
Deeper Depths: Assessing and Enhancing Impact

Ted London
University of Michigan



William Davidson Institute
AT THE UNIVERSITY OF MICHIGAN



Base of the Pyramid Domain: Business Strategy + Poverty Alleviation

Business Challenge

- Find new customers
- Locate new sources of supply
- Sustain growth

New Opportunities

New Approaches

Development Challenge

- Serve tremendous number of “customers”
- Address lack of new market opportunities
- Create scale

Business development targeting growth and profits can be aligned with the development community's efforts to alleviate poverty

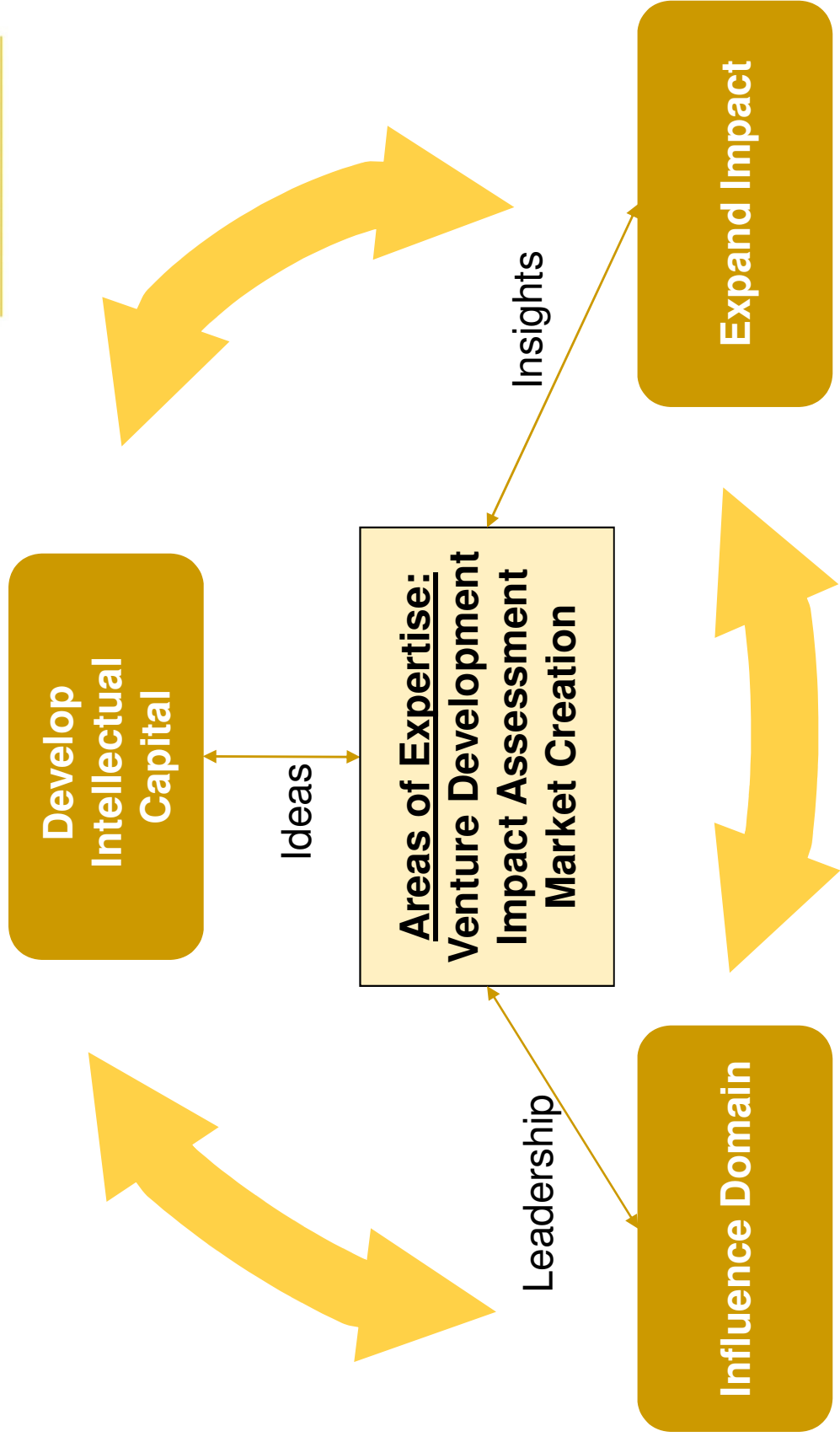
Central Proposition: Mutual Value Creation

The greater the value created for the BoP, the greater the value created for the BoP venture

