It includes a wide variety of foods such as dosa, idli, and upma.

\(^{35}\) In one model, the business could offer all customers the same set schedule of rotating tiffin items (e.g., Monday’s dosa, Tuesday’s idli). Alternatively, the business could give customers the flexibility to create their own meal schedule.

\(^{36}\) We are currently exploring whether cooking facilities can be sited within women’s homes across the slum to simultaneously reduce costs and make home delivery more efficient. However, the women have stated the desire to have joint cooking facilities for socialization purposes.

\(^{37}\) For example, a small sample of a Solae-based dinner food could be provided with the tiffin along with a recipe.
Unmet Need & Business Opportunity:
Of the estimated 40,000 adults who live in Indirama Nagar and Krishna Nagar slums, approximately 80% work outside of the slum doing physically-demanding tasks. These occupations include laborers, rickshaw pullers, auto drivers, and maids. Almost all of these people purchase and eat breakfast – and, to a lesser extent, lunch - outside of the home en route to work. Due to the lack of clean hotels and tiffin food outlets inside the slum, these workers purchase breakfast foods in neighboring Prakash Nagar or at food establishments convenient to work. Given this context, we believe that nutritious, hot breakfast foods provided in a convenient and easily accessible manner inside the slum represents a significant business opportunity.

Core Products and Services
• Branded line of Solae soy protein-enriched tiffin products
• Subscription-based service for direct-to-home AM delivery of tiffs
• Solae protein-based dinner recipes and ingredient sales
  o Dinner “TV-Tiffin” Service

Business Concept 2:
Women’s Co-Op Family Bakery & Tiffins Center
“Families and Workers Grow Strong with Solae”

Core Business Concept
A healthy foods bakery that provides a family focused going out experience at night and tiffins for day laborers via a convenient distribution system that delivers pre-ordered meals to workers while on their way to work.

Evening & Sunday Family Bakery:
The Bakery provides a family-focused “night out” experience in the community. A variety of meals based on Solae ingredients are provided, as well as spaces catered to different members of the family: a dining space for adults, a play space for children (so adults can eat in peace), and a garden space for the whole family. There is a counter for pickup and a kitchen where women prepare the items for the Bakery and for the Tiffin Center. The entire space is designed to provide a sense of “going out” of the community while still in the community.

Tiffins for Workers:
Nutritious tasty tiffins targeted at day laborers who leave the community for work. The tiffins can either be for breakfast or for lunch. Tiffins are made using Solae Ingredients and are marketed with a motif of increasing users’ strength while they work: “Eat Well to Grow Strong While You Work.”

38 When asked why there were no tiffin facilities available in the community, the women responded that it was due to the low level of development in the slum and the lack of clean drinking water.
Lunch Tiffins are pre-ordered, prepared, and then delivered to community exit points, common points where laborers exit the community on their way to work. Day laborers can pick which exit point is most convenient for them and pick up their lunch tiffin while on the way to work. The tiffins are packaged in branded hot boxes that help keep the food warm and spur word of mouth advertising for the bakery at workplaces. The tiffins can also be picked up directly at the center.

Women’s Co-Op
Tiffins and Bakery items are prepared by women in the community, who can earn some money while their children are allowed to play onsite with them. The women also become familiar with how to use Solae ingredients in their own cooking. Solae ingredients and “ready to cook” Solae meals are also sold on site. The Co-Op’s women are encouraged to demonstrate to other women how to use Solae ingredients in their daily cooking (solae Tupperware parties?)

Un-Meet Needs & Business Opportunity
Bakery: A lack of family-focused space in Rasul Pura means that when a family wants a night out they need to leave the community: a costly and complex operation. “When we go out only two people get to eat, but if we take out the whole family gets to eat.” Families currently look to parks or other convenient and low-cost recreational areas in the city to fulfill the need for “going out”. Families also limit their outings to about once a month, often due to the cost and inconvenience of going out. The Family Bakery provides a family friendly “going out” experience inside the community.

Tiffins: A large majority of Rasul Pura residents engage in labor outside the community. For their meals, workers either take left-overs from the previous night as their lunch, or they buy lunches outside the community. Although many residents work in physically demanding jobs, their lunches do not provide them with adequate nutrition to grow strong through their work. The Tiffin Center provides protein-rich and tasty food to workers in a convenient way, by making them available on their way to work and using pre-orders to speed pick up times.

Business Concept 3:
Children’s Holistic Education and Development Center

Core Business concept – An education center for Children that help children in studies, provides nutritious food, entertainment and counseling. This center can also provide classes in Poem recitation, story telling, moral science and public speaking.

Customers-Children in age group 5-10
Brand – This center will provide tuitions to children in a friendly and entertaining way. Good teacher is the critical components that will affect the brand image. Teacher has to be properly trained.

Decentralized Tutoring centers- People send their children to tutoring centers so that children can get individual attention of tutors. There can not be one big tutoring center. In each center, there should not be more that 10-15 children. There have to be multiple centers within the community. Cost will be high if there are multiple centers providing all the facilities.

Unmet needs and Business opportunity
This community does not have tutors, who teach inside the slum. Children have to go outside the slum for tuitions. There is no center/service in the slum that provides services for holistic development of children like story telling, public speaking and poem recitation. People are not price sensitive for education of their children. When asked “will you send your child to a tuition center providing food , but charging higher fee as compared to other tuition center they said that even if teachers are equally good but food/snacks are nutritious in this center , they will send their child. But we have to figure out the price differential at which they are sensitive.

Children take their lunch after coming from school at around 2’o clock. Tutoring is provided for 3 hours. Three hour is long time for children and they will like to have some nutritious and tasty snacks before dinner. Snacks should be light as the mothers would like children to have dinner after coming home.

Core products and services

• Tutoring for children in the age group 5-10 years.
• Nutritious food

Additional Services

• Additional classes in Poem recitation, story telling, moral science and public speaking
• Counseling services - Counseling for children and for mothers in issues related to child’s performance and development.

Other services

• Creche Facility
• Small play area having some toys
• Small library having comics and story books for children

Unique value- There is no such business that provides all these services under one umbrella.
## APPENDIX 17: BUSINESS CONCEPT EVOLUTION – RASUL PURA, HYDERABAD

<table>
<thead>
<tr>
<th>Culinary Park</th>
<th>Community</th>
<th>Women Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Solae</strong></td>
<td><strong>Solae</strong></td>
<td><strong>Solae</strong></td>
</tr>
</tbody>
</table>
| *Primary*: Builds awareness and adoption of Solae soy products into home food preparation  
  *Secondary*: Sale of Solae soy-based food products and ingredients  | *Primary*: Creates a publicly accessible green space in the community for family socialization and recreation (saves $ on transport)  
  *Primary*: Provides unique foods and experiences unavailable in the slum  | *Primary*: Creates "brand" identity and awareness for Cooks Group and its products/services  
  *Secondary*: Generates income through sale of food and ingredients and through potential site rental  
  *Secondary*: Helps develop women’s business skills |

| Organic Growers Network | | |
|-------------------------|------------------|
| **Solae**               | **Solae**        |
| *Primary*: Deepening of relationship and ties between Solae and community such that it enhances sustainable competitive advantage and reduces likelihood of new entrants/substitutes  
  *Primary*: Potential to develop new capabilities in organic food production (a rapidly growing market) by expanding the scope of Solae’s commitment to "better ingredients for better living"  
  *Secondary*: Brand and PR value of supporting organic food products  
  *Dupont*: Potential for business development in agriculture, solar energy, and materials (hydroponic kits, roof retrofit kits, etc) | *Primary*: Generates additional income within community through food crop sales  
  *Primary*: Enhances food security and food quality in slum by providing residents with means for organic food production  
  *Secondary*: with large-scale adoption of RTG can have number of ecological benefits, such as reduced storm-water runoff, potential cooling within homes, and aesthetic value |

(For women, can be part of the growers network or not – either way, they will derive the benefits as Community and Solae.(Dupont)

| Cooks Group | | |
|-------------|------------------|
| **Solae**   | **Solae**        |
| *Primary*: Generates broader community sales of Solae ingredients and Solae-based food products  
  *Primary*: Reinforces soy adoption within home cooking through knowledgeable advocates  
  *Secondary*: Identifies new soy-based product opportunities for Solae | *Primary*: Provides a knowledgeable resource for food nutrition  
  *Primary*: Provides socializing opportunity for women (if the CG were to do home-based cooking classes)  
  *Secondary*: Helps develop women’s business skills |

(POTENTIAL IMPACTS – DEPENDENT ON SERVICES OFFERED)

*Primary*: Generates income through catering services, sale of prepared foods, and ingredients, and other potential services  
*Secondary*: Helps develop women’s business skills
APPENDIX 18:
RAP RESULTS: RASUL PURA, JULY 2006

Rooftop

• Rooftop is perceived to be serene.
• Men, Women, Children visit rooftop
• Elderly people find it difficult to climb the stair cases
• They use rooftop for following purposes:
  o Chatting with friends, to chat with guest who come from outside
  o To see aeroplanes, birds eye view of community
  o Sleeping during the summer season
  o Drying Clothes
  o Drying Pickles and other edible items
  o Playing
  o To put Water tank for drinking purpose
  o Drinking & smoking for youths

Going out

• The People do go out of the community to enjoy with the family this may be on a monthly basis.
  • Maybe 6-12 times per year
• Some people go outside the slum when there is festival. (Gondulu) is taken an example which is being celebrated this month.
• They go outside the slum for clean and healthy environment. One of the lady commented that it is quite congested inside the slum. They go to parks, green areas, temples, cinema, Shammerpet (has lot of trees - mandal headquarters) Osmania university (about 10-15 km – mostly youth attending – can be chased away if stay too long) which is the premier University with a large campus and has a lot of vacant space and has greenery (lots of trees) ad they go there with their with their family.
• Many women form a group and go for shopping together. Children go outside the slum with their mothers only.
• Sometimes 4-5 families hire a vehicle and go together for picnics.
Green space

- Most of the places they visit have green space. Places they visit are park, tank bund, Shammeerpet (has lot of trees). Inside the slum, there are a few trees but no place where there is lot of greenery
  - Krishnanagar slum has 1 tree open to public
  - Danger of growing trees is lack of water and goats
  - They value shade and, cool breeze. In addition, they value availability of water near the trees. Children like the place because they can play there.

