

## MONITOR GROUP

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**Monitor Group Releases Seminal Report on Emerging Models for Social Enterprises and Market-Based Solutions to Poverty in 19 Countries**

*Launched at Skoll World Forum, Report Identifies for the First Time which Social Enterprise Models have been Effective, Sustainable and Scalable*

**OXFORD, England – March 26** – Today at the Skoll World Forum on Social Entrepreneurship Monitor Group, one of the world’s leading advisory and consulting firms, releases “*Emerging Markets, Emerging Models,*” a first-of-its-kind report analyzing the actual behaviors, economics, and business models of successful “market-based solutions”—financially-sustainable enterprises that address challenges of global poverty. Compiled in an effort to use fact-based research to move beyond stereotypes, anecdotes, and common assumptions about the potential of market-based solutions, Monitor’s findings highlight actual data from global working models.

“Five years after C.K. Prahalad introduced the concept of *The Fortune at the Bottom of the Pyramid*, Monitor Group has carried out the first critical examination of how these emerging market-based solution models are functioning,” said Michael Kubzansky, Global Account Manager, Monitor Group. “This report provides strong evidence that engaging the poor as customers and suppliers presents an exciting – and significant – opportunity to establish new paradigms to bring genuine social change in economically sustainable ways.”

During the course of its research, Monitor conducted more than 35 field investigations, primarily in India and supplemented with research covering 19 countries across the world, but focused the research on India, which offers an advanced laboratory of social enterprise approaches and proved to be an especially fertile source on model effectiveness. Conclusions were based on more than 600 in-person interviews with low-income customers and small suppliers, and detailed interviews with – and research on – over 270 social enterprises in India.

Key findings of “*Emerging Markets, Emerging Models*” include:

- The key to success is the right business model. But business models that function well in developed and emerging markets, especially when dealing with affluent middle-income customers, are unlikely to work as well for low-income markets. The best business models in low-income economic markets – whether serving customers or engaging suppliers – often need to organize the full value chain end-to-end.
- New entrants and small enterprises are more likely than large corporations to lead the development of market-based solutions in low-end markets. Large companies have other sizable, appealing opportunities in emerging markets that are not as challenging to serve. Of the organizations observed, over two-thirds were either small and medium enterprises, or NGOs.
- Non-commercial or “soft” funding plays an important role in low-end markets and helped many of the successful enterprises examined in this report to reach scale.
- Meaningful scale is achieved in different ways but invariably takes time, especially if large corporations are not participating. Of the organizations surveyed, over 80 percent were not at or near scale. On average, most social enterprises require at least a decade to reach significant scale and only 18 percent of those organizations observed have been in operation for that long.
- The most common mistake among unsuccessful market-based solutions involves confusing what low-income customers or suppliers *need* with what they *want*. People living at the base of the economic pyramid should be seen as customers and not beneficiaries.

"Coupling thoughtful analysis with an insider's perspective on a range of business models, this new report from Monitor Group stands out as a landmark in furthering our understanding of both the great potential and lingering challenges inherent in taking market-based solutions to scale," said Antony Bugg-Levine of the Rockefeller Foundation, an official sponsor of the report.

Monitor Group will also be holding a two day conference in Delhi, India May 18 - 19 to specifically discuss Indian-based findings of the report. Those interested in attending will be able to register starting on April 6 at [www.mim.monitor.com](http://www.mim.monitor.com).

In addition to the Rockefeller Foundation, sponsors of “*Emerging Markets, Emerging Models,*” include: ICICI Bank, IDFC, IFC, Omidyar Network, Orient Global, The David and Lucile Packard Foundation, PATH, Sir Dorabji, Tata Trust, Swiss Agency for Development and Cooperation and TPI.

The full report is available for download at [www.monitor.com/](http://www.monitor.com/).

### **About Monitor Group**

Monitor Group works with the world's leading corporations, governments and social sector organizations to drive growth on the issues that are most important to them. Founded and based in Cambridge, Massachusetts, the firm offers a range of services - advisory, capability-building and capital services – designed to unlock the challenges of achieving sustained growth. Monitor brings leading-edge ideas, approaches, and methods to bear on clients' toughest problems and biggest opportunities. For more information visit [www.monitor.com](http://www.monitor.com)

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