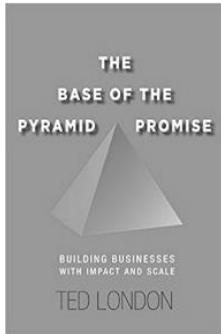


Book Review



The Base of the Pyramid Promise: Building Businesses with Impact and Scale

Ted London
Stanford University Press (2016)
240 Pages, hardcover, \$35.00

Reviewed by Isaac Wanasika, University of Northern Colorado

There has been increased interest in understanding the base of the pyramid (BoP) market over the past two decades. However, the BoP community of 4 billion people with the lowest levels of income around the world has been largely ignored by mainstream business scholars. Due to limited understanding of BOP markets, misconceptions and wrong assumptions are not uncommon. Over the years, Ted London and a few other scholars have made efforts to highlight business opportunities and viable business models for the BoP. This book is another instalment of Ted London's careful analysis and prescription of business opportunities at the BoP.

London provides a background of the BoP and its opportunities. Three main themes are central to London's approach. The first theme involves leveraging customizable tools, frameworks and strategies to enhance BoP enterprise development. The second theme is based on creating value by understanding the poverty alleviation opportunity. Throughout the book, poverty alleviation is conceived as a key deliverable and metric of evaluating effectiveness of the BoP enterprise. The third theme highlights a need to establish an ecosystem to sustain the BoP enterprise. London submits that the three themes are interconnected and mutually reinforcing.

The book is divided into seven chapters, each focusing on a key aspect of building the enterprise. The second chapter describes the business model innovation by defining and prescribing necessary tools for internal design of the BoP enterprise. Specific examples from CEMEX's Patrimonio Hoy, Nike's World Shoe Project and Mondophysic are used for illustration. The four elements of a viable internal design are resources, metrics, structure and problem solving capabilities. Scaling the business is an essential characteristic in a sustainable BoP enterprise. Relevant imperatives in the scaling process are co-creation, innovation and embedding the business within the local environment. The three imperatives seek to align mutual needs and create mutual value that does not suffer from internal contradictions. London discusses the interconnections of the three imperatives in deep detail, based on his extensive experience.

Mutual value creation and collaborative interdependence are key concepts that are extensively discussed. Mutual value creation requires a holistic perspective that incorporates alleviation of poverty as one of the primary goals. London conceives collaborative interdependence from a systemic view to overcome biases over subsidized support, internal resistance and structural holes.

A perspective that is stated in the book but not broadly articulated is that the viability and attractiveness of BoP markets needs to be evaluated from a long-term strategic view rather than the present status. BoP markets have abundance of primary resources, including younger population profiles, increasing incomes and productivity. These are important attributes for future market attractiveness and positioning when compared to western markets that are barely achieving single digit growth.

London's book is not for the casual reader. The book does not delve into the fundamentals of BoP markets and the challenges of doing business, but focuses on opportunities and frameworks. The reader needs a basic understanding of the fundamentals to fully appreciate the frameworks. The framework and blueprints are developed in business-specific language and some of the illustrations and cases such as Nike, Patrimonio Hoy and Mondophysic require prior background knowledge of the cases.

One characteristic of scaling the business is the involvement of uncommon alliances such as NGOs, public entities and the community. This perspective is often unfamiliar to business students that may be used to evaluating sustainable competitiveness through the lens of pure capitalism. Readers should be familiar with BoP literature and the broad objectives it is intended to achieve. This includes familiarity with unintended consequences of effects of pure capitalism and the rationale for inclusive capitalism. It is worth pointing out that the reader needs to have a mindset that extends beyond profit-seeking in business to incorporate value-driven goals and morality and the broader role of business in society.

A criticism that is often directed at multinational corporations is the exploitation of vulnerable BoP communities through irrelevant and overpriced commodities that have deleterious consequences of increasing the levels of poverty and quality of life in BOP markets. It is assumed that through co-creation and collaboration with local communities, such situations can be avoided. The frameworks suggested are broad and relevant in many BoP contexts. The book does not discuss the entrepreneurial and homegrown potential of BoP enterprises. However, this area has been extensively discussed by London and other scholars elsewhere.

The book appears most suitable for practitioners, senior and graduate-level business students with prior understanding of markets and business strategies. Readers that are familiar with London's other book, "*Next Generation Business Strategies for the Base of the Pyramid: New Approaches for Building Mutual Value*", will be pleasantly surprised with the specificity and tightness of the prescriptive frameworks. London's work is timely and fills a void of knowledge in the effective implementation of the BoP enterprise by providing the necessary frameworks.

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