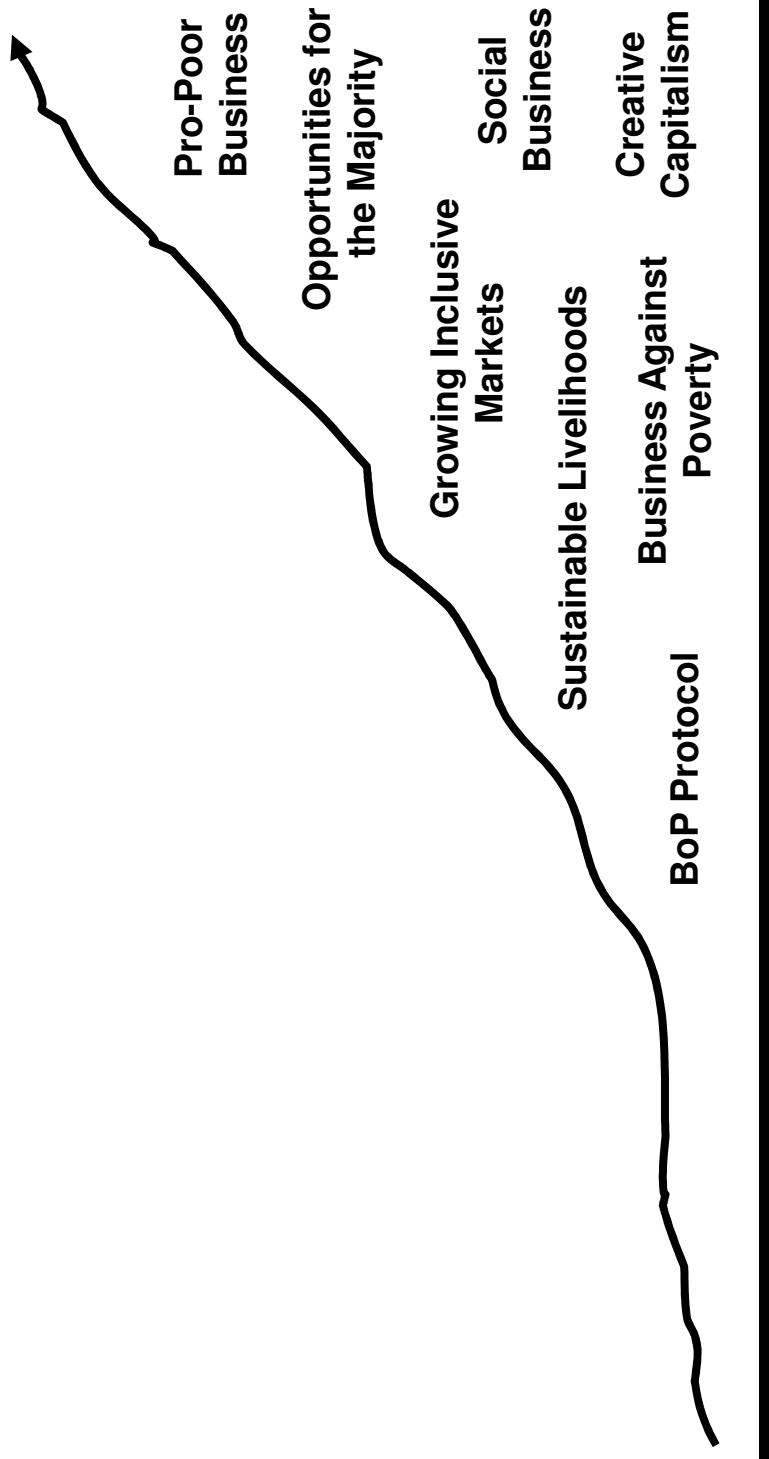
Base of the Pyramid Initiative



William Davidson Institute
AT THE UNIVERSITY OF MICHIGAN



Growing Momentum in the BoP Domain



1999

Prahalad & Hart Draft

2000

BoP LL

2002

“Fortune at BoP”

2004

WRI Conference

2007

Michigan/Cornell Conference

2009

Michigan/Cornell Conference II

© Ted London

Source: Stu Hart

ANDE 2011

Growing Interest Across Sectors

BUSINESS WITH FOUR BILLION
Creating Mutual Value at the Base of the Pyramid

350+ Participants; 6 Continents; 30+ Countries

Logos of participating organizations include: McKinsey & Company, IBM, GE, FENALCO, Honeywell, SustainAbility, skoll FOUNDATION, DUPONT, Innovest, World Vision, TRIPLE VALUE, SIEMENS, Oxfam America, ALTICOR, CHEMONICS, SNV, MONSANTO imagine, PHILIPS, GlobalHAND, intel, aid to artisans, Orbis Travel, EMERGING MARKETS GROUP, AVINA, UNDP, icco, IDEO, and MCKINSEY & COMPANY.

With Mixed Venture Success...

Rethinking the Questions We Ask

The “Old” Framing:

Is there a fortune at the BoP?

The Debate:

Are BoP ventures good or bad for the poor?

Next Generation BoP: A New Starting Point



A Better Framing:

How can we create a fortune with the BoP?

A Better Question:

How can we make BoP ventures better for
the poor?

Mutual Value Creation

Assessing impacts

Hearing the voices of the BoP

Poverty as proxy for demand/needs

BoP impact assessment framework

Hearing the voices of the BoP?

- Give respect
- Seek to be unimportant
- Go beyond the usual destinations



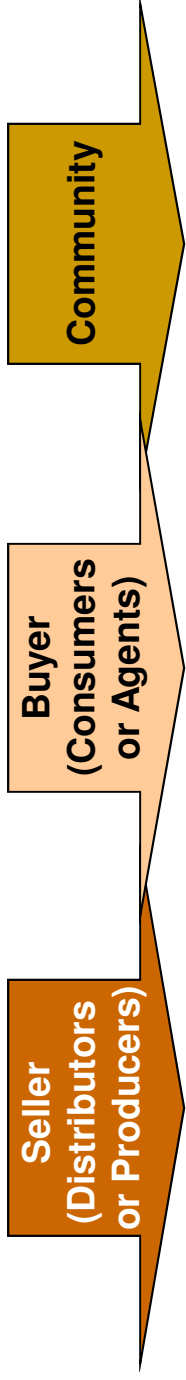
Be patient; stay longer; come back

Challenge: Be humble; begin with an open mind
“Leave aside your biases; blind spots”

The Value of Impact Assessment

- Understand who at the base of the pyramid is impacted by these ventures and how they are affected
- Focus on maximizing impacts, not just measuring them
 - From monitoring and evaluation → assessing and enhancing
- Guide strategy: Improve future actions
 - Opportunity to hear the voices of those we seek to serve
- Develop deeper knowledge of the relationship between profits and poverty alleviation