Food /culture

- When they go outside, they eat Chinese food like Noodles, Manchurian and other variety of food that may or may or may not be cooked at home. They try new food when they hear about it from their friends. They learn to cook new recipes from their neighbors and friends.
- TV cooking shows are also a medium to learn new recipes.
  - Mainly Indian foods demonstrated – there are 2-3 shows popular throughout India; there is also a Telegu show – has guests; shown every day
- There are few women like Rekha, Ishwaramma who do catering for festivals and for functions

Organic Farming

- They are not aware of term “organic foods.” They don’t know the term but one of the woman commented that only recently they have started using fertilizers and pesticides. Previously they used organic manure and traditional methods.
- For different vegetables, there are different criteria for freshness.
- They don’t enquire whether vegetable is organic or inorganic while buying vegetables.
- Organic vegetables can be found in Banjara hills and jubilee hills (around 20 Km from Begumpet).
- There are some people who grow flowers.
- There is person who grows a vegetable “Dhondakai” in the slum. It’s a creeper. Vegetable grows in bunches. He sells the fresh vegetable at about 50% premium. Women don’t get fresh vegetables inside the slum. The reason for this is that they are either eaten by predators (goats etc) or stolen by young children.
- Vegetables which they buy inside the slum are more expensive than what they buy from outside slum.
- Women are willing to pay 50% more than what they are currently paying for fresh vegetables.
• If they buy vegetable outside the slum, they have to buy in bulk and may lead to wastage.
• One of the fruit sellers earns margins of more than 400% on his sale.
• Slum dwellers are aware of health benefits of vegetable. They eat “bitter gourd” because it is good for maintaining blood pressure and for heart problems. They eat another vegetable "kandha" because it is good for gall bladder and stones.
• They don’t grow plants mainly because of shortage of space and water. Most of the houses (IM) are standard 18 * 18 feet houses. In KN, where the government builds, the homes are larger. Government does not allow them to build any floor other than ground floor. Moreover, sometimes children pluck the flower before it blooms. Sometimes goat eats the plant
• People buy flowers to make garland, for prayer offering
APPENDIX 19:
STRATEGIC BRIEF FOR RASUL PURA BUSINESS CONCEPT:
AUGUST 2006

Solae’s Living-Well Culinary Park Network
A Taste of the World in Your Own Community

I. Key Un-Met Community Needs
Though the slum communities of Rasul Pura Slum Cluster form part of Hyderabad’s 6-million resident metropolis, the slum’s residents are often unable to access affordably many of the city’s services and amenities. Key un-met needs expressed by the community members include:

• An absence of open, green spaces and family-friendly sites within the slum
  o Consequence: Residents travel into the city in search of affordable recreational opportunities and park spaces. However, transportation expenses to local park sites are prohibitively expensive for multiple-member families, thereby reducing significantly the frequency with which families can enjoy such outings.

• A lack of diversity in meal options beyond the Indian staple of rice, lentils and assorted tiffins within the slum
  o Consequence: Residents are limited to traditional food choices or leave the community (thus incurring transportation costs) in search of new food varieties.

• Poor quality and selection of affordable, fresh produce within the slum
  o Consequence: Families consume few vegetables, as women are forced either to purchase the poor quality vegetables sold in the community or to travel outside the slum (thus incurring transportation costs) in search of higher quality, less expensive produce. Diets of families in the slum are generally considered deficient in vegetables.

II. Business Concept Solution: The Solae Living-Well Culinary Park Network
“A slum-based Culinary Park Network that provides an ‘out-of-community’ culinary and cultural experience, in addition to a peaceful, family-focused green space in an otherwise densely inhabited urban area.”

39 We use “Living Well” instead of “Better Living”, as the latter may be viewed as pejorative of their current living situation.
The Solae Living-Well Culinary Park Network is comprised of three groups of service providers anchored around a highly-visible and publicly accessible rooftop “culinary garden” space (see exhibit 1 below). Together, this Culinary Park Network provides a unique food-based recreational experience inside the slum while laying a foundation for addressing the food security and nutrition challenges faced by the community.

The four components of the Solae Living-Well Culinary Park are described below:

Exhibit 1

Solae Living-Well Culinary Park Network

1) The **Solae Living-Well Rooftop Culinary Garden** transforms a slum rooftop into a public park space, combining green-space recreation with a food motif.

Key components of the rooftop culinary garden include:

- Organically and/or hydroponically-grown produce (vegetables and fruits), herbs (flavoring and medicinal), and ornamental flowers and shrubs from around the world

- Naturalized children’s play areas (e.g., sandboxes, sodden/grassed areas) and interactive educational games (e.g., grey water filtration by plants – a “living machine”), as well as benches and seating areas for adults

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40 A garden could reflect the types of international foods prepared and sold in the park.
• Health and nutrition-focused live cooking demonstrations and sampling of foods from around the world,\textsuperscript{41} in addition to other activities that help people
• integrate Solae ingredients into their home cooking (e.g., TV playing cooking shows)
• Food stand sales of both Solae ingredients and prepared soy-based health snacks\textsuperscript{42} & drinks that utilize roof-top grown produce and herbs

\textit{Example of a Rooftop Garden}

2) The \textbf{Solae Living-Well Grower’s Network} consists of a group of “farmers” living in the slum who produce pesticide-free produce and herbs using modified roof-top farming systems\textsuperscript{43} found in the Rooftop Culinary Park. The business would train people in the community in using the hydroponics systems and in organic techniques. The food produced\textsuperscript{44} would be purchased by the Solae Living-Well Cooks Group (see below) for use in the prepared foods sold in the Culinary Park and through push-cart sales\textsuperscript{45} in the slum. The Solae Growers network increases the availability of affordable, fresh produce in the slums and, by proliferating more rooftop gardens, extends the reach of the Park’s “greening” effect throughout the community.

\textsuperscript{41} These can be taped and used by the Protégé group during their home cooking demonstrations. The Culinary Park can be thought of as a live “cooking set.”
\textsuperscript{42} Primary cooking would be conducted in an off-site kitchen or possibly in the Chefs’ homes.
\textsuperscript{43} Technologies may include hydroponics systems or more traditional container-based planting systems.
\textsuperscript{44} Or a portion of it. Some of the food may be used for personal consumption, depending on the grower’s needs. The important thing is that a part of their output is guaranteed to be bought at a certain price, thereby reducing their risk. Also, this may form the basis of a financing model, as the growing technologies could be provided freely in exchange for a certain quantity of produce.
\textsuperscript{45} Again, the push cart method of sales is only a placeholder. The eventual method for extending sales into the community will be best decided through a pilot test.
3) The **Solae Living-Well Chefs Group** provides the community with a unique variety of nutritious and great-tasting meal options in the slum, while also acting as community trainers and advocates for better daily nutrition through Solae. They have two main tasks:

- They serve as a “Solae Culinary Laboratory” by constantly creating new and unique soy-based food items for sale in the Culinary Park/s (via food stands) and throughout the community (potentially using push carts as mentioned above). The Chefs Group would also oversee the sale of these foods.
- They provide “Solae Healthy Cooking” training courses to women and others in the slum. The training would teach people to produce a menu of the unique Solae-based foods made available in the Culinary Park, as well as provide knowledge in food nutrition and food preparation hygiene.

4) The **Solae Living-Well Protégé Group** consists of people in the slum who have graduated from the Solae Healthy Cooking course and are selected to sell Solae ingredients direct to the home. The group acts as a grassroots outreach into the community that transforms women’s daily cooking.

The Protégé Group would use live cooking demonstrations to small groups of women in the women’s own homes to showcase the Solae products and menus. They would then take customer orders (and manage ongoing re-orders), repackage bulk ingredients stored with the Chefs Group, and then deliver direct to homes.

Graduates are under no obligation to join the Protégé Group. Indeed, the business could actively seek employment positions for graduates (i.e., as cooks in households, restaurants, hotels, etc) as an additional benefit provided by the Healthy Cooking training course. Protégé Group members and course graduates could also receive periodic skill updates and training in the latest menu of items sold in the Culinary Park. Exceptional members of the Protégé Group may be later asked to join the Chef’s Group as the business expands. Because many wealthier families outside the slums employ these women as maids and cooks, the Protégé group also extends the adoption of Solae ingredients to families in wealthier communities.

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46 The Chefs Group could possibly charge a fee for this service. The cost to the students could be offset somewhat by providing the students with Solae ingredients to be used at home and with other food ingredients. This would be a way to encourage their personal adoption of Solae ingredients into home cooking. Or the training could be provided free of charge (or for minimal amount or contingent on the graduate getting employment in cooking) and considered a marketing and HR development cost.
### III. Mutual Value Creation

The Solae Living-Well Culinary Park generates value on multiple levels, both within the community and Solae.

