

## **Teaching Materials: Cases, Notes, Simulations, and Videos**

### **Exploring the intersection of business strategy, poverty alleviation, and environmental sustainability**

**Developed or co-developed by Ted London**

#### **Summary:**

The following teaching cases, notes, simulations, and videos are designed to offer a wealth of opportunities and approaches for instructors interested in the intersections of business development, poverty alleviation and environmental sustainability to their students. Depending on their needs, instructors can employ one or several cases to cover the desired number of topics. Each case is also adaptable to meet the needs of student with different experiences and backgrounds.

Each of these materials was developed with specific learning goals in mind, including generating debate about the tensions that emerge in developing business ventures that are also designed to reduce poverty and enhance sustainable development and climate change adaptation. These materials explore issues related to business model development, market entry strategies, disruptive innovation, environmental sustainability, capability development, non-traditional partnerships, subsidies, market creation, scaling, and assessing poverty alleviation impacts. They range across a wide variety of industry sectors and span many countries and regions in the developing world.

These videos are designed to complement the material in the cases and simulations, as well as open up new avenues for discussion. In addition to hearing from the venture's protagonists, the students can see and get a real sense of the environment in which these organizations operate.

The teaching notes provide teaching objectives, case analysis, and discussion questions that can help enhance the classroom experience for instructors using specific cases, simulations, and videos.

All these teaching materials are published and available at the William Davidson Institute/Ross School of Business' teaching materials website, Globalens: [www.globalens.com](http://www.globalens.com).

# Acumen Fund: How to Make the Greatest Impact

by Ted London and Moses Lee



**Description:** Acumen Fund is global philanthropic venture capital fund that seeks to prove that small amounts of philanthropic capital, combined with large doses of business acumen, can build thriving enterprises that serve vast numbers of the poor at the base of the pyramid. In recent years, the organization has expanded its work into talent building and knowledge creation. This case explores management's tension of how to best use a \$10 million contribution by a family foundation to make the greatest impact for the poor.

**Teaching Points:** In examining this case, students will be able to:

- Understand the role and importance of intermediary organizations in facilitating the development of base of the pyramid (BoP) ventures.
- Assess an intermediary's competencies and priorities.
- Make recommendations to an intermediary on expanding its activities

## Other available materials:

- 1.) Teaching Note: Acumen Fund: How to Make the Greatest Impact
- 2.) Video: Interview with Brian Trelstad

**Description:** This video accompanies the case Acumen Fund: How to Make the Greatest Impact. The video is an interview with Brian Trelstad, the Chief Investment Officer of Acumen Fund, and is conducted by Ted London of the William Davidson Institute at the University of Michigan. The interview is divided into two segments that cover the following topics: 1. Acumen Fund's Investment Approach - Why Acumen Fund uses investments over traditional grants to support BoP ventures - Acumen Fund's investment criteria 2. Acumen Fund Three Pillars: Capital, Talent, and Knowledge - Why Acumen Fund has moved beyond just providing capital and into talent development and knowledge sharing - The tension between Acumen Fund's three pillars.

# Building a Sustainable Venture from the Ground Up: The Mountain Institute's Earth Brick Machine

by Ted London and John Buffington

(Winner, Best Teaching Case, Oikos Sustainability Case Writing Competition, 2005)



**Description:** The Mountain Institute works to improve environmental conditions and the quality of life for local communities in mountainous regions throughout the world. TMI is exploring options for its patented technology for compressed earth blocks. Relative to other technologies serving this market, TMI believes that its compressed earth block (CEB) machine is price competitive, allows for low-cost construction, and is environmentally friendly. Winner of the prestigious 2005 Oikos Case Competition., this case explores using this technology as the centerpiece for a new for-profit venture in the developing world.

