



## The Business of Development: Innovation, Profits, and the Common Good

By Dr. Nadya Zhexembayeva\*

Hear the word "poverty", and the image of a bright-eyed child with an extended hand staring at you from the TV screen appears in your mind. Put the word "business" next to it, and the mental screen turns off, failing under the pressure of the oxymoron. Business and poverty are almost mutually exclusive; the affluence and life force of one is incompatible with the misery and lifelessness of the other. Or is it?

Over the last few years a handful of organizations turned their attention to the role of business in addressing the millennium's most grinding problems -- the problems highlighted by the [U.N. Millennium Development Goals](#). Among the eight goals proclaimed by all 191 member-states of the United Nations, poverty stands unequivocally first, paving the way for its many offspring -- hunger, health epidemics, high mortality, and environmental degradation. Over 4 billion people -- more than 60% of the world population -- [live on less than \\$1,500 a year](#). One person dies every 3.6 seconds from malnutrition and related causes, while [8,000 people die each day from AIDS \(PDF\)](#). Meanwhile, development is still generally considered a governmental or non-profit affair. The private sector, perhaps the most robust institution of society, remains largely disengaged and uninterested in the matter of development and poverty alleviation. So, is there a place for international development in the business of business?

Academics C.K. Prahalad and Stu Hart, whose work on the [Base of the Economic Pyramid](#) has recently gained momentum, seem to think so. So do 175 corporate members of the World Business Council for Sustainable Development ([WBCSD](#)), which released a very practical report, Business for Development: Business Solutions in Support of the Millennium Development Goals ([PDF](#)), in 2005. The intensity of competition and demands for growth leave business no choice but to imagine new markets of the future (that's where that 4 billion consumers could come in handy), whereas the tremendous opportunities in the developing world, when unlocked, offer sustaining profits for the present. As WBCSD puts it, "business is good for development and development is good for business."



While business media may not rush this headline to the cover pages, the market is casting its vote by turning international development into a thriving business opportunity. Here are just a few innovative ways that it is getting done.

- **Re-Envisioning Products and Services**

Adding "international development" to the product design principles may yield unexpected results and open new markets. Danone, for example, [turned malnutrition in China into a competitive advantage](#) -- yielding high sales for low-cost products that address a lack of calcium and iron-deficiency anemia prevailing in the country. Interface, the world largest commercial carpet manufacturer, [addressed environmental degradation through the use of biomimicry](#), the concept that natural systems can guide the design of man-made products. The new design approach led to development of "no-two-pieces-alike" Entropy carpet now the best-selling carpet in the United States -- all by reducing installation waste and extending the lifecycle of a product.

- **Brokering Public-Private Partnerships**

Combining the resources of business with the contextual knowledge of international developmental agencies may be the new operational standard for businesses worldwide. Procter & Gamble, has partnered with the International Council of Nurses, the U.S. Centers for Disease Control and Prevention, and the U.S. Agency for International Development to take on water pollution, and ended up with a [low-cost \(\\$0.01/liter\) water purification product](#), which delivered over 20 million liters of clean drinking water to consumers in the Philippines, Guatemala, Morocco and Pakistan. The Institute for OneWorld Health has [built its entire business model on the notion of partnership](#), receiving donations from for-profit pharmaceutical companies in a form of drug leads that have little commercialization potential in the West, developing the leads into safe and effective medicines, and then partnering with scientists and manufacturers of the developing world to bring the medicine to consumers at an affordable price.

- **Creating Inclusive Financing Options for Grass-Roots Entrepreneurship**

The birth of micro-lending marked a new era of relationship between business and a developing society. The [classic mechanism](#) developed by the Grameen family of businesses in Bangladesh is now used throughout the world by such companies as Cemex, the third largest cement manufacturer in the world. Cemex took on the issue of poverty by [packaging its products into a do-it-](#)



[yourself home improvement program](#) for the poorest populations of Mexico. Using micro-lending, community pooling, low fixed prices, materials on credit, fixed cost housing designs, and supervised construction services, Cemex developed its "Patrimonio Hoy" program to tap into a new market of 10,000 households. Poverty alleviation in a "developed" community is the business of ShoreBank, which [uses for-profit commercial banking to focus on inner-city urban development](#) in the U.S. Midwest. The bank strategically locates its branches in struggling communities, providing unique programs to foster entrepreneurship and access to capital for the most disadvantaged populations in the country.

- **Re-Designing Business Policies and Processes**

Sometimes addressing developmental challenges is simply about re-configuring processes and policies in use throughout a company. Hindustan Lever - Unilever's subsidiary in India - managed to address poverty, health, and gender equity by simply re-envisioning its distribution model. Inability to access consumers living in 638,000 remote Indian villages led to the creation of the Shakti Project, which [provides entrepreneurial opportunities and empowerment to rural women](#), while, at the same time, serving the distribution needs of the company. The educational component of the project addresses the health issues of the region, promising significant reduction in the cases of diarrhea and iodine deficiency. The [creation of the Equator Principles](#) is an example of the impact of a deliberate policy on business performance and social benefit. This set of guidelines provides clear lines for assessing and managing environmental and social risks in the area of project financing, tightening the demand for social responsibility for all projects over \$50 million. Over 40 major financial institutions have taken on the principles to date, and the list is growing.

Of course, time will cast its vote on the scalability of business innovations like these. Time will also invite us to the new heights of innovation -- demanding new ways for all the new billions of affluent inhabitants to live in mutual benefit with the ecosystem of the planet -- and so we will.

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