<table>
<thead>
<tr>
<th>Solae Rooftop Culinary Garden</th>
<th>Community Value</th>
<th>Solae Business Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Locally-based and publicly accessible green space and family recreation site</td>
<td>• “High” Brand &amp; Business Visibility</td>
<td></td>
</tr>
<tr>
<td>• Unique cultural and culinary experience in the community</td>
<td>• Sense of Shared Commitment &amp; Mutual Value</td>
<td></td>
</tr>
<tr>
<td>• Food Product “Beta Site”</td>
<td>• Food Product “Beta Site”</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Solae Chefs Group</th>
<th>Community Value</th>
<th>Solae Business Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Income stream to group members</td>
<td>• Incremental Product Sales</td>
<td></td>
</tr>
<tr>
<td>• Local availability of unique food types and varieties</td>
<td>• Shape community cooking habits via graduates of Solae Certification course</td>
<td></td>
</tr>
<tr>
<td>• Enhanced skills for employment in food industry</td>
<td>• Influence “up-market” cooking habits through cadre of trained cooks</td>
<td></td>
</tr>
<tr>
<td>• New food product incubator</td>
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</tbody>
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<thead>
<tr>
<th>Solae Growers Group</th>
<th>Community Value</th>
<th>Solae Business Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Home-based incremental income stream</td>
<td>• Pervasive community presence</td>
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<tr>
<td>• Local &amp; affordable fresh produce</td>
<td>• Sense of Shared Commitment/Mutual Value</td>
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<tr>
<td>• Aesthetic value</td>
<td>• Potentially Lower Ingredient Costs</td>
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<tr>
<th>Solae Protégé Group</th>
<th>Community Value</th>
<th>Solae Business Value</th>
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</thead>
<tbody>
<tr>
<td>• Income-stream to group members</td>
<td>• Incremental Product Sales</td>
<td></td>
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<tr>
<td>• In-home socialization opportunities for women</td>
<td>• Shape community cooking habits to integrate Solae ingredients</td>
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</tbody>
</table>
IV. Strategic Business Context Factors

The Culinary Park Network concept responds to several key environmental constraints posed by the slum.

- One, it removes dependence on a business’ physical location. Given the near absence of available real-estate (land or buildings) in most slums, particularly among the “main roads”, an appropriate business model should detach the product or service from a fixed site. The Culinary Park Network achieves this by utilizing a “hidden asset” – rooftops – and by providing direct-to-home cooking demonstrations (akin to the “Tupperware party concept) through the Protégé group.

- Two, it overcomes the challenge posed by “visual congestion” within the slum. A business that competes at “ground level” is hampered by the density of home and building construction and intensive advertising and signage. The rooftop garden opens up a new real estate zone within the slum – the rooftops – where there is no current competition. The rooftop would also garner significant community interest due to its novelty. As well, the Culinary Park Network’s three service groups provide deep reach throughout the community, including direct to home. Together, they reinforce a brand message that bypasses the visual noise throughout the slum.

- Three, it address the constraints on women’s time and freedom of movement. Women in the slum frequently work outside the slum as home cleaners and cooks until mid-day and then return home to clean, cook and care for children. There is little time for activities that don’t contribute to the woman’s productiveness. As well, there are cultural – gender and religious – limits on women’s mobility. To successfully reach women, the business needs to contribute to their productivity while doing so within the comfort of their homes or when in the company of their husbands and family. The business achieves this both through the Culinary Garden – which provides a family recreational setting at which women can be educated and made aware of Solae menus – and through the Protégé Group, which provides in-home cooking demonstrations to individuals or groups of women.

V. Sustainability of Competitive Position

Sustainability of Solae’s position in this value network is dependent primarily upon building a sense of shared commitment among the broader community, the business partners themselves and Solae. To develop this shared commitment, the community and business partners must see and experience Solae as a long-term, dedicated member of the community whose presence provides value to the community. The proposed business model achieves this commitment through the following mechanisms:
1) **Solae Community Rooftop Garden** – The rooftop gardens, by being publicly available, provide a highly visible contribution to the community’s welfare.

2) **Solae Cooking Certification** – The Cooking Certification program would provide valuable job training and, potentially, job placement, for slum residents.

3) **Solae Grower’s Group** – By training community members to grow vegetables for their own consumption as well as potential sale, the business would be seen as contributing to the community’s food security and well-being. In addition, the expansion of home-based gardening systems would provide aesthetic benefits that would, likewise, be associated with the business.

In addition, the sustainability of the business model *in the community* is, in part, aided by the fact that there are limited rooftops in the slum large enough to function as a high-profile community park. As such, Solae Living-Well Culinary Park Network has a strong first-mover advantage that provides access to a scarce and non-divisible resource.
I. Key Un-Met Community Needs

In the villages of Parvathagiri mandal, a woman’s time is filled with the daily responsibilities of working, caring for children, maintaining the household, and preparing meals. The benefits of learning about new products or services are, therefore, measured against these daily demands on time. Within this context, the women identified the following unmet needs:

- **Limited nutrition and meal variety in daily cooking:**
  - Women are aware of the importance of nutrition, but have limited knowledge of how to integrate better nutrition into their meals and few accessible opportunities to develop that knowledge in a hands-on manner. The cost and time to travel to Warangal – the nearest major city which is over an hour bus-ride away – significantly reduces exposure and access to a greater variety of meal ingredients.

- **Socializing with and learning from other women:**
  - Women’s socialization opportunities are limited to women on their own street due to time and work constraints. This occurs despite knowing many of the other women in the village and a stated desire to interact with and learn from women across the village. Through the experience of women’s self help groups, woman have learned to come together to form savings groups, but are still lacking ways and places in which they can work with one another, especially in the areas of cooking and catering.

- **Kitchen dreams and culinary skills:**
  - A woman’s kitchen and culinary skills are both important sources of pride. However, women in Parvathagiri often lack the time and/or income to formally learn and improve their cooking skills. In addition, their current kitchen equipment – which consists of an external clay cooking vessel and, in the better-off families, a gas burner - limits the varieties of meals and foods a woman can cook. Furthermore, the existing kitchen equipment limits women’s ability to handle large events and other potential income-generating cooking opportunities.
II. Business Concept Solution: Solae Cook Well Centers

“A network of aspirational kitchen centers that enables women to generate income while learning to incorporate nutritious and great tasting Solae ingredients in their daily cooking habits.”

The Cooking Well Center meets the above needs by providing a “third place” for village women where they can come together to work, socialize, and learn how to prepare healthier and unique meals for their families. The Center, which provides high-end kitchen equipment and a stocked Solae pantry in a clean environment, acts as a hub to teach women how to integrate better nutrition into their families’ daily meals. As such, it becomes an ideal location to introduce new food concepts to village women, the chief decision makers for families’ nutrition and meals.

The Cooking Well Center has three main dimensions (see Exhibit 1 below): a training component, kitchen rental, and sales of prepared foods.

Exhibit 1
The Solae Cooking Well Center

- **Training:** The Cooking Well Center would provide hands-on cooking and food nutrition classes to women in the village. The Teaching Center uses an innovatively designed space to promote collaborative cooking and

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47 First place being the home, second being the field or shop. Starbucks created a “third place” in the U.S. via its coffee shops designed to be another place Americans can go to outside of work or home.

48 Ovens, gas ranges, refrigerators, and running water constitute “high-end” equipment as compared to open wood fire or kerosene stoves.

49 It was suggested that the Solae Pantry can be stocked with organic produce grown by local farmers. There is an expanding organic movement underway in the villages, driven in part by the local NGO, MARI.
interaction between users, thereby providing a sociable group environment within which to learn about unique Solae menus and food items. The Center would attract women in the village through

- new “course offerings.” Course participants would also be able to purchase the Solae ingredients through the Center.

- **Kitchen Rental:** The Cooking Well Center would rent its facilities to women in the village and, potentially, to visitors. Users would pay either a one-time fee or a membership fee (much like an athletic facility) for access to the higher-end kitchen equipment and Solae pantry ingredients. The Center would provide hands-on instruction in using the equipment and provide meal and nutrition suggestions as requested. In this manner, the Center facilitates family’s ability to cook for special events requiring greater kitchen capacity.

- **Prepared Food Sales:** The Cooking Well Center provides a platform for diverse income-generating activities through preparation and sale of Solae food items. These include catering for local events such as weddings, supplying local Child Care Centers (Anganwadi) with nutritionally-appropriate food for children and mothers, and distributing baked goods through a “Chetla Kinda”\(^{50}\) distribution model. Lastly, the Center could host a “Weekly Women’s Restaurant” - a women-only event where participants can socialize, try new foods, and learn cooking tips.

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\(^{50}\) The Chetla Kinda (Telegu for “under the tree”) model involves distributing products to community “tree sites”, places in the community where people naturally gather to socialize and relax. This was another business model developed with community members in Parvathagiri. It has been incorporated into the Cooking Well Model as an income-generating activity.
### III. Mutual Value Creation

The Solae Cooking Well Center generates value on multiple levels, both within the community and Solae.

