

Fortune at the Bottom of the Pyramid: Eradicating poverty through profits C K Prahalad
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term, BOP – bottom of the pyramid. Suddenly, TV programmes have business leaders spouting BOP lingo, and claiming they've been 'doing' BOP type projects and product delivery for a long time. The author, mentor to many business houses in India and well known worldwide, has touched a vital nerve in the discussion about poverty, markets and private sector contribution at a time when both global and local discussions about poverty are exploring where resources can connect with need. The development industry, especially, is looking at creating a blueprint to address issues of poverty through the Millennium Development Goals.

Clearly the main audience for the book is the leadership of corporate institutions, encouraging them to explore untouched markets through new practices. But new conceptual frameworks and theory-building affect everyone. Initially, I agreed to write this review to explore my own understanding of what the book says but, having told some NGO and other actors that I was doing it, I also got to hear their thoughts. The review therefore reflects not just my own opinions and reflections on the book, but the reactions of many others in the non-profit sector.

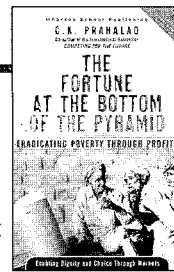
For me, the big idea in the book is the potential of developing goods and services IN PARTNERSHIP with the poor. It clearly states in the initial chapters that civil society, development agencies, the private sector and the poor all have to collaborate to find new possibilities. However, I was deeply disappointed

C K Prahalad's *Fortune at the Bottom of the Pyramid* has coined a new

that it does not go on fully to explore this, and focuses mainly on product development for conventional business leaders. In that, I see a huge opportunity lost. Concepts and strategies suggested to the business world seep into development several years later when they are tired and stale and rarely when they are fresh and exciting and have the potential for many stakeholders to build on them and adapt them to their own sphere of activity.

From my perspective – as an NGO activist leading a small NGO, SPARC, working with a very large network of grassroots urban poor communities federated by a social movement – I see the potential in this strategy of working in partnership with the poor. After working for 20 years as partners, we have together set up a construction business, SPARC Samudaya Nirman Sahayak, that helps communities that have negotiated for land and organized themselves to undertake construction, using the technical and financial support that this company provides.

On the situation in Dharavi, my colleague, Jockin Arputham, who is the founder of the National Federation of Slum Dwellers in India and president of Shack Dwellers International, agrees with the author about the high costs that the poor incur to survive and thrive. In development discourse, there are now many stereotypical phrases about the high costs of being poor (what C K Prahalad calls the poverty penalty) but very few demonstrated and evidence-based paths to move out of that trap. Yet the conventional interventions of the state (supply-driven unfocused subsidies) and



private sector (corporate social responsibility) continue to be knee-jerk responses that, as things stand, don't produce any impact.

The BOP concept's most crucial road-block is the prevalent attitude that everyone either ignores the poor or tells them what they need to do to improve their lot. The discourse is a hierarchical one, with NGOs and poor at the bottom.

C K Prahalad describes the immediate potential of urban markets, which he projects to expand immensely. He sees this BOP market as comprising people who are conscious of quality, capable of dealing with technology, brand-conscious and networked. But most importantly for me at least, he states clearly that they need greater cash incomes to create purchasing power. He prescribes the formula of three As: Affordability, Access and Availability.

His recommendations about small packaging, low margins per unit and high volume have evoked different responses from NGO groups, who point out that the basic necessities of health, education and so on are not packaged like soap powder and are not amenable to this kind of treatment. And it's really here that the main concern of the non-profit sector lies: that the private sector will take only this tested and tried small packaging strategy and leave the real transformative message of what Prahalad calls 'co-creating' unexplored. What I take him to mean by this is that innovative processes and products emerge from dialogue and intense interaction between a BOP group and the institution seeking to explore new options.

The reality is that unless there is a serious investment in research and development, new ideas do not

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