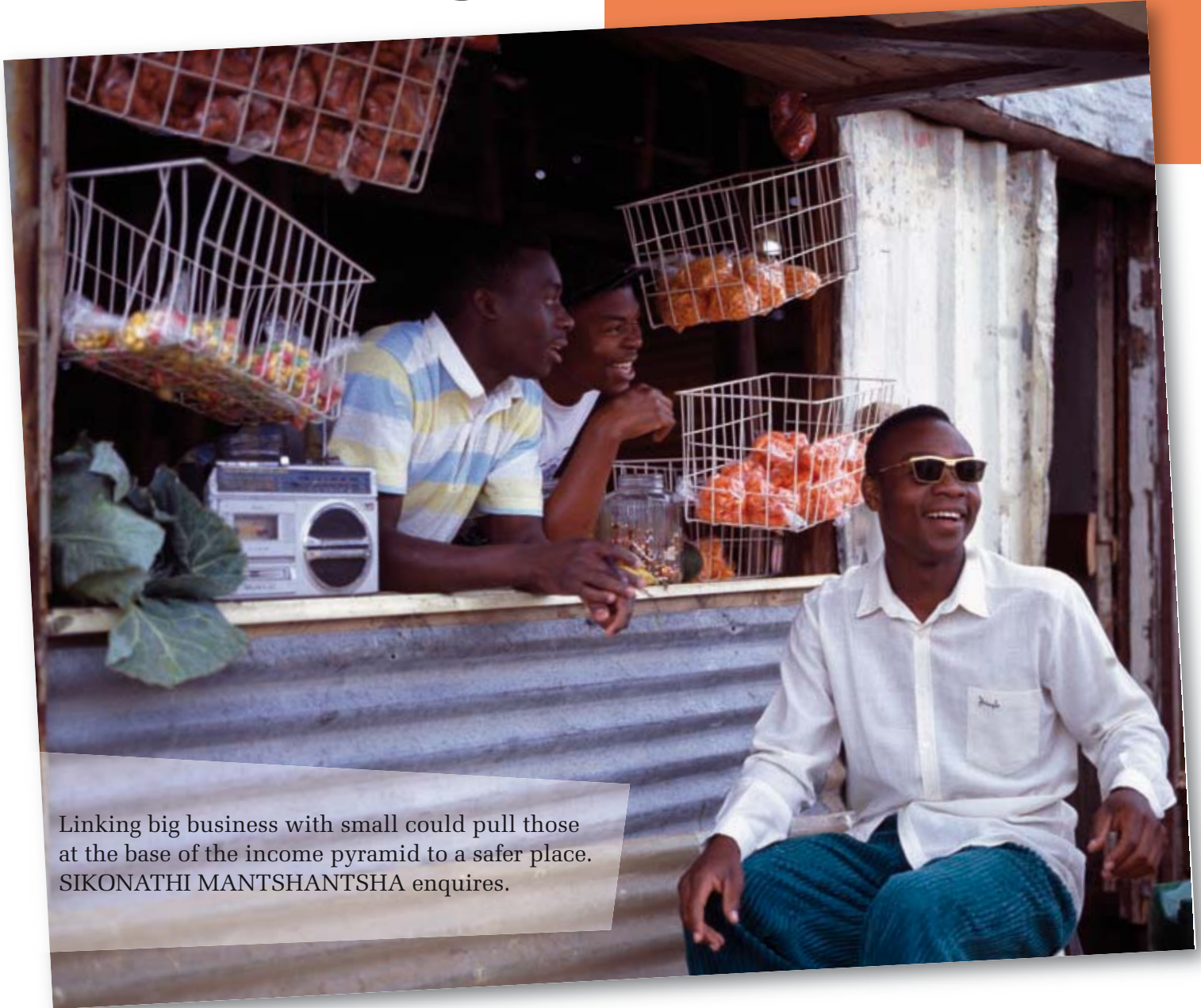


# Throwing a

# LIFELINE



Linking big business with small could pull those at the base of the income pyramid to a safer place. SIKONATHI MANTSHANTSHA enquires.

THE BASE OF THE PYRAMID (BoP) sustainable development initiative of the University of Stellenbosch Business School is poised for implementation with the initiative's leaders approaching their funders for more funds to implement the project. The USB has applied to the initial funders of the incubator, WK Kellogg Foundation, for a further R2m – the initial grant being R1m – so that it may implement the projects developed in the planning stages of the BoP Learning Lab over the last six months.

Head of USB's Centre for Development Policy and Partnership Prof

Stef Coetzee, says the centre's leaders are getting ready to take the Learning Lab out of the establishment stages to implementation. "We are looking at developmental projects in southern Africa where there can be linkages between small and established businesses in the agricultural, mining and tourism industries," says Coetzee.