BoP Impact Assessment Framework

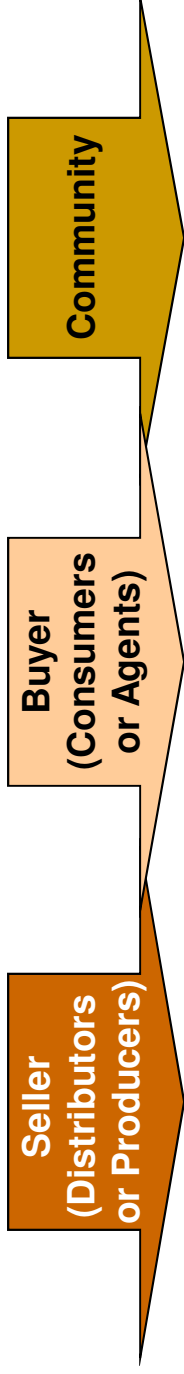


Economic Well-Being

Capability Well-Being

Relationship Well-Being

BoP Impact Assessment Framework



Economic Well-Being

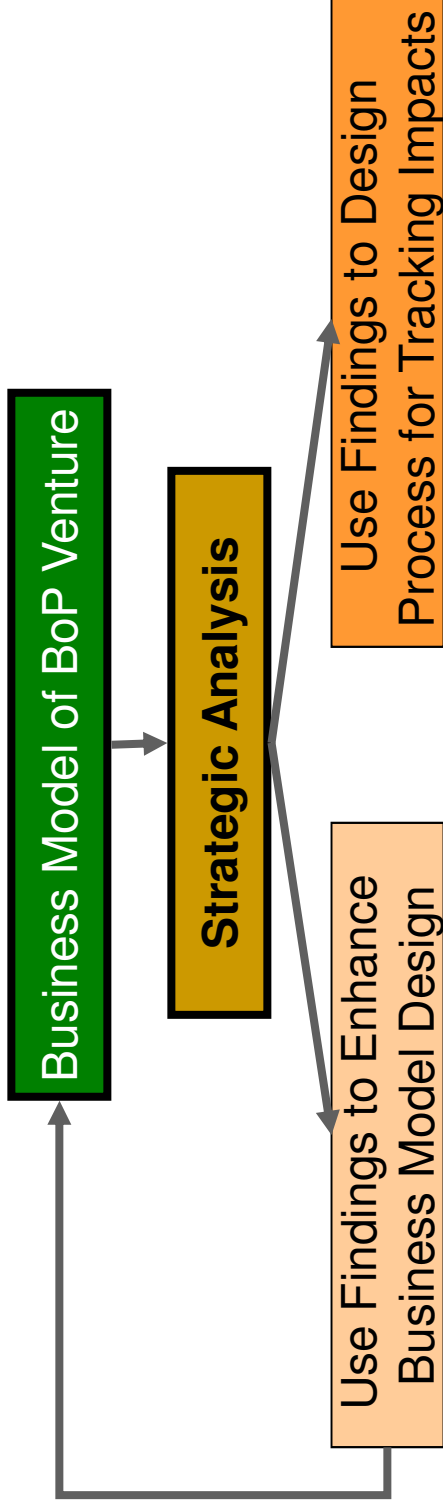
Capability Well-Being

Relationship Well-Being

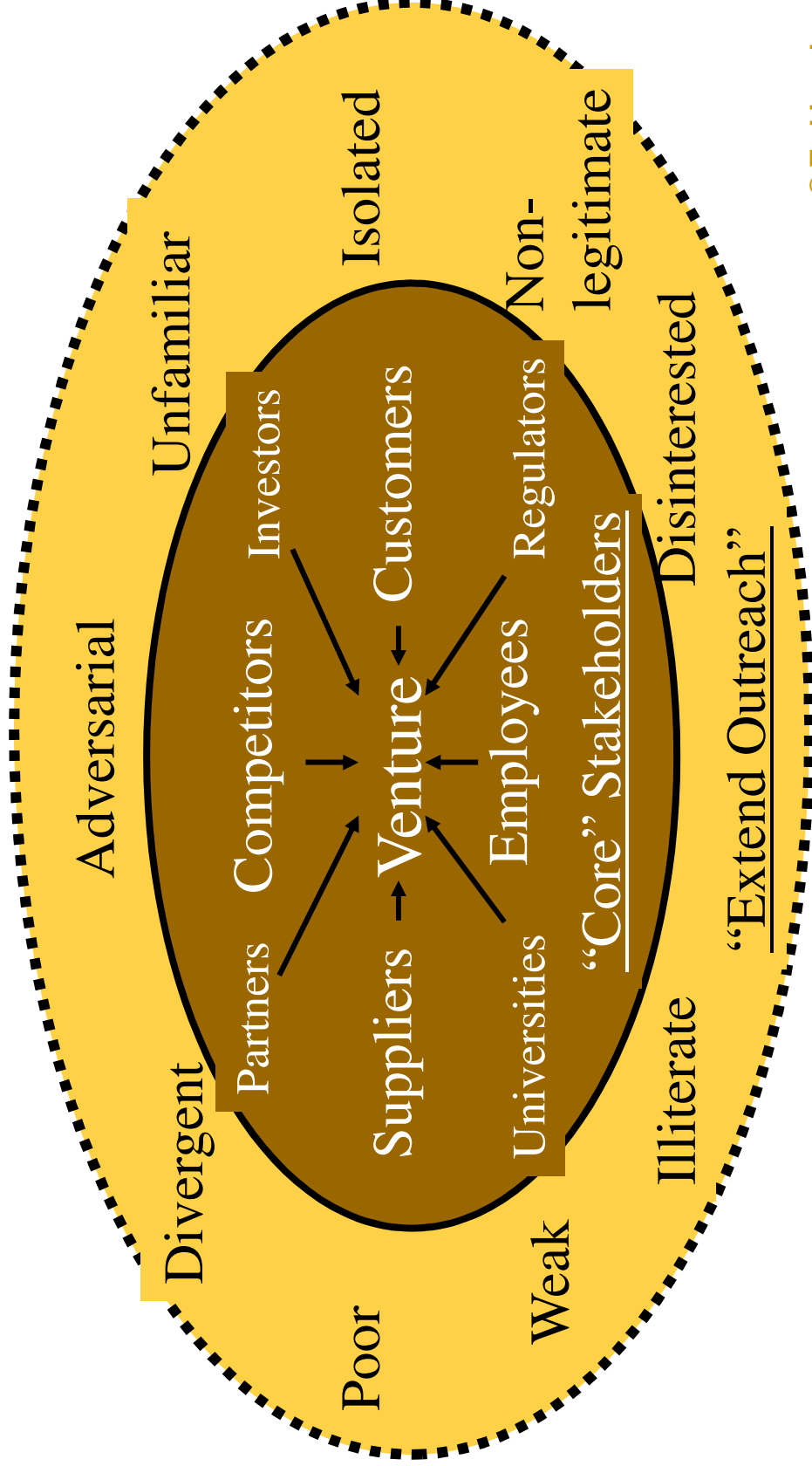
+/- Income, income stability +/- Access to credit/new debt incurred	+/- Economic consumer surplus +/- Economic productivity	+/- Local livelihoods and income +/- Other businesses serving community (e.g. competition)
+/- Skills, knowledge +/- Contentment; quality of life	+/- Health and morbidity +/- Self-confidence, dignity	+/- Perceptions about education, healthcare +/- Aspirations of women, minorities
+/- Household roles +/- Social status	+/- Network access +/- Power of intermediaries (e.g. dependency)	+/- Gender equity +/- Relationship with environment

