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## LSE-UCT July School 2016

### LCS-MG201

## Business Model Innovation at the Base of the Pyramid: Cape Town and Beyond

### Outline and Reading List

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#### Instructor

**Harry Barkema** is Professor of Management at the London School of Economics and founding director of LSE's Innovation Co-Creation Lab. The Lab creates and diffuses knowledge on organizations and their social impact in contexts of poverty, and leads practice workshops with companies 'with a purpose,' social enterprises and NGOs in South America, Africa, and Asia.

Harry teaches a range of masters, executive and PhD courses on social innovation and enterprise for people living in poverty. He has worked with 100+ organizations designing, implementing and scaling up new business models, including with dozens of companies, social enterprises, and NGOs addressing poverty in South America, Africa and Asia. Harry has published dozens of articles in top management journals, was an associate editor of the leading empirical management journal twice (Academy of Management Journal), member of the Board of Governors of the main professional organization in Management (the Academy of Management), was awarded numerous numerous research prizes, several honorary professorships, and so on.

Harry will work with **Dr Francois Bonnici**, Senior Lecturer in the UCT Graduate School of Business, and Director of the Bertha Centre for Social Innovation & Entrepreneurship at UCT. Originally trained as a physician in South Africa, he also read for a Master's degree in Public Health (London) and an MBA at Oxford University as a Rhodes Scholar. He has worked in paediatric clinical medicine, and in humanitarian and development programmes. As a Global Leadership Fellow of the World Economic Forum, he has worked on developing public-private partnerships and innovations for development. He co-founded the African Social Entrepreneurs Network and with colleagues has established an award-winning social enterprise building low-cost medical devices for low-resource settings.

#### Course overview

Over the past decade, tens of thousands of Social Enterprises, companies and NGOs have started serving people at the so-called economic base of the pyramid (BOP): people who live on a few dollars per day or less. These organizations range from service providers (in solar, mobile banking, clean water, health care, etc) to those aiming at integrated solutions to reduce poverty (eg, job creation and training, micro-finance, etc.). When and how do these organisations reach social goals, in addition to being economically successful? Do they create positive or negative outcomes for the target group and for other groups in local communities? How can we design, implement, and scale Social Enterprises, companies and NGOs that create social value for people, based on a real understanding of their needs, aspirations and dreams?

This course combines theory with practical application, and requires participants to engage with real-world issues in partnership with a successful highly innovative social enterprise based in the Cape Flats communities to the west of Cape Town. You will design, together

with your student team, an actual new social organization, perhaps a social enterprise or NGO, for one of the townships in Cape Town, working with a local entrepreneur. This involves a site visit for briefing with local budding entrepreneurs, a full day of on-site research, and presentation of final designs to the local community concerned.

The course begins with an understanding, anchored in anthropology and development, of the economic, social and political opportunities and constraints of people living in poverty. Next we discuss key insights, concepts, theories, methodologies and tools for designing, implementing and scaling up social organizations – companies, social enterprises, and NGOs – to maximize social outcomes while being economically successful.

The course builds on the successful “Business Model Innovation at the Base of the Pyramid” Masters- and executive-level courses at the LSE. We also share insights from our Innovation Co- Creation Lab, including research in Africa and India on which leadership styles, social networks, organizational learning and innovation mechanisms enable social outcomes (ie, when, how and why, and for whom?), and how this varies across different stages of organizational growth.

We will share insights from research on actual social outcomes for target groups and other groups: what these effects are, positive and negative, and what causes them. We will also share insights from our design and implementation workshops with our ecosystem of partners in South America, Africa, and Asia.

While we will discuss numerous examples of organizational innovations in poverty contexts in South America, Asia, and Africa, we will also focus on real issues in townships in Cape Town. The format is interactive lectures. However, we won’t just talk. Students will also train new insights, concepts, theories, methodologies and tools by designing, in groups, new business models for one of the townships, aimed at maximizing social goals while being economically successful.

### **Recommended Preparatory Reading List**

- Prahalad, C.K., 2006. *The Fortune at the Bottom of the Pyramid, Eradicating Poverty through Profits*. New Jersey: Wharton School Publishing. (Chapter 1)
- Dolan, C. and M.J. Johnstone-Louis, 2011, Re-siting Corporate Responsibility: The Making of South Africa’s Avon Entrepreneurs, *Fiscaal: European Journal of Global and Historical Anthropology*, 60 (Summer) 21-33.
- Yunus, M., Moingeon, B., Lehmann-Ortega, L. , 2010. Building Social Business Models: Lessons from the Grameen Experience. *Long Range Planning* 43(2), 308- 325

### **Prerequisites**

None

**Level:** 200

### **Assessment**

The course will be assessed through a business model report (worth 50% of the final grade) which must be submitted by **Thursday 7 July 2016 at 18h00**, and a final two-hour exam (also worth 50% of the final grade) which will take place on **Friday 8 July 2016**.

## **Course Overview**

### **Week One**

#### **Monday 27 June 2016**

- Introduction to the course
- The changing nature of competition in the North and South
- Business Model Innovation
- Presentation by founder of a highly innovative social enterprise (SE) in Cape Town

#### **Tuesday 28 June 2016**

- Approaches to social goals at the BOP
- Understanding the local context
- Business model design step I: defining the goals & measures
- Scoping of the student group -Lab projects with social enterprise

#### **Wednesday 29 June 2016**

- Business model design step II: the Value Proposition
- Student work on their group projects: developing literature review, methodology, on-line data search

#### **Thursday 30 June 2016**

- Business model design step III: the Revenue Model
- Business model design step IV: Partners and Ecosystems
- Students work on their group projects: developing literature review, methodology, on-line data search

#### **Friday 1 July 2016**

- Business model design step V: Developing the organization
- Business model design step VI: evaluating performance of your business model; iterations to improve your model further
- Student teams present their initial project design (key questions, literature review, methodology, secondary data) for comments from staff and other students

### **Week Two**

#### **Monday 4 July 2016**

- Growing and scaling your new social enterprise
- Stages of growth
- Leadership, social networks, innovation and learning mechanisms at these stages
- Working comments of Friday into project design
- Preparing visit to site

#### **Tuesday 5 July 2016**

All-day visit to social enterprise organisation

- Two case presentations from SE staff on key topics of the course
- Student team interviewing/ data collection, supported by organisation staff

**Wednesday 6 July 2016**

- Growing and scaling your organization, continued
- Frontline workers as key actors in delivering social value
- Group projects: processing and interpreting interview data of the day before

**Thursday 7 July 2016**

- Special topic: an in-depth case of a South African Enterprise
- Groups synthesize / finalize their group presentation on R-Labs

**Friday 8 July 2016**

- Examination
- Group presentations to social entrepreneurs, organization team, course leaders and other students.