<table>
<thead>
<tr>
<th>Solae Cooking Well Training Courses</th>
<th>Community Value</th>
<th>Solae Business Value</th>
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</thead>
<tbody>
<tr>
<td>• Expanded meal variety for families</td>
<td>• Integration of Solae ingredients into home cooking habits</td>
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</tr>
<tr>
<td>• Access to a “third place” (outside of the home and the field) where women can socialize while meeting responsibilities of meal preparation</td>
<td>• Grassroots innovation in and incubation of Solae food items</td>
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<tr>
<td>• Expanded sharing of culinary and nutrition knowledge among the community’s women</td>
<td>• Incremental sale of Solae ingredients</td>
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<tr>
<td>• Integration of Solae ingredients into home cooking habits</td>
<td>• Relationships with major decision makers in the home for food preparation &amp; consumption</td>
<td></td>
</tr>
<tr>
<td>• Grassroots innovation in and incubation of Solae food items</td>
<td>• Solae Brand Expansion around women’s well-being and family nutrition</td>
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<tr>
<td>• Incremental sale of Solae ingredients</td>
<td>• Incremental sale of Solae ingredients</td>
<td></td>
</tr>
<tr>
<td>• Relationships with major decision makers in the home for food preparation &amp; consumption</td>
<td>• Expanded brand awareness</td>
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<thead>
<tr>
<th>Solae Cooking-Well Kitchen Rental</th>
<th>Community Value</th>
<th>Solae Business Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Affordable access to high-capacity, high-end kitchen facilities: “meeting your kitchen dreams”</td>
<td>• Grassroots innovation in the integration of Solae ingredients into rural meals Integration of Solae ingredients into home cooking habit</td>
<td></td>
</tr>
<tr>
<td>• Income generation</td>
<td>• Incremental sales of Solae ingredients</td>
<td></td>
</tr>
<tr>
<td>• Improvement in health and nutrition of community</td>
<td>• Expanded brand awareness</td>
<td></td>
</tr>
<tr>
<td>• Incremental Solae ingredient sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Expanded brand awareness</td>
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</tbody>
</table>
**IV. Strategic Business Context Factors**

Unlike slums, villages have highly accessible “main streets”, and the arrival of a new business is readily detected. Community members are attuned to and can easily monitor changes in their community. As such, an enterprise like the Cooking Well Center – which would require a fixed, physical presence - can easily draw attention to the business and Solae. Given this, the external appearance of the facility needs to be carefully planned out as it will significantly shape people’s view of the brand and the business.

Secondly, rural India has significantly lower population densities than urban environments and villages are highly distributed across the country. Coupled with the above-noted importance of a physical presence in the community, it is therefore critical that the business be “right-sized” to cost-effectively serve the thousands of “mini-markets” across India. Diversifying a business’ revenue streams better ensures that a fixed asset is maximized. The Cooking Well Center accomplishes this through its three-pronged service strategy.

Third, given the demands on women’s time, introduction of new products and services needs to be balanced with a woman’s responsibility to be productive. By providing income generating opportunities as well as training opportunities, the Cooking Well Center provides a productive manner in which local women can learn about and integrate Solae ingredients into their families’ lives.

**V. Sustainability of Competitive Position**

Sustainability of Solae’s position in this value network is dependent primarily upon building the shared belief that the Cooking Well Centers create value for the broader community, the business partners themselves and Solae. In essence, the business needs to locally develop Solae’s brand as a long-term, dedicated member of the community, rather than as an outsider only looking to insert foreign goods or extract local value. The proposed business model develops Solae’s local brand via the following mechanisms:

4) **Improving Community’s Nutrition and Health** – The Cooking Well Center doesn’t just focus on the sale of a product, but the actual integration of nutritious products into daily lives.

5) **Complementing Women’s Kitchens** – The Cooking Well Center helps women meet their aspirations of providing greater variety and more nutritious meals to their families, becoming a much valued and necessary “addition” to a woman’s kitchen.

6) **A Third Place for Women** – Because the Cooking Well Center is run by women and many of its activities are women focused, local women start seeing the Center as an integral place for women to come together to
socialize, work, and share. The work of community partners MARI and SERP have led to a strong local belief in the importance of women’s groups and the groups’ ability to generate local value. The Cooking Well Center provides another investment and collaboration opportunity for these women’s groups.

7) **Local Innovation** – In addition to providing the best nutrition and meal preparation of Solae, the Cooking Well Center celebrates, shares, and rewards local women for their own innovation.

8) **Local Income Generation** – The Cooking Well Center increases the income earning potential of community members.
APPENDIX 21:
DRAFT MODEL OF A REVISED BOP PROTOCOL PROCESS:
AUGUST, 2006

BoP Protocol: *Version 2.0 Draft*
APPENDIX 22:
PHASE II RECOMMENDED NEXT STEPS FOR SOLAE:
AUGUST 2006

Building the Ecosystem

Co-Creating the Business Model

Next Steps: Activity Structure

1. Building Shared Commitment
   • Develop shared partner principles
   • Co-identify key next steps & co-develop action plan
   • Conduct partner and community exchanges

2. Formation of Project Community
   • Form community steering committee: Establish who represents the groups and the broader community voice
   • Develop feedback mechanisms to larger groups and community
   • Establish Solae India pilot team**

3. New Capability Development
   • Assess baseline organizational skill level for existing groups and address skill gaps (e.g., conflict management, book-keeping)
   • Assess business-specific capability gaps (e.g., food & nutrition) among partners
   • Identify resource holders within Solae and local partners

4. Business Model Development
   • Establish community-based organizational structure (e.g., federation)
   • Conduct business concept research to determine initial pilot offering
   • Establish the business identity
APPENDIX 23:
KEY BUSINESS CONCEPT QUESTIONS: AUGUST 2006

Urban Business Concept: Key Questions

- Where? Food preparation site
- What? Content of Healthy Cooking curriculum
- How? Training of Solae Chefs in food preparation

- Where? Rooftop availability & ownership
- What? Culinary theme and food types
- How? Rooftop cultivation technology

Solae Chefs Group

Solae Living Well Rooftop Culinary Garden

Solae Growers Group

Solae Protégé Group

- Where? Division of sales territory
- What? Sales & demonstration techniques

- Where? Rooftop cultivation technology; financing of growing systems

Rural Business Concept: Key Questions

- What? Course content of training curriculum
- How? Training of Women SHGs in food preparation

Solae Training Courses

- Where? Location of CWC
- What? Initial configuration of services
- How? Financing model for facility

Solae Cooking Well Center

- What? Food types and prioritization of outlets (e.g., Chetla Kinds, event catering)
- How? Training of Women SHGs

Solae Kitchen Rental

Solae Prepared Foods

- What? Facility set up & configuration; package options
- How? Facility oversight during use
## APPENDIX 24:
SOLAE INDIA WORKPLAN: PHASE II

### Solae India Protocol Initiatives
*Transition Phase Workplan, Dec '06 - Feb '07*

#### I. Project Team Formation
A) Establish a Solae India Pilot Team consisting of local Indians that were part of the Solae Protocol team, as well as community liaisons from the local partners of the rural and urban sites.
B) Establish (eg, elect) Community Pilot Team to represent the communities
C) Determine roles and responsibilities of each partner and member of the community teams.

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<tr>
<th>No.</th>
<th>Activities</th>
<th>Objectives</th>
<th>Begin</th>
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<tbody>
<tr>
<td>1.1</td>
<td>Finalize with MARI the Solae Pilot Team rural liaison. Murali has suggested that previous arrangement be continued (1/2 time for Kalavathi, Indira &amp; Padmaja); Ravi, Erik and Patrick are asking for one person to serve as full-time lead, with a 1/2 time support person.</td>
<td>1. To have responsible anchor for all actions during and between the key actions/workshops/programs. 2. Increased consistency in participation and involvement of the Solae Community in all the agreed actions</td>
<td>1-Dec-06</td>
<td>20-Dec-06</td>
</tr>
<tr>
<td>1.2</td>
<td>Hire and induct 2 Business Associates for a short term to serve on Solae Pilot Team</td>
<td>To provide business accompaniment support to the Solae Communities</td>
<td>1-Dec-06</td>
<td>7-Jan-07</td>
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<tr>
<td>1.3</td>
<td>Expand community engagement in Warangal and build consistency in the group's involvement</td>
<td>15-Dec-06</td>
<td>18-Jan-07</td>
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<tr>
<td>1.4</td>
<td>Hold Solae Pilot Team team-building retreat (Kondal Rao, Kalawathi, Tanmoy, Indranil and Ravi)</td>
<td>1. Build shared vision &amp; mutual agreement on project objectives and approach 2. Develop alignment on business concepts 3. Develop individual plans for focused outputs during the phases</td>
<td>27-Jan</td>
<td>28-Jan-07</td>
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<tr>
<td>1.5</td>
<td>Hold workshop in both urban and rural sites to collectively decide on the roles and responsibilities of the members to develop the business model in preparation for pilot testing</td>
<td>1. To ensure a clear understanding of roles among all members of the Solae Communities (25 members in the Urban and about the same in the Rural), the local NGO partners, and the Solae Pilot Team members 2. To identify other potential partners and agencies</td>
<td>23-Feb-07</td>
<td></td>
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<tr>
<td>1.6</td>
<td>Elect &quot;Solae Community Leaders&quot; in Warangal and Hyderabad</td>
<td>1. To identify the lead members of the communities in participatory manner that builds group unity 2. To reflect on contributions of current link members and their enrichment to the group 3. Make the members of the Solae Community Team aware of their roles and expectations of the pilot</td>
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</table>
### II. Building Shared Commitment

A) Establish continuity, alignment, and shared commitment among Solae Pilot Team and Solae Community Teams through workshops, exchanges, etc.