**Assess magnitude and likelihood
Avoid double counting**

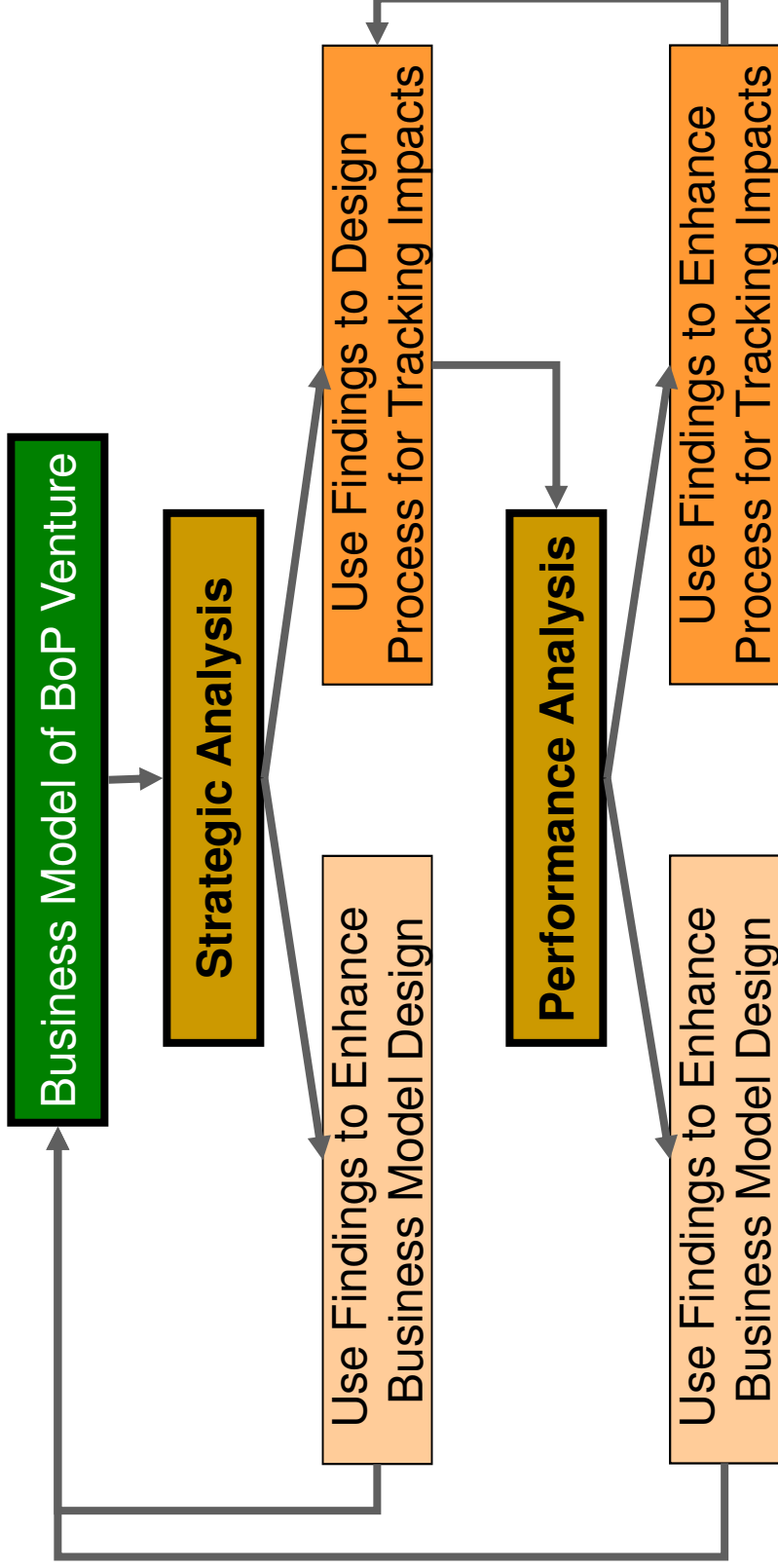
A Dynamic Process of Value Creation



Identify Key Stakeholders and Develop Plan for Deep Dialogue



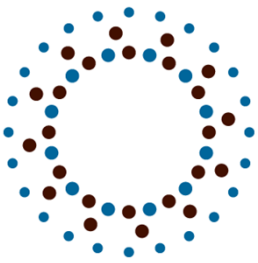
A Dynamic Process of Value Creation



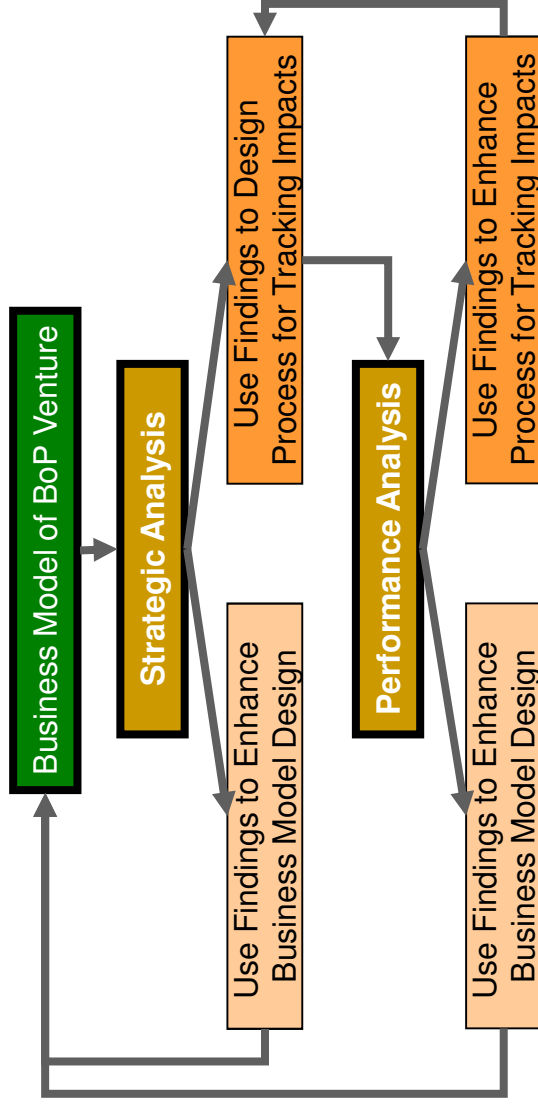
Performance Analysis

- Research Design
 - Overall approach
- Sample Selection
 - Treatment/comparison
- Sample Size
 - Power analysis
- Survey Development
 - Instrument design and testing
- Data Collection
 - Baseline and Follow-up
- Data Analysis
- Reporting and Continued Enhancement