**Teaching Points:** In examining this case, students will be able to:

- Identify the challenges that non-profit organizations face in developing for-profit initiatives. Nonprofits typically are not experienced in for-profit activities. As such, they will likely want to consider collaborations with individuals and organizations with this type of experience. Forming these types of alliances, however, can create a new set of challenges that must be addressed.
- Explore the limitations of a technology-led initiative in this market environment. This then offers the students an opportunity to identify a different business model for non-profits interested in creating revenues streams to support their work in lower income markets in developing countries. Additionally, through this discussion, the students will recognize that non-profits may also have limited knowledge about important developing country issues. The case highlights the need for all organizations, non-profits included, to take a “deep dive” into the local context in order to truly understand the needs of low- income markets in developing countries.
- Investigate the sustainability issues surrounding market entry into the base of the pyramid and the potential for successful business models to migrate to wealthier markets. These bottom-up models may hold important clues for addressing sustainability on a global basis."

**Other available materials:**

- 1.) Teaching Note: Building a Sustainable Venture from the Ground Up: The Mountain Institute's Earth Brick Machine

## Building and Scaling a Cross-Sector Partnership:

Oxfam America & Swiss Re Empower Farmers in Ethiopia

by *Jonathan Doh, Ted London and Vasilia Kilibarda*



**Description:** Oxfam’s HARITA project works with some of the world’s poorest subsistence farmers in Ethiopia to facilitate climate change adaption. Since the project’s inception in fall of 2007, Oxfam has convened an impressive set of more than a dozen partners. This led to the creation of a novel, holistic risk management solution that packaged risk reduction activities (composting, water harvesting, etc.), risk transfer (micro- insurance), and prudent risk-taking (credit). Of all the partners involved in the creation of this model, Oxfam was especially pleased to have engaged Swiss Re, a leading global reinsurer. This marked a new milestone in Oxfam’s growing effort to partner with the private sector on poverty reduction initiatives in base of the pyramid communities. However, Oxfam’s most elusive challenge – scaling HARITA from a successful local project to a multi-country initiative that empowers farmers across the globe to cope with the devastating effects of drought and other climate change-related challenges – still lay ahead.

**Teaching Points:** In examining this case, students will be able to:

- Evaluate the challenges inherent in cross-sector partnerships (e.g. overcoming internal biases and deeply engrained views, responding to differences in organizational structures and values, dealing with a lack of trust, building the capacity to learn from one another, etc.).
- Identify the unique sets of benefits and risks for each sector involved in implementing a cross-sector partnership.
- Evaluate the challenges and opportunities associated with “scaling” a partnership’s pilot project such that the relationship becomes more sustainable and impactful and garners wider support from both internal and external stakeholders.

**Other available materials:**

- 2.) Teaching Note: Building and Scaling a Cross-Sector Partnership: Oxfam America and Swiss Re Empower Farmers in Ethiopia

# CARE: Making Markets Work for the Poor

by Ted London and Moses Lee



**Description:** CARE is an international, humanitarian, non-governmental organization (NGO) composed of twelve member countries that manage field operations in over seventy countries offices around the world, reaching more than fifty million poor people. In 2005, CARE started a pilot initiative in Central America to assess whether its support of revenue-generating ventures provides sustainable and scalable poverty alleviation outcomes as well as an opportunity to generate excess revenues for the organization. This case focuses on CARE's challenges to explicitly incorporate a market-based approach within its portfolio of poverty alleviation solutions.

**Teaching Points:** In examining this case, students will be able to:

- Identify the pros and cons of a large humanitarian organization supporting and managing a portfolio of revenue-generating ventures as part of its overall poverty alleviation strategy;
- Evaluate CARE's Business Development Framework, a tool for intermediary organizations interested in standardizing the development of a diverse set of revenue-generating ventures;
- Analyze whether or not CARE should take an equity position in its ventures, a critical issue for organizations that wish to generate excess revenues from the ventures they support;
- Assess whether or not a value chain strategy is an appropriate framing for CARE's work.