B) Develop appropriate expectations for the initiative among all team members

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<th>End</th>
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</table>
| 2.1 | Ravi visit to the Solae Delhi office to interact with the Solae India office team | 1. To induct Ravi into the company’s philosophy and to be able to truly represent Solae in this new initiative  
2. To understand Solae Company’s business strategy for NISD as well as for the country  
3. To finalize a visit and participation schedule of the Solae team in both the urban and rural sites  
4. To understand Solae’s time-line for reaching key milestones in both sites | 25-Jan-07  | 25-Jan-07  |
| 2.2 | Husbands’ Meeting (rural and urban)                                         | 1. To take the key male members of the communities into confidence to enable them to play supportive roles to the women and their ideas                                                                                                                                 | TBD        |            |
| 2.3 | Organize a workshop with all the partners (one with Urban and another with the Rural site) to develop a joint vision/values statement among Solae, the NGO partners and the communities to guide project work | 1. To ensure that each partner is aware of each partners' goals  
2. To ensure that each partners supports a common core mission  
3. To ensure appropriate set of expectations among all partners regarding the pilot | TBD        |            |
| 2.4 | Hold workshop/meeting that brings together the urban and rural community groups to explore linkages and opportunities for collaboration | 1. To leverage resources and learnings across the two sites whenever possible.  
2. Establish network of support for the women and build camaraderie                                                                                                                                 | TBD        |            |
# III. New Capability Acquisition

A) Co-identify with the community and local partners the necessary skills and training needed by the community team members

B) Identify capabilities within the broader corporations to support the business concepts

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<tbody>
<tr>
<td>3.1</td>
<td>Co-develop the capacity building plan for the Solaris Communities.</td>
<td>1. Complete alignment of the Solaris Company’s and the communities on the business models emerging and being planned for piloting.</td>
<td>31-Dec-06</td>
<td></td>
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<tr>
<td>3.2</td>
<td>Explore Solaris experiences in Africa, especially the school feeding pilots and the Micro nutrient programs to the population with HIV and AIDS and the subsequent scale up initiatives with the support of the Government.</td>
<td>1. To leverage relevant learnings and people within Solaris and Dupont applicable to the India initiative.</td>
<td></td>
<td>25-Jan-07</td>
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<tr>
<td>3.3</td>
<td>Solaris Community Capacity Building Workshops</td>
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<tr>
<td>3.3 a</td>
<td><strong>Group Building (1/2 day)</strong></td>
<td>1. Understand and appreciate what it means by a lasting team, self controlled, managed and empowered team and the internal protocols for maintaining business ethics and discipline.</td>
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<tr>
<td>3.3 b</td>
<td><strong>Team Building (1/2 day)</strong></td>
<td>1. Appreciation of roles each member, their valuable contribution in growing an enterprise, and issues of team leadership and collective responsibility.</td>
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<td>3.3 c</td>
<td><strong>Communication Skills &amp; Conflict Mgmt Skills (1 day)</strong></td>
<td>1. Develop personal, inter personal, group and business communication skills. 2. Appreciation of individual differences and conflict remediation and resolution skills.</td>
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<tr>
<td>3.3 d</td>
<td><strong>Solaris Product Induction &amp; Food Health and Nutrition (1 day)</strong></td>
<td>1. Better understanding of Solaris products, and the distinction between what Solaris is currently involved and what it aims with this initiative. 2. Increased understanding of nutrition and relationship with health/illness.</td>
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### IV. Business Model Co-Development

A) Co-identify and prioritize key knowledge gaps for assessing and testing out the business concepts

B) Determine initial pilot business model and offering

C) Maintain project momentum and enthusiasm among the communities

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<th>Activities</th>
<th>Objectives</th>
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<th>End</th>
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<tbody>
<tr>
<td>4.1</td>
<td>Co-identify with the communities necessary background research</td>
<td>1. Gather necessary information to guide development of the pilot business model</td>
<td>6-Dec-06</td>
<td>7-Jan-07</td>
</tr>
<tr>
<td>4.2</td>
<td>Develop Action-Oriented Learning Sessions to Address Identified Research Themes</td>
<td></td>
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<tr>
<td>4.2a</td>
<td>Food Value Chain Exercise</td>
<td>1. Understand the entire value chain (processes and economics) of one popular local food product; visit and spend time in a market to understand the various processes and economics.</td>
<td></td>
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<tr>
<td>4.2b</td>
<td>Market Immersion</td>
<td>1. Visit and spend time in a market to understand the various processes and economics; understand the entire range of food products available in the market and how they are doing 2. Identify customer segments</td>
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<tr>
<td>4.2c</td>
<td>Protein Impact Demonstration</td>
<td>1. Conduct a multiple month &quot;live&quot; study in community that demonstrates the impacts of protein on health</td>
<td></td>
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<tr>
<td>4.3</td>
<td>Co-identify and prioritize with the communities the key questions concerning each of the components of the current business concepts</td>
<td>1. Ensure complete alignment of the Solae Company &amp; communities on key components of business models and how they relate with one/build onto one another</td>
<td>6-Dec-06</td>
<td>2-Feb-07</td>
</tr>
<tr>
<td>4.4</td>
<td>Develop Action-Oriented Learning Sessions to explore questions concerning business concept</td>
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<tr>
<td>4.4a</td>
<td>Restaurant/kitchen visits (rural and urban)</td>
<td>1. Understand and appreciate the role for a kitchen as a key feature and its economics (i.e., cost to set up)</td>
<td></td>
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<tr>
<td>4.4b</td>
<td>Training as a Business Feature - Icon Beauty Clinic Story (rural and urban)</td>
<td>1. Appreciate how training adds value to the entire business 2. Develop understanding of what makes trainings successful</td>
<td></td>
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<tr>
<td>4.4c</td>
<td>Video &amp; visits on organic agriculture (rural and urban)</td>
<td>1. Higher appreciation and demonstrated commitment for including organic foods as an important and necessary business feature 2. Better understanding of plants, fruits and vegetables</td>
<td></td>
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<tr>
<td>4.4d</td>
<td>Video and visits on hydroponics and urban agriculture (urban)</td>
<td>1. Understanding of appropriate and allowable rooftop growing practices in urban</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.4e</td>
<td>Garden and rooftop garden visits &amp; videos (urban)</td>
<td>1. Appreciation for good practices on the rooftop 2. Identify availability, cost, and requirements of potential rooftop in urban</td>
<td></td>
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<tr>
<td>4.5</td>
<td>Co-identify the minimum dimensions of a business model necessary to begin piloting testing</td>
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<tr>
<td>4.6</td>
<td>Develop Action-Oriented Learning Sessions to establish initial pilot business model</td>
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<tr>
<td>4.6a</td>
<td>Pilot Product Offering, Pricing, and Positioning</td>
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<tr>
<td>4.7</td>
<td>Workshop session on &quot;Growing an Enterprise&quot;</td>
<td>1. Better understanding of what it means to grow an enterprise and the challenges for doing so 2. Begin the process to think around the lines of a business model and to learn to put different business pieces together</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.8</td>
<td>Hold workshop sessions in communities that show business success stories (e.g., Lizzat Pappad, Anil, Starbucks’s coffee sourcing).</td>
<td>1. Expose the Solae Communities to outstanding examples of community enterprise around the world, where women have successfully built business models collectively, 2. To motivate the communities</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX 25:
NEW PRODUCT DEVELOPMENT VIA EXTENDED CO-CREATION

Product Development Steps through Cooking Days with the Solae Communities

The Solae Cooking Days are a set of in-community cooking activities designed to 1) Develop hands-on knowledge of Solae ingredients and capabilities, 2) Foster the brainstorming of product & service offerings for the urban and rural businesses, 3) Explore the dining and taste preferences in the communities, 4) Initiate dialogue around a brand concept for Solae and the businesses in the communities, and 5) Offer a concrete set of physical activities to foster a sense of forward progress for the teams and their communities.

This document describes the first three of a set of cooking days, essentially the ones that can be accomplished during the current Transition phase; we do not expect to fully meet all of the above objectives in these first three sessions (e.g. a full suite of product and services will not be completed by the end of these three sessions, but the teams will be better positioned to discuss such a suite). Solae Cooking Days will continue to be run in the lead up to each business pilot and we expect to run at least a dozen of them. In the long term, Solae Cooking Days could become an important part of each of the business models as an in-community tool to continually develop skills, demonstrate nutrition and ingredients, introduce new meal types, promote adoption, and gather market feedback.

Each Solae Cooking Day is broken down into three phases: 1) The orientation phase - where new ingredients, recipes, or expertise are presented to the Solae Community teams, 2) The cooking phase – where the Solae Community Teams cook what was provided in the orientation phase, 3) the eating & demonstration phase – where the results are shared with family members or members of the community, either free or (when the business matures) at a price-per-plate event. The demonstration phase can also include actual demonstrations to attendees on how to cook the dishes, sale of the necessary Solae ingredients, and a description of the nutritional value.
APPENDIX 26:
SOLAE DEBRIEF MEETING, MARCH 8, 2007: BOP PROTOCOL

PHASE I

BoP Protocol: Opening Up

Phase 1 Opening Up

Non-Business Specific Immersion
Business Concept Co-Generation

Building trust & critical openness by practicing humility

Attracting a committed & representative group

Formation of Project Community

Generating actionable ideas that harness partner capabilities & meet local needs

Business Concept Co-Generation

Learning how to build a business together

Collective Entrepreneurship Development
APPENDIX 27:
SOLAE DEBRIEF MEETING, MARCH 8, 2007: BOP PROTOCOL PHASE II

A. Formation of Project Community

Core Activities
1. Establish NMC’s business pilot team with only necessary business and community engagement skills, ensuring few members are included into the process.
2. Consolidate community project team consisting of those individuals committed to the effort and willing to dedicate time and resources. Include additional community members to ensure broad community representation.
3. Recruit new individuals and partners to the effort with relevant resources and capabilities.