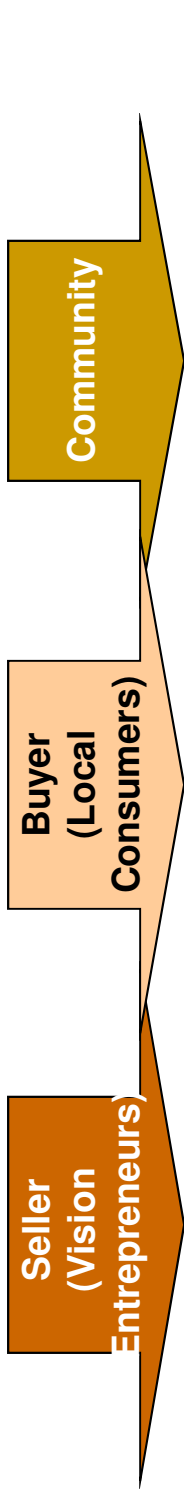




VisionSpring



VisionSpring: Strategic Analysis



Economic Well-Being

Capability Well-Being

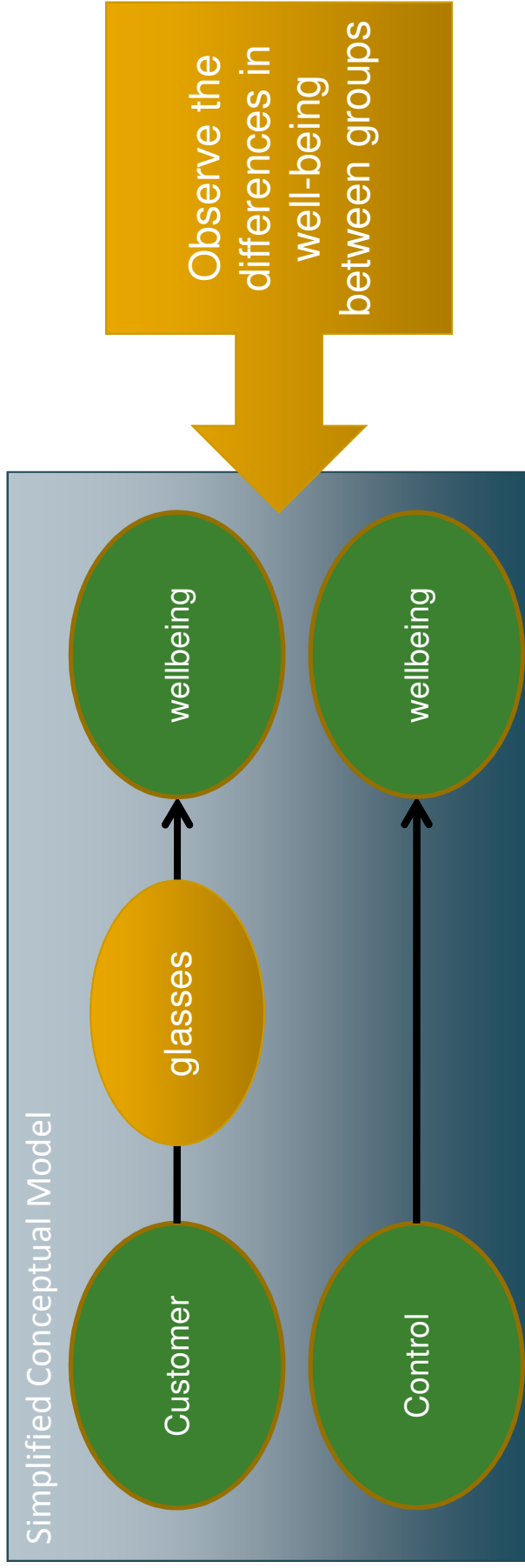
Relationship Well-Being

<ul style="list-style-type: none"> + Income changes - Income instability - Opportunity costs - Drop in assets + Synergy w/ existing businesses 	<ul style="list-style-type: none"> + Consumer surplus + Economic productivity + Income changes - Savings used or debt incurred 	<ul style="list-style-type: none"> + Other businesses serving community - Few apprentices - Drop in existing businesses income because of increased competition
<ul style="list-style-type: none"> + Communication, marketing skills + Self-efficacy + Contentment + Eye-care skills 	<ul style="list-style-type: none"> + Vision health + Self-efficacy + Quality of Life - Misdiagnosis + Referrals for other eye problems 	<ul style="list-style-type: none"> + Heightened awareness of eye care + Aspirations of women + Referrals
<ul style="list-style-type: none"> + Networks + Respect in family - Conflict over family roles + Relationships in community 	<ul style="list-style-type: none"> + Networks + Professional reputation; status + Reduced dependence in family and community 	<ul style="list-style-type: none"> + Gender equity - Conflict over traditional roles in society (caste and gender)

