



# Frugal Innovation and Entrepreneurship

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## An Exercise

If I gave you \$5 right now and asked you to donate, how much would you give?

- Flyer 1 raised an average of \$1.16
- Flyer A raised an average of \$2.83

When faced with the scale of a global problem, most feel discouraged. We need accessible solutions to move from paralysis to progress.

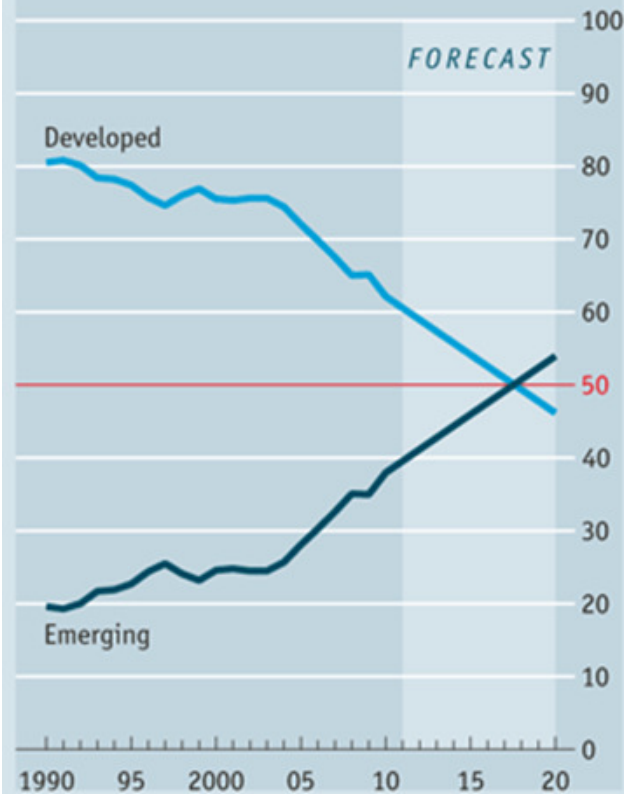


# The Context: BOP

- 4 Billion People living under U\$2 dollars a day
- Misconception: Too risky and not profitable
  - BoP don't have needed buying power
  - Existing products to the BoP are extremely low cost
  - No room for another competitor
  - BoP cannot use advance technologies
- Undermining of the BoP market potential
  - BoP population underserved of products and service
  - Enormous latent demand for low-price high-quality goods and services