**Other available materials:**

- 1.) Teaching Note: CARE: Making Markets Work for the Poor
- 2.) Video: Interview with Laté Lawson

**Description:** This video accompanies the case CARE: Making Markets Work. The video is an interview with Laté Lawson, CARE's Director of Economic Development and part of the organization's senior leadership team. In the video, Lawson discusses how CARE expects its market-based approach to poverty alleviation to evolve in the next three to five years. In the future, Lawson expects CARE to better facilitate and strengthen the relationship between the private sector, the markets, and local revenue-generating ventures. Additionally, Lawson anticipates CARE working more across the entire the venture value chain, playing a stronger role in policy and advocacy, and finding ways to scale its lessons learned to more geographies.

# CEMEX's Patrimonio Hoy: At the Tipping Point?

by Ted London and Magda Kotek



**Description:** This case study explores Patrimonio Hoy, the sales, distribution, and savings program of CEMEX intended to serve Mexico’s large self-construction housing market. CEMEX is currently the world’s third largest cement producer. Over the years, Patrimonio Hoy has gone from a small, centrally-funded project to a US\$25 million revenue generator for CEMEX. This case explores the program’s opportunities for growth and expansion into new markets.

**Teaching Points:** In examining this case, students will be able to:

- Explain the concept of the base (or bottom) of the pyramid (BoP) and surface implicit assumptions about the poor,
- Understand the core concepts in the base of the pyramid domain.
- Assess CEMEX's Patrimonio Hoy initiative and analyze whether or not it has developed native capability.

## Other available materials:

- 1.) Teaching Note: CEMEX's Patrimonio Hoy: At the Tipping Point?
- 2.) Video: Companion Video

**Description:** This video is a companion to the case study Patrimonio Hoy , which explores the sales, distribution, and savings program of CEMEX intended to serve Mexico’s large self-construction housing market. CEMEX is currently the world’s third largest cement producer. Over the years, Patrimonio Hoy has gone from a small, centrally-funded project to a US\$25 million revenue generator for CEMEX. This case explores the program’s opportunities for growth and expansion into new markets.

# Connecting the Rural Poor to the World: Grameen's Village Phone in Bangladesh

by Ted Londen and Amit Garg



**Description:** Grameen Telecom's Village Phone is a program that is focused on bringing cellular service to people in rural villages in Bangladesh. In 2006, Grameen's Village Phone initiative had an installed base of more than 233,000 village phones across 50,000 villages in the country, and annual revenues of approximately US\$93 million. This case explores opportunities both within Bangladesh and beyond the country's borders to expand the Village Phone program.

**Teaching Points:** In examining this case, students will be able to:

- Analyze the advantages and limitations of globalization (global trade) from the perspective of those at the base of the pyramid (BoP) and explore the pros and cons of grant-based and market-based approaches to poverty alleviation.
- Assess the business opportunities and potential poverty alleviation outcomes of a venture (Village Phone) that is serving the poor.
- Understand the core principles of Grameen's poverty alleviation approach and compare it to traditional donor-funded aid programs.
- Assess whether Grameen Phone fits the definition of a base of the pyramid (BoP) venture."

**Other available materials:**

- 1.) Teaching Note: Connecting the Rural Poor to the World: Grameen's Village Phone in Bangladesh

# Constructing a Base-of-the-Pyramid Business in a Multinational Corporation:

## Patrimonio Hoy Looks to Grow

by *Ted London and John Parker*



**Description:** Patrimonio Hoy, a business initiative within the giant Mexican multinational company CEMEX, was launched more than a decade ago. The initiative, which focuses on low-income housing, had now reached a critical juncture. The Patrimonio Hoy team is preparing to explore the opportunities and barriers to future scalability. Their goal is to develop a set of recommendations that could be shared with CEMEX’s top management to chart the initiative’s future growth.

**Teaching Points:** In examining this case, students will be able to:

- Evaluate the configuration of internal components (metrics, resources, problem-solving, structure) used by the Patrimonio Hoy team to develop a business model to serve the BoP.
- Determine how the Patrimonio Hoy team needs to revise these internal components as the initiative seeks to scale.
- Assess the overall venture development process for Patrimonio Hoy and make recommendations for improvement.
- Make a business case internally for supporting a BoP initiative.



