

## THE FORTUNE AT THE BOTTOM OF THE PYRAMID

### THE MARKET AT THE BOTTOM OF THE PYRAMID

[HTTP://WWW.AMAZON.COM/FORTUNE-BOTTOM-PYRAMID-ERADICATING-POVERTY/DP/0131467506](http://www.amazon.com/FORTUNE-BOTTOM-PYRAMID-ERADICATING-POVERTY/dp/0131467506)

### **Learning Expectations:**

To introduce me to C.K. Prahalad's views.

### **Quote:**

*"MNCs (Multi National Companies) often assume that the default rate among the poor is likely to be higher than that of their rich customers. The opposite is often true. The poor pay on time and default rates are very low. In the case of ICICI Bank, out of a customer base of 200,000, the default rate is less than 1 percent. The default rate at Grameen Bank, a microfinance pioneer in Bangladesh, is less than 1.5 percent among 2,500,000 customers. The lessons are clear. Through persistent effort and the provision of world-class quality, private-sector businesses can create mutual trust and responsibility between their companies and BOP customers. Trust is difficult to build after 50 years of suspicion and prejudice based on little evidence and strong stereotyping."*

### **Book Review:**

The first chapter provides a brief overview on what this book is aiming to advocate. This part focuses on who the major players are in poverty alleviation. C.K. Prahalad said that we should cease the stereotypical image we see towards the less fortunate, but instead we should recognize them as profit

opportunities. We should also keep in mind that they are not just the “gold mine” but as the “gold miners” as well. Poverty alleviation should not be focused on just earning profit from the poor. One might quickly judge that this move is about taking advantage of the poor people’s limitations. Rather it is to promote the social responsibility as humans as well.

C.K. Prahalad contradicted the common stereotypical view on the poor such as them not being brand-conscious. The poor values quality so much. Also, the poor interacts with their neighbors often. If something new is experienced by a person in that area, that new experience, possibly a business opportunity, the tendency is that the whole neighborhood will get to know about it. It is like setting fire to a single tree in a chaparral. Information travels faster than before, thanks to further advancements in technologies. The whole society is connected and ready to meet the demands of today’s business entities.

## **What I have learned:**

I have learned that the poor is not who we think they really are. We have to eliminate our discriminatory discretion on them, as they are very vital to businesses.

## **Integrity Questions:**

1. What are the common stereotypes normal people think of the less fortunate?
2. Why is investing at this business strategy a good or bad move?