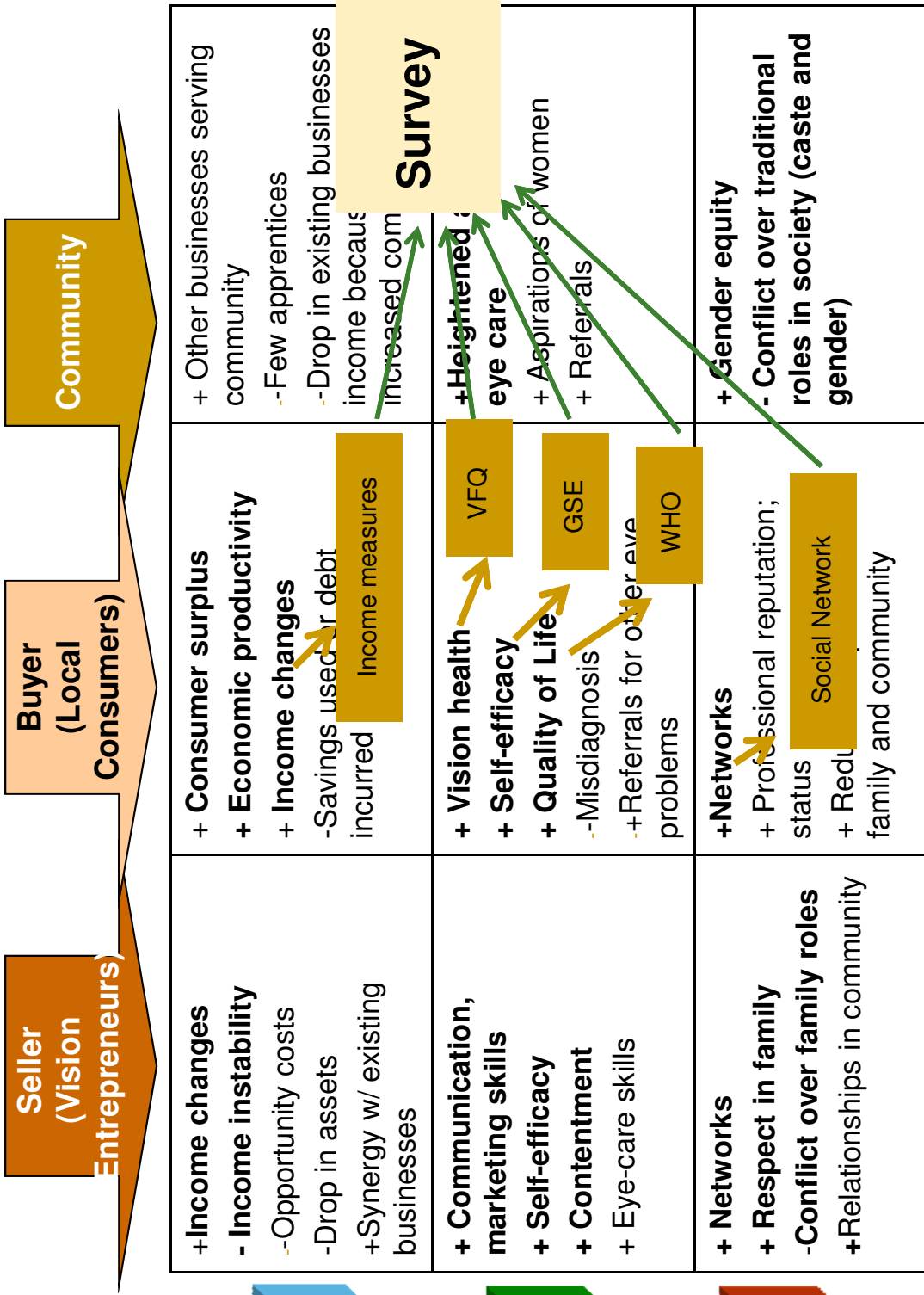
Research Design (Baseline + Follow-up): Poverty Alleviation Impacts of BoP Venture?

What are a BoP venture's positive and negative impacts on local well-being?