The initiative was brought about by the realisation that governments can't – on their own – solve the unemployment and poverty problems in poor areas, the so-called 'base of the income pyramid'. "It is a means of creating sustainable business models based on the

idea that poor communities have to work in low profit environments (and without skills).”

Coetzee says the Learning Lab is endeavouring to develop business courses that will enable corporate executives to understand what kinds of products would be suitable for poor areas and what support could help pull impoverished entrepreneurs out of poverty. The Learning Lab is trying to answer the question: How can we connect big businesses with poor, small business people and NGOs?

Asked if anything was achieved since the launch of the initiative in December 2006, Coetzee says it has provided a platform for business-people to share experience on how to reach poorer people with sustainable business models. The Learning Lab is also busy launching a project to bring international students to help train small businesses in Cape Town’s Khayelitsha township in the areas of business and financial management and plans to pair those entrepreneurs with established businesses.

Coetzee says one major success so far is that a group of USB students is increasingly interested in sustainable enterprise as a subject. “We are developing a nucleus of people with an interest in sustainable business development,” he says. “We have MBA students engaging CCs (close corporations) and NGOs (non-governmental organisations) in poor areas about sustainable business methods.”

On exactly who the potential beneficiaries of the skills offered by the Learning Lab are, Coetzee says the effort is aimed at the average small businessperson and NGO in poor areas like townships and rural areas. He gives hawkers as one example. “Small entrepreneurs are enormously important in eradicating poverty,” says Coetzee.

He says the next important phase in South Africa’s economic development is to eradicate poverty at the bottom of the pyramid. “That is the message we are hoping to take to corporate South Africa with this initiative. Working from bottom up, we aim to eliminate poverty and create new forms of sustainable local entities.”

“Obviously when doing business in Africa NGOs are prominent,” says Prof Eltie Links. He is a lecturer in Doing Business in Africa at the USB and a businessman leading the AfriSam Consortium that recently bought cement manufacturer HolcimSA. Although still “finding our feet” in the area of sustainable business development, Links says there are plans in place to get various entities in southern Africa to support community empowerment projects in areas that are poverty-stricken.

“The National Business Trust and the Lab are looking into a few projects in Khayelitsha,” says Learning Lab coordinator, Prof Wolfgang Thomas. Some corporates attend monthly networking Learning Lab forums at the USB. “We are spreading the Learning Lab message and businesses are coming on board to support our projects,” says Thomas.

**Working from the bottom up, we aim to eliminate poverty and create new forms of sustainable local entities** – Prof Stef Coetzee, USB



**The team wants to be modest in its promises, but active in its efforts, to spread the message through the business and public sector communities**

– Prof Wolfgang Thomas, USB

Thomas says the aim is to make sure certain of the businesses can start a new or support an existing NGO, and empower it with the appropriate skills. Thomas echoes Coetzee’s message to corporate South Africa: “We need to strengthen the base of the pyramid. We would like the private sector to go in and help where municipalities cannot.” An example, says Thomas, would be for a big food retail company to find ways of helping hawkers in Khayelitsha with things like storage facilities or business management training.

### Business to the rescue

The BoP initiative, triggered by North American academics and taken up by one of South Africa’s centres for business leadership, the USB, tries to absorb international thinking about responsible business involvement in South Africa’s economic development, with particular focus on those at the base of the economic pyramid. This initiative fits in well with the general corporate social investment (CSI) trend across South Africa towards greater corporate responsibility in the spheres of social, economic and environmental sustainability.

Says Thomas when asked to clarify what it is that the USB’s Learning Lab is trying to achieve: “In practical terms we are looking for ways to use markets and profit-oriented enterprises to help address challenges of poverty alleviation, unemployment and inequality, bearing in mind that government simply cannot deliver on all the demands and expectations raised in these spheres.” Thomas says the Learning Lab’s role is to play a catalytic function in the spreading of BoP-orientation in business.

### The Lab’s command room

The USB established a small team of interested academics, after organising a first BoP Learning Lab in Cape Town during December 2006 and a second in Midrand in June. This group holds regular networking meetings with researchers interested in the field and tries to activate interest in the corporate world by inviting companies to the networking sessions in order to sensitise them about its initiatives.

A series of MBA elective and other training modules have already been developed on this subject and, as a core task, the Learning Lab team has started to collect case studies from southern African corporates involved at the base of the pyramid. This constitutes a basis for networking and learning activities across the region.

“The team wants to be modest in its promises, but active in its efforts, to spread the message through the business and public sector communities,” says Wolfgang Thomas. □

Contact the Centre for Policy Development and Partnership, USB on +27 021 918 4295