# Global Seeds to Village Farmers: Hearing the Voices at the BoP

by Ted London and Sachin Rao



**Description:** Pioneer Hi-Bred International, Inc., the hybrid corn company division of Dupont, has engaged with PEACE (People’s Action for Creative Education) to serve the base of the pyramid markets in India. The partnership between Pioneer and PEACE allows Pioneer to distribute its quality seeds to village farmers through PEACE. This is an example of a for-profit/non-profit partnership serving BoP markets. The case provides an inside look at the impact of the Pioneer/PEACE partnership through interviews with Indian farmers using Pioneer’s engineered seeds. It also sheds light on the advantages and limitations of the venture’s efforts to reduce production and transactional constraints of the Indian farmers.

**Teaching Points:** In examining this case, students will be able to:

- Understand the challenges and opportunities of cross-sectoral partnerships between non-profits and companies.
- Apply this thinking to a specific cross-sectoral partnership.
- Understand the constraints faced by base of the pyramid (BoP) producers.
- Explore the effectiveness of business models designed to serve BoP producers. In particular, assess the specific advantages and limitations of this partnership in reducing the constraints of BoP farmers.
- Make recommendations for enhancing value creation in an existing initiative (in this case, the partnership among Pioneer, CARE, and PEACE)."

**Other available materials:**

- 1.) Teaching Note: Global Seeds to Village Farmers: Hearing the Voices at the BoP

# Expanding the Playing Field (A): Nike's World Shoe Project

by Stuart Hart, Ted London, and Heather McDonald



**Description:** Nike's Footwear Director for Emerging Markets was challenged with “expanding the playing field” in emerging markets with a range of affordable, durable, and easy-to-produce sports shoes. The goal was to effectively reach the huge untapped segment of “Tier 3” countries, characterized by a population of 1 billion and an average of \$2,000 purchasing power parity. By January 2001, the initiative had sold only 404,520 pairs in China. Compared to the booming 1.2 billion population of China, this was disappointing. Now students must determine what the team should do to persuade senior management to support and continue the project.

**Teaching Points:** In examining this case, students will be able to:

- Identify the differences in business strategies for developed versus developing world markets and explore the disruptive challenges that can face a company attempting to tap emerging markets;
- Offer students a better understanding of the potential internal constraints and need for new business models when exploring emerging markets in developing countries;
- Investigate the sustainability issues surrounding market entry into the Bottom of the Pyramid.

## Other available materials:

- 1.) Teaching Note: Expanding the Playing Field (A): Nike's World Shoe Project

# Expanding the Playing Field (B): Nike's World Shoe Project

by *Stuart Hart, Ted London, and Heather McDonald*



**Description:** Nike's World Shoe Project (B) accompanies Case (A). This one-page summary is designed to be handed out in class to give students an update on Nike's strategy for entering China.

**Teaching Points:** In examining this case, students will be able to:

- Identify the differences in business strategies for developed versus developing world markets and explore the disruptive challenges that can face a company attempting to tap emerging markets;
- Offer students a better understanding of the potential internal constraints and need for new business models when exploring emerging markets in developing countries;
- Investigate the sustainability issues surrounding market entry into the Bottom of the Pyramid. "

**Other available materials:**

- 1.) Teaching Note: Expanding the Playing Field (B): Nike's World Shoe Project

# Hindustan Lever at the Base of the Pyramid: Growth for the 21st Century

by Ted London and Maulin Vakil



**Description:** Hindustan Lever Limited, principally owned by Unilever, operates Shakti, a program which aims to extend the reach of HLL’s products to the 742 million rural consumers in 637,000 villages in India. Critical questions the program faces: Will Shakti and the BoP markets it targets deliver to HLL much-needed long term growth and become a key source of a future sustainable competitive advantage? Is the program really making a social impact?