This is a question about **customers and controls** over time



VisionSpring: Strategic Analysis

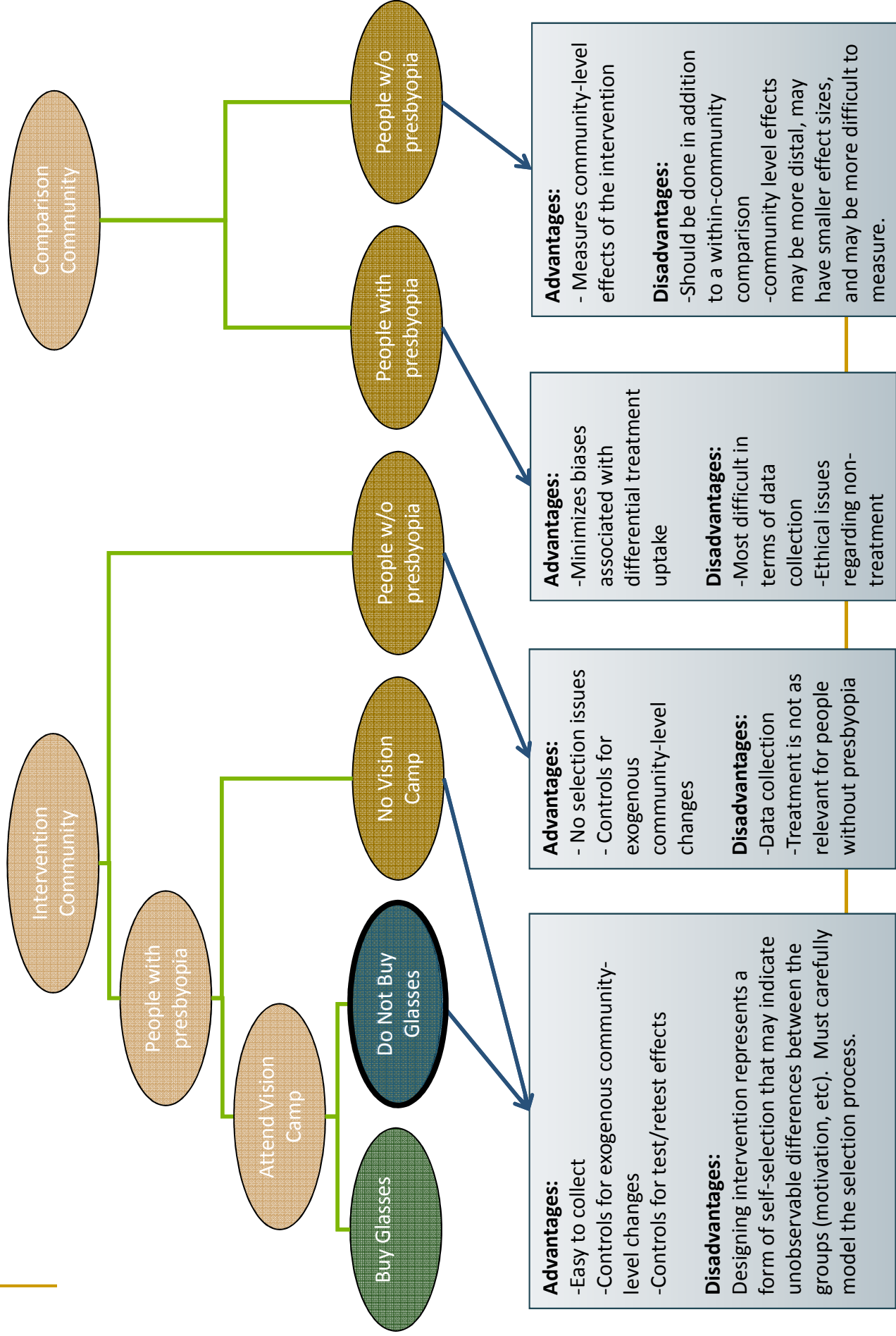


Economic Well-Being

Capability Well-Being

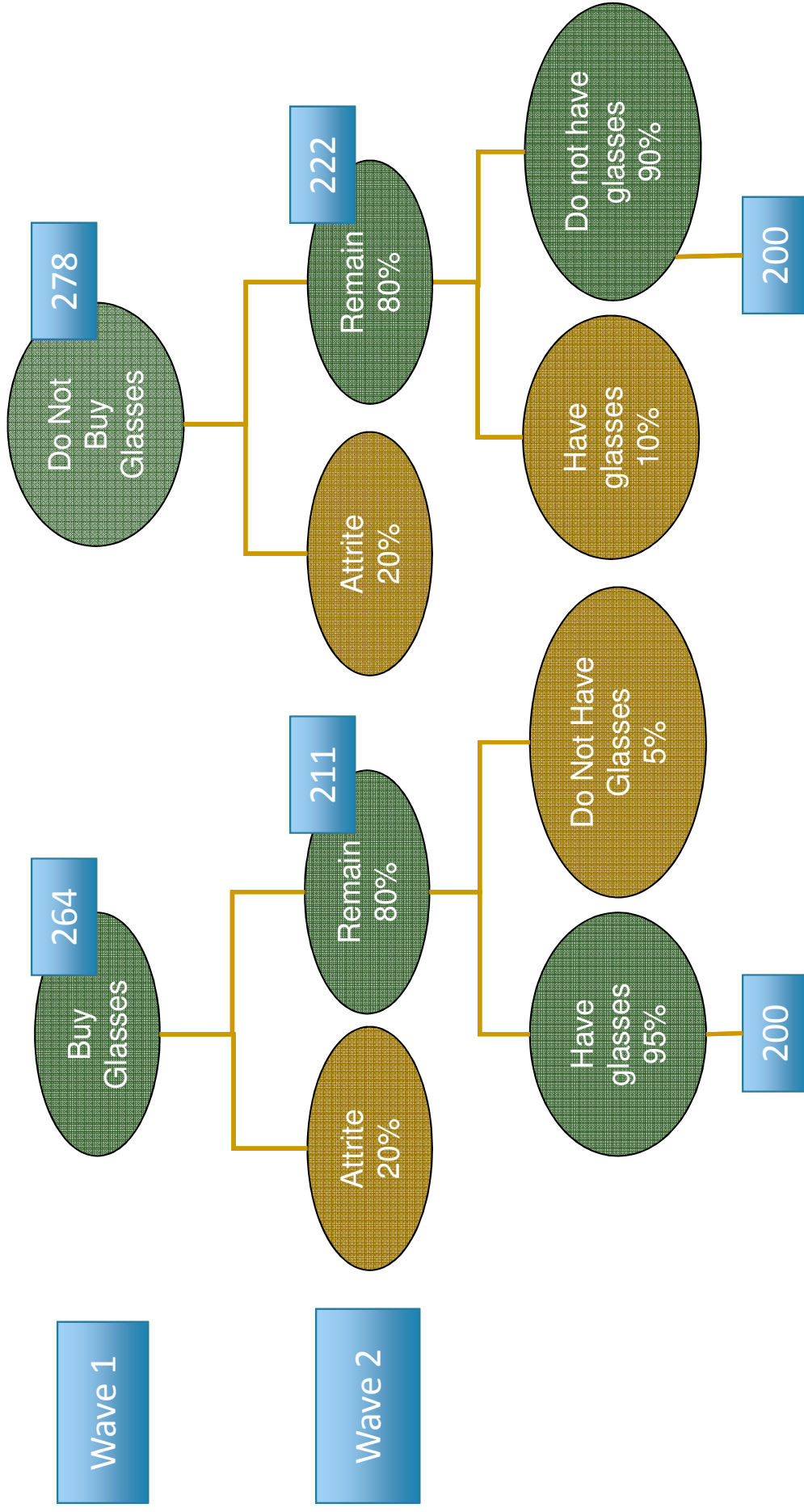
Relationship Well-Being

Choosing the Comparison Group



* Developed by Rebecca Karb and Andy Grogan-Kaylor

Sample Size

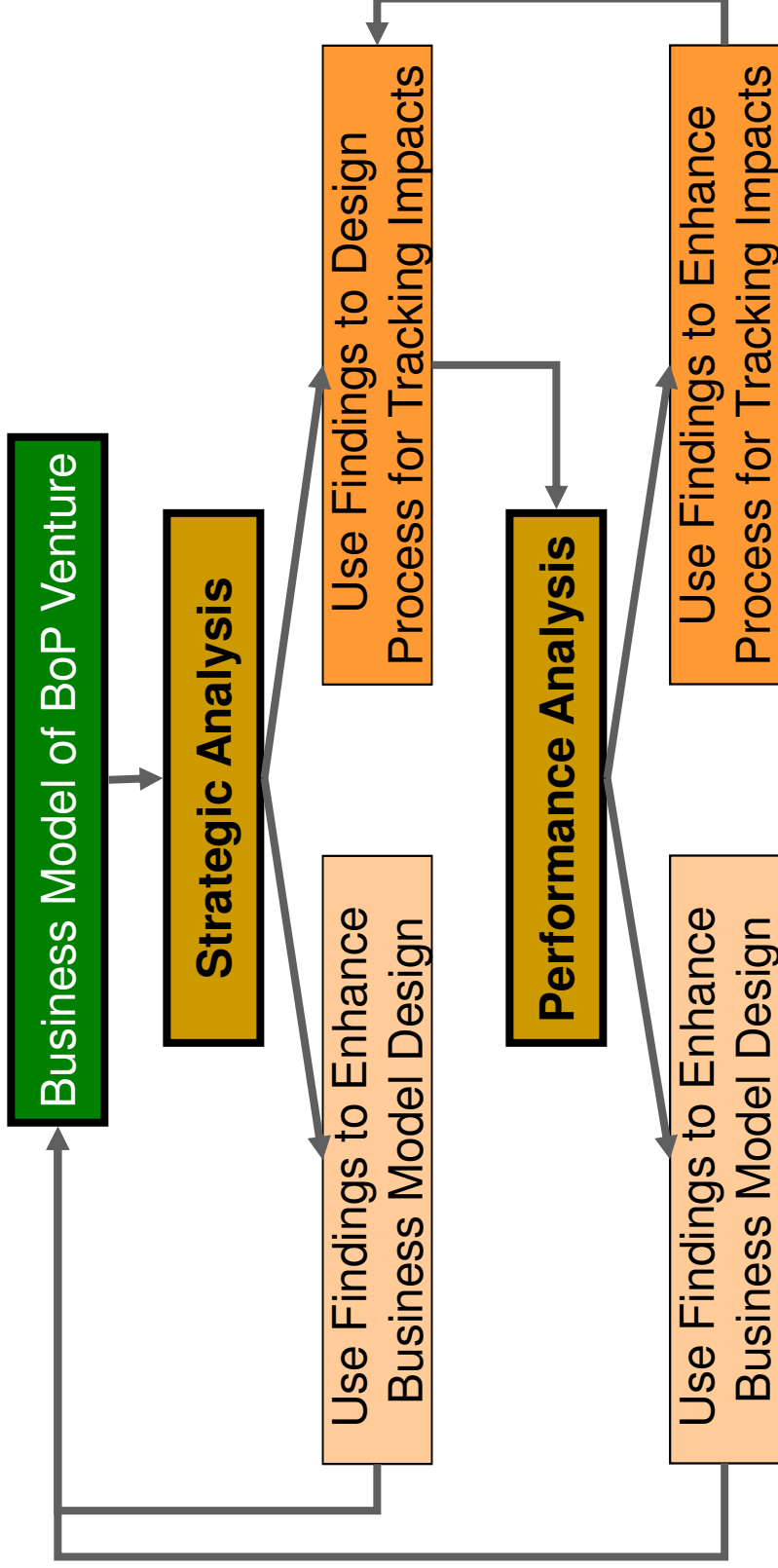


Collecting Data

- Pre-test
 - Process
 - Content
- Interview training
 - Background
 - Mock interviews
 - Pilot sessions
 - De-briefing
- Data Collection
 - Wave 1
 - Wave 2
- Data Management
- Data Analysis