B. Building Shared Commitment

Core Activities
1. Develop shared understanding among all partners of the business concept, the strategic rationale, and values created by the business to all partners.
2. Deepen connections among partners through exchanges and joint learning.
3. Articulate shared principles and values that bind together all partners.

C. New Capability Acquisition

Core Activities
1) Assess baseline organizational skill level of community partners and address skill gaps via action learning.
2) Assess baseline business knowledge of partners and address gaps via action learning.
3) Identify resource holders within global and national partner base to fill gaps.

D. Business Model Co-Development

Core Activities
1) Identify key questions concerning each of the components of the business concept and conduct necessary background research.
2) Develop initial product/service concept and pilot business model through action learning techniques.
3) Develop a baseline brand identity and common business voice to guide initial community engagements.
APPENDIX 28:
SOLAE DEBRIEF MEETING, MARCH 8, 2007: REVISED BUSINESS CONCEPTS

“Solae Culinary Park Network”
Slum-Level Business Model

1. Rooftop Garden Maintenance & Promotion
2. Food & Recipe Innovation
3. Food Sales in Rooftop Garden and in the community
4. Operate a “Solae Healthy Cooking” training and certification course to slum residents

“Solae Growsers Group”
1. Supply produce to the Solae Chefs Group
2. “Champion” urban food production techniques of Culinary Garden

“Solae Chefs Group”

“Solae Protege Group”
1. In-home cooking demonstrations that showcase Solae menus
2. Nutritional “counseling”
3. Customer ingredient orders & direct to home delivery.

“Solae Rooftop Culinary Garden(s)”
1. Provides publicly accessible family “green space”
2. Subtly educates customers on food & nutrition

“Solae Champions Network”
Mandal-Level Hub & Spoke Business Model

Core Functions:
• Food & Recipe Innovation
• Food Production & Ingredient Warehousing

Mandal HQ
Solae Culinary Station
• Champions Training & Development (Cooking, Nutrition, & Entrepreneurship)
• Brand Presence & Promotion

Village 1
Solae Champion
Cooking Wall Cart
• Ingredient & Prepared Food Sales
• Cooking Demos & Training
• Private & Institutional Catering
• Nutrition & Wellness Advising

Village 2
Solae Champion
Cooking Wall Cart

Village N (~25)
Solae Champion
Cooking Wall Cart

Direct to Homes
Village Hotspots
APPENDIX 29:
SOLAE DEBRIEF MEETING, MARCH 8, 2007:
RECOMMENDATIONS

Next Steps: Key Activities

1. Building Shared Commitment
   - Co-develop timeline of business milestones
   - "Induct" Solar team members using homestay
   - Solar Business Team (Kalavathi, Indra, Konkal Rao, Tanmay & Raw)
     visit to Delhi office
   - Organize exchange between rural & urban communities

2. Formation of Project Community
   - Begin process of identifying & electing leads from community teams
   - Co-define specific roles & deliverables for NGO partners

3. New Capability Development
   - Solar Business Team
     - Kalavathi and Konkal Rao: Project Mgmt & Marketing training
     - Indra and Tanmay: Facilitation training
   - Solar Community Team
     - Chet training, Nutrition training, New business Dev., Value Chain &
       Market immersion

4. Business Model Co-Development
   - Initiate income generating cooking activities (e.g., event catering) that
     advance menu development and hone women’s business skills

Near Term Challenges

1) Unfamiliar Territory for NGO Partner: Shift from “Project Implementer” to “Community Bridge”
   - Recommendation – Co-define specific roles that emphasize the
     organization’s coaching role (e.g., lead trainers for organization and
     team building skills; project documentation & impacts)

2) Maintaining Flexible Organizational Structure
   - Recommendation – structuring investments and pilot tests to
     minimize “fixed asset base”

3) Maintaining Enthusiasm while Developing the Business Model
   - Recommendation – Have income generation opportunities be part
     of action learning strategies to develop the business model

4) Managing & Distributing Near-Term Cash Inflows
   - Recommendation – Establish “common business fund” to hold
     any income generated
<table>
<thead>
<tr>
<th>Rural</th>
<th>April - June</th>
<th>July - Sept</th>
<th>Oct - Dec</th>
<th>Jan - Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Culinary Station Facility Completed</td>
<td>• Culinary Station Prepared Foods in Production</td>
<td>• Culinary Station Restaurant &quot;Open&quot;</td>
<td>• Culinary Station Trainings</td>
<td></td>
</tr>
<tr>
<td>• 10 Champions Recruited</td>
<td>• 10 Champions in Full Operation</td>
<td></td>
<td>• 15 Champions In Full Operation</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Urban</th>
<th>April - June</th>
<th>July - Sept</th>
<th>Oct - Dec</th>
<th>Jan - Mar</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 2 Rooftop Gardens installed</td>
<td>• Prepared food sales in community</td>
<td>• 2 Rooftop Gardens Installed</td>
<td>• Solar Cooking Wall Training &amp; Certification Program in place</td>
<td></td>
</tr>
<tr>
<td>• Kitchen Facility in Place</td>
<td>• Home-based demonstrations and nutrition advising begins (Pilot)</td>
<td>• Urban Farming extended beyond Solar Team members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• All Team members growing produce</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## APPENDIX 30:
SALES MAPPING EXERCISE TO DETERMINE INITIAL PRODUCT OFFERING

<table>
<thead>
<tr>
<th>Solae Culinary Park Network: “Sales Map”</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Potential</strong></td>
</tr>
<tr>
<td>-------------</td>
</tr>
<tr>
<td><strong>Solae Foods™</strong></td>
</tr>
<tr>
<td><strong>Solae Proskills™ (Ingredients)</strong></td>
</tr>
<tr>
<td><strong>Solae Proskills™ (Ingredients)</strong></td>
</tr>
<tr>
<td><strong>Solae Vegetables™ (Ingredients)</strong></td>
</tr>
<tr>
<td><strong>Solae Proskills™ (Ingredients)</strong></td>
</tr>
<tr>
<td><strong>Solae Proskills™ (Ingredients)</strong></td>
</tr>
<tr>
<td><strong>Solae Food™</strong></td>
</tr>
<tr>
<td><strong>Solae Proskills™ (Ingredients)</strong></td>
</tr>
<tr>
<td><strong>Solae Proskills™ (Ingredients)</strong></td>
</tr>
<tr>
<td><strong>Solae Guru Certification™</strong></td>
</tr>
<tr>
<td><strong>Solae Guru Certification™</strong></td>
</tr>
</tbody>
</table>
APPENDIX 31:
CREATING AN UMBRELLA BRAND FOR THE INITIAL BUSINESS

Core Brand Propositions:
Level 3
- Nurturing Healthy, Happy Families One Delicious Meal at a Time...

Level 2
- Food that Tastes Extraordinary & is Great for You...

Level 1
- Strong Bodies & Strong Minds...

Brand Enhancements:
Level 3 +
- & Empowering Women through Shared Learning (via “Collective Cooking”)

Level 2 +
- & Nurtures the Local Farming Community (via Local Sourcing & Tech Assist)

Level 1 +
- & a Healthy Environment (via Organics)

Solae BoP
Brand Pyramid

Solae Meals™
Nutritionally complete, family-delighting meal solutions that combine Solae Foods™ to bring out the best cook in YOU.

Solae Foods™
Nutritious prepared foods & recipes crafted by community cooking gurus from Solae Protein Ingredients™ & fresh produce.

Solae Ingredients™
Health-enhancing, nutritionally-vital Solae Proteins™ and food ingredients produced using the highest quality standards and adaptable to a wide range of cooking applications and tastes.

Solae Proteins™
Brand Foundation

Solae BoP
Brand Pyramid

Solae Meals™
Nutritionally complete, family-delighting meal solutions that combine Solae Foods™ to bring out the best cook in YOU.

Solae Foods™
Nutritious prepared foods & recipes crafted by community cooking gurus from Solae Protein Ingredients™ & fresh produce.

Solae Ingredients™
Health-enhancing, nutritionally-vital Solae Proteins™ and food ingredients produced using the highest quality standards and adaptable to a wide range of cooking applications and tastes.

Solae Proteins™
Brand Foundation

Brand Icons: Solae Proteins™
Brand Value Source: Solae R&D (St. Louis)
Brand Targets: Health Conscious Cooks & Those “At-Risk” or Requiring Health Intervention
Scope of Impact: LOW

Level 1
Solae Ingredients™
- Grower’s Group (Hyd.)
- Local Organic & Soy Growers (War.)
- Supplier Base “The Community” (as a communal bond)
Scope of Impact: LOW +

Level 2
Solae Foods™
- Solae Chefs & Culinary Garden (Hyd)
- Solae Chefs, Culinary Station & Solae Champions (War.)
- Individuals & people in Community Spaces
- Individuals & people at their homes
Scope of Impact: MED

Level 3
Solae Meals™
- Solae Protégés (Hyd.)
- Solae Champions (War.)
- Women cooks & chefs in the comfort/privacy of women’s own homes
- The Family Unit
Scope of Impact: HIGH
May 21, 2007

Dear Friends,

It is with genuine excitement that we write to you about the Solae Base of the Pyramid business initiatives in Andhra Pradesh and Mumbai, in which all of you have played important roles and made valuable contributions over the course of the year. In meeting the natural challenges arising from the creation of any new venture, as well as supporting important transitions within Solae to effectively carry forward the initiatives, we have not found occasion to provide everyone with a needed update on the projects. This letter is written in the spirit of both thanking you all for the tremendous work, and for providing that update.

