

Preface

Poor people in developing countries could make excellent suppliers, employees and customers but are often ignored by major businesses. This omission leads to increased risk, higher costs and lower sales. Meanwhile, multinational corporations operating in developing countries are asked by governments and poverty activists to do more for economic development, but these exhortations are rarely based on a proper business case. In *Make Poverty Business* we try to bridge the gap by constructing a rigorous profit-making argument for multinational corporations to do more business with the poor. We aim to take economic development out of the corporate social responsibility ghetto and place it firmly in the core business interests of the corporation, and we argue that to see the poor only as potential consumers misses half of the story. The book should be read by international business managers seeking to increase profits and decrease risk in developing countries, and by development advocates who seek to harness the profit motive to reduce poverty.

We see the poor as much more than mere consumers at the 'bottom of the pyramid' and instead take a strategic view of all the ways in which a multinational company can interact with and influence the lives of the poor. The poor face poverty traps when they seek to deal with an international company. Based on sound economic theory and emerging good business practice, we recommend low-cost ways to overcome these traps and gain access to a larger and cheaper pool of employees and suppliers. The poor can also become a threat—to reputation and security—if relationships are badly managed. We believe that country risk is something that can be actively reduced through economic development rather than passively managed with lawyers and guards and we integrate concerns over political risk, legal failure and physical security into a business case for reducing poverty.

We argue that doing business with the poor can be profitably integrated into the core operations of *all* multinational companies, not only in those consumer manufacturers who see a marketing opportunity or those major

corporations who feel under PR pressure to do some cosmetic corporate social responsibility. We make lots of low-risk, low-cost recommendations for specific activities. We examine the successes, failures and missed opportunities of a wide range of global companies including Wal-Mart, BP, Unilever, Shell and HSBC when dealing with the poor. And we discuss how to use a poverty perspective to provoke profitable innovation—not only to create new products and services but also to find new sources of competitive advantage in the supply chain and to develop more sustainable, lower-cost business models in developing countries.

We hope you enjoy the book. If you do, or even if you don't, please join the discussion at www.makepovertybusiness.com.