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**Conférence 4C**

***Companies and the Base of the Pyramid Market:  
Creating Value for the Poorest Segment of the World's Population***

**Moderator:** **Thomas SORRENTINO** (Ashoka Europe, France)

**Speakers:** **Alexandra MEIRA** (Alliança Empreendedora, Brazil);  
**Paulo BONEFF** (Grupo Gerdau Group, Brazil);  
**Yukoh SATAKE** (Grameen Yukiguni Maitake Co., Ltd, Japan).

Making social profitable: a path to success:

“Social” business is often seen today as non-profitable. The BOP (Base of the Pyramid) strategy aims at creating sustainable business models that relies on local communities while working with governments and global companies.

Two concrete experiences of implementing a BOP strategy were presented in this workshop.

**Alexandra Meira**, from the NGO ALLIANCA EMPREENDEDORA and **Paulo Boneff** from the Brazilian business firm GRUPO GERDAU, explained that over the past 5 years, GERDAU had to face several changes in the firm’s activity of producing and supplying steel all over the world. The Brazilian company was mainly doing business with scrap suppliers that were very much informal businesses, with a lot of report activity done on paper. Furthermore, GERDAU was dealing with numerous actors in the supply chain, thus minimizing the profit margin of each stakeholder. Finally, Brazilian regulation was reinforcing recycling policies for the businesses.

To tackle those issues, GERDAU entered into a partnership with ALLIANCA EMPREENDEDORA for their assistance in designing inclusive projects involving local communities and in developing the business of the scrap industry by:

- increasing the amount of scrap GERDAU buys from its suppliers
- professionalizing informal actors
- identifying and encouraging network creations
- implementing systems to monitor the entire value chain
- creating internal policy in GERDAU for purchasing scrap from its supplier, by reducing the role of middlemen.

As a result, 9 businesses were helped in relation with GERDAU. Within one year, these businesses got professionalized with digital invoices and middlemen were eliminated. GERDAU had increased their purchase orders by 100% and the income of each waste picker was increased by 20%!

**Yukoh Satake**, co-CEO of GRAMEEN YUKIGUNI MAITAKE, Ltd. (GYM) has the same motivation when doing business: he wants all parties involved to take a win- win position. When he first

went to Bangladesh in 2009, he observed the high prices of mung beans and the low income of local farmers. After meeting Mr. Yunus, **Yukoh Satake** decided to launch in 2010, a business with local Bangladeshi farmers, enabling them to develop their businesses of supplying low-priced mung beans while gaining all of the profits of their activity.

As a result, thousands of jobs were created in Bangladesh in the fields of cultivation, sorting, sales, etc... With the increase of production, the number of agricultural areas increased. As final prices were very low, exportations to Japan skyrocketed, thus creating new business opportunities. GYM developed the local Bangladeshi economy by improving farmers' incomes, local education and the exportation system, all the while internationalizing their own business network.

The two projects presented here achieved substantial results in terms of network creation and local development; so much so that both activities have been scaled-up involving more and more local actors.

When doing BOP projects, one needs to keep in mind that they are not only "social" but are also strategic and sustainable. They need a strong partnership between local communities and global businesses, thus every situation is a win-win situation. Social business is about respect, development of close relations and helping others. It must be remembered however, that "social" business is about profit as well!

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