As you all know, Cornell University operated as the “face of Solae” during the initial phase of this very unique business initiative, as the project was grounded in our “BoP Protocol” co-venturing process that brings companies together with “BoP” communities to co-create new businesses that serve the community and generate value for the company. This was entirely new territory for Solae. As such, while the initial Solae BoP Protocol team in Andhra Pradesh was a Solae team in spirit, the team was in fact led by Cornell and included 6 members drawn largely from partners Aide et Action and the Indian School of Business. In addition, this core team’s work was facilitated in the communities through the tremendous support of our NGO partners MARI and SIDUR.

Between March and July of ’06, this “immersion” team succeeded in building the foundation for a business partnership between Solae and the communities in Hyderabad and Warangal District and in co-creating business concepts that linked Solae’s capabilities and strategic objectives with those of the communities. Importantly, this initial four months of work and learnings also allowed Solae as a company to gain a greater understanding of the BoP Protocol co-venturing process and of how to manage and grow these types of ventures within Solae’s corporate structure. They at last had some tangible experiences to draw on and to relate to their current operations. Beginning in late August and following extensive debriefs with Cornell and discussions among Solae’s top management team, Solae entered a significant transition period. Central to this transition was the creation of a BoP-focused global business platform called Nutrition for Sustainable Development (NfSD) to be led by XXXXX. Following his relocation from South Africa to Solae India’s offices in Delhi in December ’06, XXX appointed senior Solae manager XXX, who many of you have met previously, to lead NfSD’s efforts in South Asia.

Over the course of the past 6 months, while these corporate-level changes were taking place, Cornell helped manage the in-field team transition so that Solae would assume direct and full responsibility for the co-created businesses and the relationships with the communities. Under Cornell’s guidance, a new Solae BoP team was created. Former BoP Protocol team member XXX was appointed on behalf of Solae to lead the AP initiatives, as well as a related Solae
BoP initiative in Mumbai where the company’s core project partner is SP Jain. Two recent MBA graduates came aboard the AP project sites in a Solae capacity: XXX was stationed in Hyderabad, and XXX in Warangal District. MARI and SIDUR continued to provide valuable insight and support, with each organization lending a full time and a part-time person to the Solae team. Throughout the period, this Solae team benefited from the guidance and insights of numerous other individuals to help think through and further develop the business models.

By the conclusion of the transition phase, the new Solae Team had significantly advanced the businesses on the ground through the Protocol co-venturing process while building a powerful bond and deep business partnership between Solae and the community teams. The “Solae Champions Network” in Warangal District and the “Solae Culinary Park Network” in Hyderabad are both on track to become full-fledged businesses. And the tremendous level of commitment from the community teams and their sense of identification with and belief in Solae are clear signs to us that the process is working. Indeed, in XXX’s first few occasions to be in-field with the communities, he recalled being delighted, as well as humbled, by the spirit, intensity, and genuine business savvy the community teams demonstrated.

Moving forward, this new Solae team of XXX, XXX, XXX, XXX, and XXX has humbly assumed project leadership in both AP and Mumbai, and is simultaneously putting in place a foundation that can support the growth and expansion of these businesses beyond their founding communities. In Hyderabad and Warangal District, the team is supported in-field by an additional person on a one-year secondment to Solae from MARI and SIDUR. We at Cornell have shifted into an advisory and linkage role, drawing upon project learnings and insights from BoP Protocol efforts in Kenya and connecting the Solae team to a broader group of managers and entrepreneurs working in the BoP. MARI, SIDUR, and SP Jain have similarly shifted into advisory roles and have generously made available to Solae their tremendous bases of knowledge and experience in addressing the unique challenges presented by this co-venturing process. Indeed, our collective efforts have facilitated Solae’s and the communities’ ability to walk together as true business partners – now, it is incumbent upon Solae and the communities’ to learn to run on their own.

And with that, we wish to extend our thanks to you all for the various contributions each of you has made in bringing this project to fruition – from the initial identification of team members, partners, and community sites, to the eventual facilitation and execution of the co-venturing process. We are confident that this great work you all have helped to set in motion will indeed lead to a successful and sustainable business and will set a benchmark for corporate and community business partnerships in India and globally. Thank you. We look forward to staying in contact with you all and will endeavor to keep you abreast of the project’s progress.
### APPENDIX 33:

**PARVATHAGIRI WORKPLAN: SEPTEMBER 2007**

**Solaie NFSD India initiatives Phase II work Plan**

1. **Project Site:** PARVATHAGIRI (Rural) Warangal

#### I. Project Team Development

<table>
<thead>
<tr>
<th>No.</th>
<th>Objective (What &amp; Why?)</th>
<th>Output (Result of meeting objective?)</th>
<th>Sub-Activities (How will you achieve objective?)</th>
<th>Begin</th>
<th>End</th>
<th>Status</th>
<th>Next Steps</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Business outreach</td>
<td>Completed 3 villages analysis, champions selection</td>
<td>Home stay in villages 3 days village level meetings interviews review on homestay</td>
<td>10-Sep-07</td>
<td>13-Sep-07</td>
<td></td>
<td>Create Champions house,cart design</td>
</tr>
<tr>
<td>1.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

#### II. Building Shared Commitment

<table>
<thead>
<tr>
<th>No.</th>
<th>Objective (What &amp; Why?)</th>
<th>Output (Result of meeting objective?)</th>
<th>Activities (How achieve objective?)</th>
<th>Begin</th>
<th>End</th>
<th>Status</th>
<th>Next Steps</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Access the PROTEIN content, understanding the analysis.</td>
<td>Analyzing protein value in every product.</td>
<td>Review the cost and protein value</td>
<td>5-Sep-07</td>
<td>10-Sep-07</td>
<td></td>
<td>Any gaps identify sharing in A1 process.</td>
</tr>
<tr>
<td>2.2</td>
<td>Maintain transparency</td>
<td>Group understanding prepare to bills, vouchers, records, and registers.</td>
<td>Sharing ideas, book keeping programme conducted by Field team.</td>
<td>7-Sep-07</td>
<td>7-Sep-07</td>
<td></td>
<td>Any gaps identify sharing in A1 process.</td>
</tr>
<tr>
<td>2.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### III. New Capability Development

<table>
<thead>
<tr>
<th>No.</th>
<th>Objectives (What &amp; Why?)</th>
<th>Output (Result of meeting objective?)</th>
<th>Activities (How achieve objective?)</th>
<th>Begin</th>
<th>End</th>
<th>Status</th>
<th>Next Steps</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Nutrition awareness</td>
<td>Common understand to group how to nutrition help to health, general food values, balanced diet etc.</td>
<td>Training by Field team.</td>
<td>6-Sep-07</td>
<td>6-Sep-07</td>
<td></td>
<td>If any gaps identify clear the next programme.</td>
</tr>
<tr>
<td>3.2</td>
<td>Protein awareness</td>
<td>Protein usage, Protein deficiency, clearly understand &amp; knowledge on Protein.</td>
<td>Training by Field team (resource Material to be provided by Sri Panchal) 13-Sep-07 &amp; 25-Sep-07</td>
<td>13-Sep-07</td>
<td>25-Sep-07</td>
<td></td>
<td>The training gaps will be filled in on follow up programmes</td>
</tr>
<tr>
<td>3.3</td>
<td>Assessment of the prices of wholesale &amp; retail</td>
<td>Group will be able to analyse the cost benefit analysis</td>
<td>Market visit and review</td>
<td>20-Sep-07</td>
<td>22-Sep-07</td>
<td></td>
<td>Follow up actions will be initiated</td>
</tr>
<tr>
<td>3.4</td>
<td>Proportions of items will be prepared for quality and nasty food products</td>
<td>Ingredients, Protein combination, sharing of ideas within the group</td>
<td>Recipies preparation / review</td>
<td>21-Sep-07</td>
<td>22-Sep-07</td>
<td></td>
<td>Follow up actions will be initiated</td>
</tr>
<tr>
<td>3.5</td>
<td>Awareness on Health</td>
<td>Group will be able to have clear knowledge on Health importance also they will identifies the general health problems.</td>
<td>Training by field team</td>
<td>27-Sep-07</td>
<td>27-Sep-07</td>
<td></td>
<td>Follow up actions will be initiated</td>
</tr>
<tr>
<td>3.6</td>
<td>Maintaining the Hygienic Practices in the regular services</td>
<td>Maintain Hygiene practices in our regular services</td>
<td>Training by field team</td>
<td>28-Sep-07</td>
<td>28-Sep-07</td>
<td></td>
<td>Follow up actions will be initiated</td>
</tr>
<tr>
<td>3.7</td>
<td>Activities review, Programme Planning and decision making</td>
<td>Group monthly reviews, review of activities and make the faster planning and decision development</td>
<td>Monthly review meeting</td>
<td>29-Sep-07</td>
<td>29-Sep-07</td>
<td></td>
<td>Follow up actions will be initiated</td>
</tr>
</tbody>
</table>

#### IV. Business Prototsyp Co-Creation

<table>
<thead>
<tr>
<th>No.</th>
<th>Objectives (What &amp; Why?)</th>
<th>Output (Result of meeting objective?)</th>
<th>Activities (How achieve objective?)</th>
<th>Begin</th>
<th>End</th>
<th>Status</th>
<th>Next Steps</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Quality and tasty food preparation with Technical support and also demonstrate the food products to create awareness among the local people</td>
<td>Quality and tasty food preparation and demonstration methods and techniques will be gained, and also make aware of local people for future prospects.</td>
<td>Cooking day II, Planning and implementation 24-Sep-07 and 26-Sep-07</td>
<td>24-Sep-07</td>
<td>26-Sep-07</td>
<td></td>
<td>Follow up actions will be initiated</td>
</tr>
</tbody>
</table>
APPENDIX 34:
EXECUTIVE SUMMARY OF DUPONT PROPOSAL FOR SUPPORT FOR 2008

To profitably and sustainably serve the “Base of the Pyramid” – *the four billion people globally who earn less than $4 per day (ppp) but whose aggregate market potential has been conservatively valued at $7 trillion* - DuPont and The Solae Company have led the development of a fundamentally new go-to-market process. This process, which is called the **Base of the Pyramid Protocol**, forges a deep partnership between a company and a BoP community to co-create an entirely new business that serves that very community.