**Teaching Points:** In examining this case, students will be able to:

- Understand why there is increased attention by MNCs (and other market-based ventures) in serving the BoP and discuss the idea of whether there is a “fortune” to be made in serving this market.
- Analyze the effectiveness of business models used by MNCs when establishing a BoP venture.
- Understand the difference in a top-down approach vs. a bottom-up approach in BoP strategies.
- Understand a BoP segment strategy vs. a BoP product strategy.
- Recognize societal implications (positive and negative) of MNC's BoP venture.

## Other available materials:

- 1.) Teaching Note: Hindustan Lever at the Base of the Pyramid: Growth for the 21st Century
- 2.) Video: Interview with Vijay Sharma

**Description:** This video accompanies the case "Hindustan Lever at the Base of the Pyramid: Growth for the 21st Century." It is an interview with Vijay Sharma, the head of HLL’s Shakti program, and is conducted by Professor Ted London of the William Davidson Institute at the University of Michigan. The interview is divided into two segments that cover the following topics: 1. Economic goals Part 1a: HLL’s commitment and long-term view with regard to Shakti Part 1b: Lessons learned at the BoP 2. Social Impact Part 2a: Societal/community impact Part 2b: Participation by the poor in Shakti

# Movirtu's Cloud Phone Service: Funding a Base-of-the-Pyramid Venture

by Ted London and Susan Kennedy



**Description:** Who are the right investors for a for-profit company targeting the world's poor?

Before this small start-up spends hundreds of hours pursuing venture capital (VC), Movirtu must decide whether a profit-oriented VC investment will fit its vision for both growth and social impact. Movirtu's "Cloud Phone" software is designed for the nearly one billion people who cannot afford mobile phones and as a result share phones with friends and family. Cloud phones provide phone sharers with a private number that sends and receives calls. Movirtu already secured two seed-round impact investors, Gray Ghost Ventures and Grassroots Business Fund. For its next round of financing, Movirtu was approached by TLcom Capital, an experienced VC. Students must decide: will having TLcom as an investor allow Movirtu to not only survive but achieve maximum financial and social impact?

**Teaching Points:** In examining this case, students will be able to:

- Analyze the role that subsidies can play in BoP venture development.
- Evaluate the advantages and disadvantages of using impact investors as a source of BoP venture funding as compared to other potential investors.
- Explore how venture leaders can manage investors with differing expectations.

**Other available materials:**

- 1.) Teaching Note: Movirtu's Cloud Phone Service: Funding a Base-of-the-Pyramid Venture

# Role of Subsidies in a Market Economy

by *Ted London and Moses Lee*



**Description:** A review of the topic of subsidies yields a wide range of perspectives. Many economists believe that subsidies, when used appropriately, are helpful because they can encourage market development and a more equitable distribution of benefits and resources in society. Others disagree, believing that subsidies distort markets, create inefficiencies, and misallocate capital. Despite this lack of agreement, developing an understanding of what subsidies are and how they are used is important for managers. Subsidies can impact key strategic decisions, such as market entry, target consumers, production levels, pricing decisions, resource allocations, and financial forecasts. The purpose of this note is to 1) describe what subsidies are and why they are used, 2) examine subsidy types, 3) address the difference between recipients and beneficiaries, and 4) note some of the effects of subsidies on markets, the environment, and society.

**Teaching Points:** In examining this case, students will be able to:

- describe appropriate business terms and principles appropriate to this case,
- apply critical concepts from earlier learning to define a solution to the case,
- describe what subsidies are and why they are used,
- describe subsidy types,
- determine recipients and beneficiaries of subsidies,
- describe some of the effects of subsidies on markets, the environment, and society.