A Dynamic Process of Value Creation



If you cannot clearly demonstrate and articulate your value proposition for the BoP, someone else may do it for you

If you cannot clearly assess and enhance your value proposition for the BoP, you are limiting your opportunity for venture success

Moving Forward:

The central question is not whether BoP ventures work, but rather how to make them work better.

From **Building For** to...

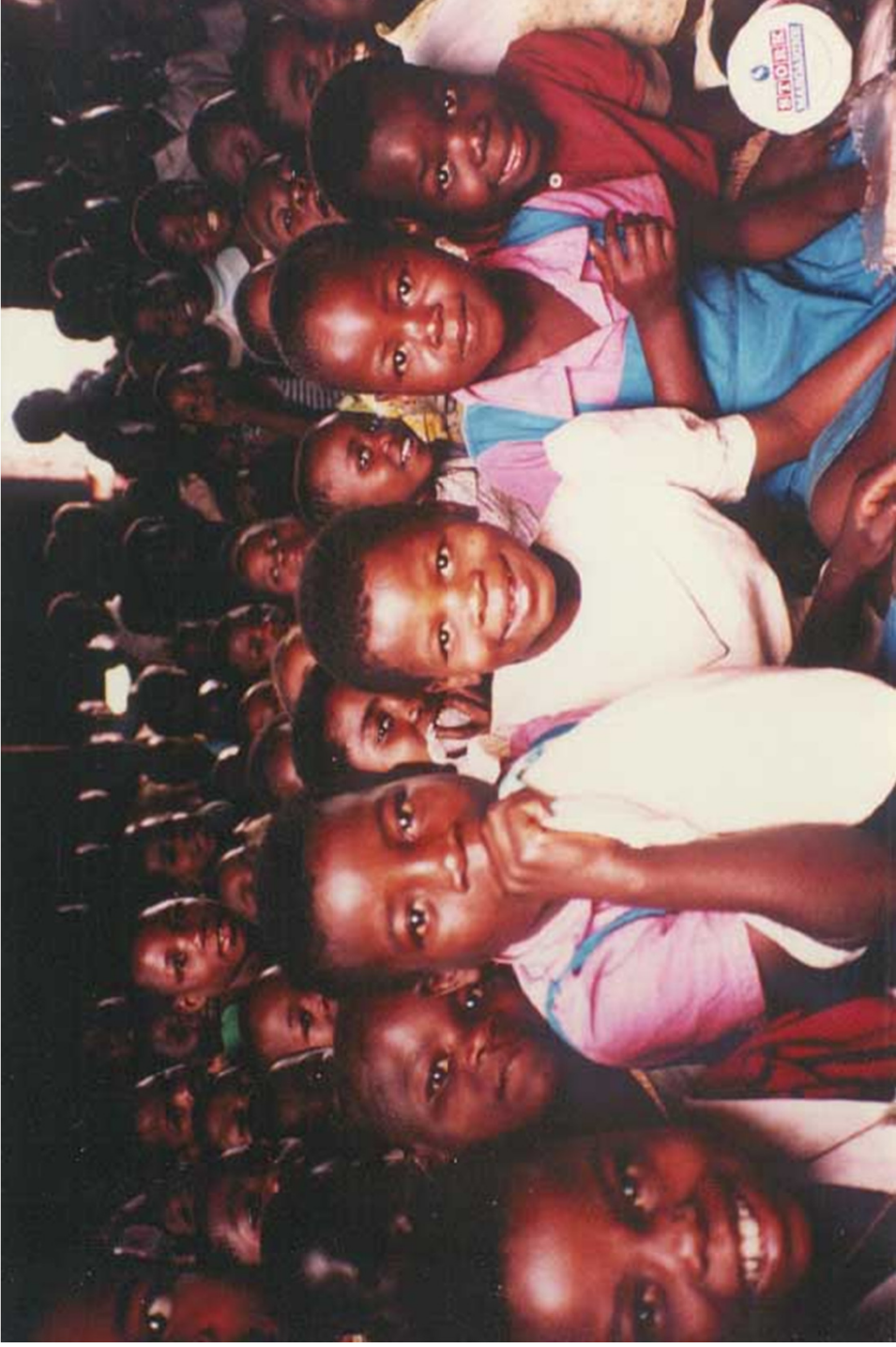
Creating With

From **Monitoring Outputs** to...

Enhancing Impacts

From **Independence** to...

Interdependence



Thank you!