Since January 2006, Solae has worked closely with Cornell University to implement the BoP Protocol in three project sites in India: one in a Mumbai slum (Santosh Nagar), a second in a Hyderabad slum (Rasul Pura), and a third in a rural village cluster outside Hyderabad (Parvathagiri Mandal). The objective of Solae’s BoP initiative has been to:

1. validate a BoP business model capable of reaching India’s 800 million urban & rural poor
2. gain the managerial skills and capabilities needed to effectively implement a BoP Protocol process across India and other regions of the world

In each site, Solae field teams work closely with 21-23 women to launch the business. Currently, all three sites are on target to begin the third and final phase of the BoP Protocol by December 2007. In Phase III, the three community business teams will expand their recently-launched business prototypes and develop the full business model co-created with Solae in Phase I (April – July, 2006). All three sites have strong momentum and are being coordinated to share best practices and maximize efficiency. Confidence is very high, as revenue generated during recent action learning and outreach activities confirm that the broader community’s expressed desire for Solae-based foods and protein will be converted into actual sales.

Solae’s recently launched global restructuring effort designed to raise near-term profitability has eliminated funding for this initiative effective January 1, 2008. Absent working capital funds and continued business support by the Solae field teams, it is unlikely that the initiatives can survive, given the community teams’ lack of financial resources (many live hand-to-mouth) and inexperience in business development.

To fully capture the value and learning generated over the past two years of effort and to preserve the option-potential of the three businesses, Solae asks that DuPont provide financial support to this initiative in the amount of **$XXX for the year 2008**. We believe that funding this initiative provides DuPont with three primary sources of near-term and long-term value that strongly justify this investment:

1. **Extensive Media Exposure & Strong PR Value**
2. **A DuPont “BoP Center of Excellence”**
3. **An Option to Pursue Scale-Out**

Each of these sources of value creation is predicated on the ongoing operation of the three businesses. Therefore, capturing this value requires that Solae complete the Protocol process it began, thereby ensuring that the three business sites are self-sustaining. This will only be possible through an infusion of patient capital for year 2008.
APPENDIX 35:
FRANCHISE-BASED SCALING STRUCTURE FOR SOLAE’S INDIA BOP BUSINESSES

Solae NfSD: Proposed Scale-Out Business Structure

- **Franchisee Legal Form:**
  - Co-operative society
  - Partnership
- **Franchisee Structure:**
  - 15-20 members per franchise
  - Solae Well-Being employee as franchise group member
- **Franchisee Mgmt:**
  - 1 Solae Well-Being employee per 50 franchisees

- **Solute India Pvt Ltd**
  - Protein Supplier
  - Licensor of Solae name
- **Solute Well-Being Co.**
  - The Franchisor - assumes business risk of franchisees
  - Investment in community business
  - Management support
  - Inventory mgmt of protein

- **Community Level Franchise**
  - (1)
  - Board made of co-op leaders
  - Solae Well-Being employee as board member
- **Community Level Franchise**
  - (2)
- **Community Level Franchise**
  - (n-50)
APPENDIX 36:
HARMONIZED BRAND POSITIONING, SAMATHA AND CHIGURU: FEBRUARY 2008

Core Business & Brand Values:

Solae Chiguru (Hyderabad)
We are role models of personal transformation and inspire our community through how we build and grow our business.

Our products and services reflect the following values and beliefs:

1. **Women’s Promise**: Our products and services reflect the same caring and responsibility we have for our own families.
2. **Empowerment**: We empower housewives with knowledge and products that make families healthier and improve livelihoods.
3. **Meal Innovation**: We bring new tastes to your home and to your families
4. **Quality Throughout**: We partner with world-class organizations to provide our communities with products and services containing healthy, fresh, high-quality ingredients
5. **Common Bonds**: We sustain close relationships with our community and communicate with you in a way that reflects our common understanding.

Core Business & Brand Values:

Solae Samatha (Parvathagiri Mandal)
Our business is built on a foundation of personal relationships and attachments united by the principle of equality and respect for each and every member of our business and the communities in which we work.

Our products and services reflect the following values and beliefs:

1. **Helping Hand Model (Sahayam Chesi Chetalu)**: We build trust and long-term relationships with our customers by working together as neighbors to solve problems and help each other.
2. **A Special Commitment to Women (Atmiyudu)**: We build personal relationships with the women of our community and empower them with knowledge and information so that they can better serve their families.
3. **“Pusti” Products & Services**: We offer the highest quality products and services made from healthy, tasty ingredients and using production processes that adhere to professional standards of hygiene and consistency.
### APPENDIX 37:
SIX MONTH MILESTONES, SAMATHA AND CHIGURU:
MARCH-AUGUST 2008

#### Infrastructure Milestones:
**Warangai District**

**Goal:** The implementation of all physical and technical infrastructure necessary for conducting the Solae Champions Network business.

<table>
<thead>
<tr>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culinary Station</td>
<td>Technical training completed</td>
<td>Kitchen production facility installed</td>
<td>Water &amp; electrical work completed</td>
<td>Cookbook and cooking CD (“mammy”) completed</td>
<td>Stock room, retail kit, and00 cooking centre developed</td>
</tr>
<tr>
<td>Masters Champions</td>
<td>Outreach materials developed (exposure and challenges)</td>
<td>Technical training completed</td>
<td>Model home &amp; oven developed and installed in Path, &amp; AL</td>
<td>Model cart developed</td>
<td>Model cart developed</td>
</tr>
<tr>
<td>Champions Network</td>
<td>6 Classroom (6 all classes) trained and installed</td>
<td>6 additional Classrooms trained and installed (12 total)</td>
<td>5 additional Classrooms trained and installed (11 total)</td>
<td>5 additional Classrooms trained and installed (22 total)</td>
<td>5 additional Classrooms trained and installed (37 total)</td>
</tr>
</tbody>
</table>

#### Management Systems Milestones:
**Warangai District**

**Goal:** Development of people (P), routines (R), and structures (S) that enable Solae Samatha to independently manage and grow the business.

<table>
<thead>
<tr>
<th>March</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>August</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations</td>
<td>Procurement matrix developed and certified</td>
<td>Purchase team incalculant team</td>
<td>Distribution matrix developed and certified</td>
<td>Stock requisition matrix developed and certified</td>
<td>Records &amp; operations matrix developed for (purchase, production, distribution, and stock matrix)</td>
</tr>
<tr>
<td>Finance &amp; Accounting</td>
<td>(R) Receivables developed and certified</td>
<td>(R) (P &amp; L) matrix developed</td>
<td>(R) Sales matrix developed and certified</td>
<td>(R) Financial Statements developed and certified</td>
<td>Records &amp; operations matrix developed for (receivables, inventory, purchase, sales, and financial statements)</td>
</tr>
<tr>
<td>Sales &amp; Marketing</td>
<td>(R) List developed</td>
<td>(R) Sales team trained</td>
<td>(R) Customer Service</td>
<td>(R) Customer Service</td>
<td>Records &amp; operations matrix developed for (sales, marketing, customer service, and follow-up)</td>
</tr>
</tbody>
</table>
## Strategic Performance Milestones:

*Warangal District*

**Goal:** To generate Net Income of **110,000 RS**, Return of Sales of 20%, a Brand Awareness of 85% across 24 villages, and visits to 3,000 homes.

<table>
<thead>
<tr>
<th>Month</th>
<th>Financial</th>
<th>Brand &amp; Trust</th>
</tr>
</thead>
<tbody>
<tr>
<td>March</td>
<td>Profit of XX</td>
<td># Homes with XX</td>
</tr>
<tr>
<td>April</td>
<td>Profit of XX</td>
<td># Homes with XX</td>
</tr>
<tr>
<td>May</td>
<td>Profit of XX</td>
<td># Homes with XX</td>
</tr>
<tr>
<td>June</td>
<td>Profit of XX</td>
<td># Homes with XX</td>
</tr>
<tr>
<td>July</td>
<td>Profit of XX</td>
<td># Homes with XX</td>
</tr>
<tr>
<td>August</td>
<td>Profit of XX</td>
<td># Homes with XX</td>
</tr>
</tbody>
</table>

- Profit of XX
- Profit of XX
- Profit of XX
- Profit of XX
- Profit of XX
- Return of sales of XX%
- Return of sales of XX%
- Return of sales of XX%
- Return of sales of XX%
- Return of sales of XX%
- Return of sales of XX%
- Brand Awareness of XXX%
- Brand Awareness of XXX%
- Brand Awareness of XXX%
- Brand Awareness of XXX%
- Brand Awareness of XXX%
- Brand Awareness of XXX%
- # Homes with XX
- # Homes with XX
- # Homes with XX
- # Homes with XX
- # Homes with XX
- # Homes with XX
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