**Other available materials:**

- 1.) Teaching Note: Note on the Role of Subsidies in a Market Economy

# Subsidies in Base-of-the-Pyramid Venture Development

by Ted London and Moses Lee



**Description:** Though there is limited literature on the role of subsidies in venture development targeting the poor in the developing world, there are many examples of ventures incorporating subsidies in their business models and working alongside subsidy providers such as governments and foundations. This case highlights three ventures within Acumen Fund's portfolio of investees and the varying roles of subsidies in supporting them. These ventures are Water Health International, Ziqitza Healthcare Limited, and Sustainable Healthcare Foundation.

**Teaching Points:** In examining this case, students will be able to:

- Understand the different roles intermediary organizations like Acumen Fund play in facilitating the development of successful BoP ventures.
- Begin to develop a framework for how funding organizations and governments can best direct their subsidies to support BoP ventures.

**Other available materials:**

- 1.) Teaching Note: Subsidies in Base-of-the-Pyramid Venture Development

## Targeting Malaria: A Classroom Simulation for Comparing Charity and Social Marketing-Based Approaches

by *Ted London*



**Description:** In Africa, the usage of insecticide treated bed-nets (ITNs) has shown to be one of the best ways to prevent malaria. USAID, the principal U.S. agency for providing assistance to countries, has just announced that by mid-2008, it will provide an additional \$5 billion for malaria prevention and treatment in Africa. Specifically, the agency would like to see Tanzania improve not only ITN coverage (currently at only 14%) but more importantly ITN usage by the country's 35 million citizens. As of 2004, only 10% of children under the age of 5 were sleeping under bed-nets. USAID's goal for 2010 is to increase this to 80%. In this simulation, students need to develop a compelling proposal for USAID for reducing the malaria burden in Tanzania.

**Teaching Points:** In examining this case, students will be able to:

- Discuss and analyze the advantages and limitations of grant-based and social marketing-based approaches to addressing the critical needs of the poor;
- Consider the key issues that should be incorporated when designing approaches to serve those at the base of the pyramid; and
- Understand the importance of co-creating the solution with the poor and the potential value of incorporating profit-oriented approaches in the design.

### Other available materials:

- 1.) Teaching Note: Targeting Malaria: A Simulation
- 2.) Video: Jacqueline Novogratz Talk

**Description:** This video accompanies the case "Targeting Malaria: Comparing Charity and Social Marketing-based Approaches". In this video, Jacqueline Novogratz, Founder and CEO of Acumen Fund, challenges the development community to spend more time asking the right questions in the fight against poverty, rather than focusing on which approach is right or wrong. In the case of malaria in Africa, the question the development community should be asking is, "What is the best way to prevent malaria?".



# VisionSpring:

A Lens for Growth at the Base of the Pyramid

by Ted London and Molly Christensen

(Winner, Best Teaching Case, Oikos Sustainability Case Writing Competition, 2008)



**Description:** Awarded 1st place in the 2008 oikos Casewriting Competition~~ VisionSpring sells affordable reading glasses to the poor at the base of the pyramid through Vision Entrepreneurs and, more recently, through franchise partners. Winner of the prestigious 2008 Oikos Case Competition, this case explores how to scale VisionSpring's approach to serving the poor. (Note: In 2008, The Scojo Foundation changed its name to Vision Spring.)

**Teaching Points:** In examining this case, students will be able to:

- Introduce students to the issue of global vision correction in developing countries and examine the reasons that prevent the issue from being solved.
- Analyze the business model of VisionSpring.
- Consider why they are or are not achieving success and how strategic changes may help make them more successful.

**Other available materials:**

- 1.) Teaching Note: VisionSpring: A Lens for Growth at the Base of the Pyramid
- 2.) Video: Accompanying Video

**Description:** This video accompanies the case VisionSpring: A Lens for Growth at the Base of the Pyramid. In this video, Arunesh Singh, Regional Director for VisionSpring Asia, discusses his perspective on local impact. Shot in India, the video shows how the VE channel works and includes footage of a vision camp. This video provides a nice summary of the view VisionSpring has of its overall poverty alleviation impacts.