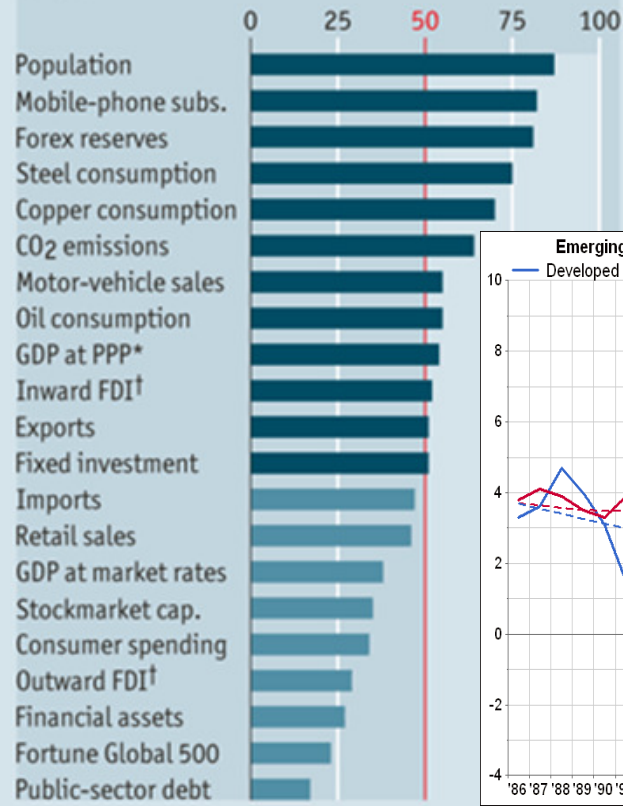
## Global balance

Economies' share of world GDP, %  
At market exchange rates

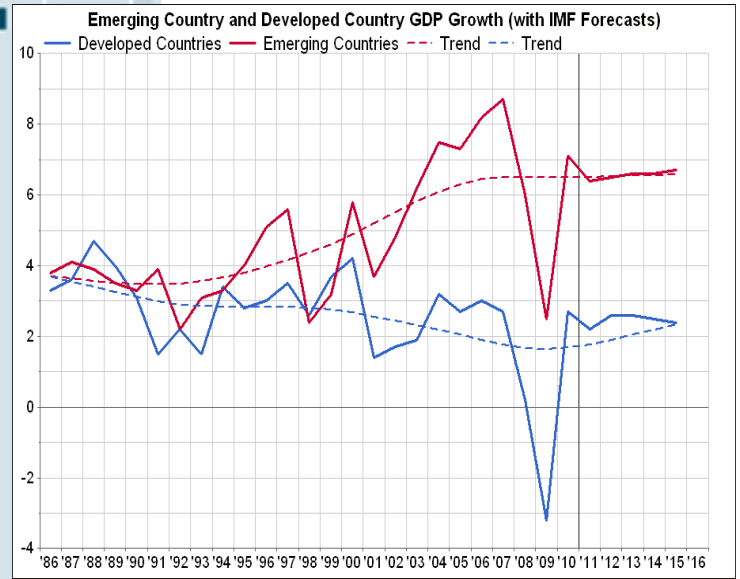


Source: AT Kearney; Bloomberg; BP; dotMobi; Fortune; IMF; UBS; UN; World Bank; World Steel Association; WTO

Emerging economies' world share  
2010, %



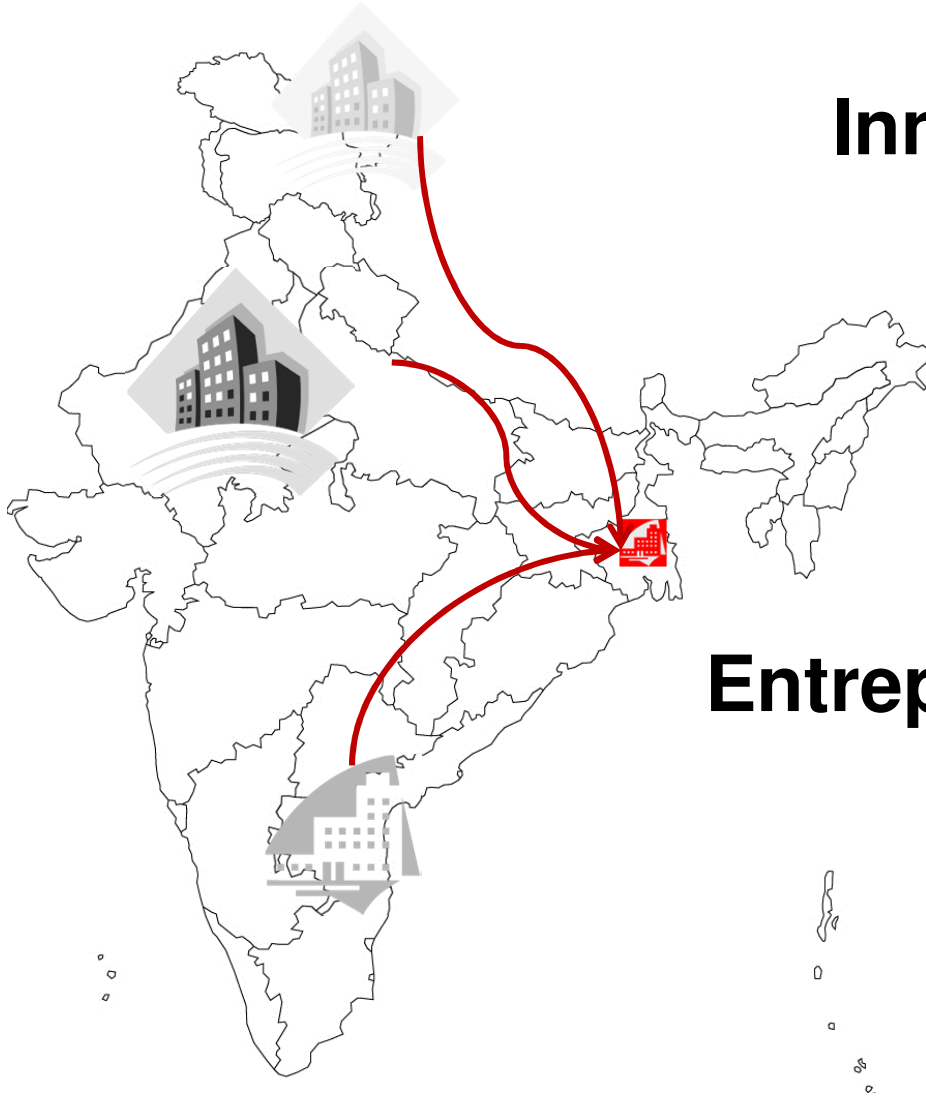
\* Purchasing-power parity  
† Foreign direct investment



## Innovation



## Entrepreneurship



# Two Simplified Models of Entrepreneurship



## MODEL 1

- Funding
- Strategy
- Human Capital
- Technology
- Customers

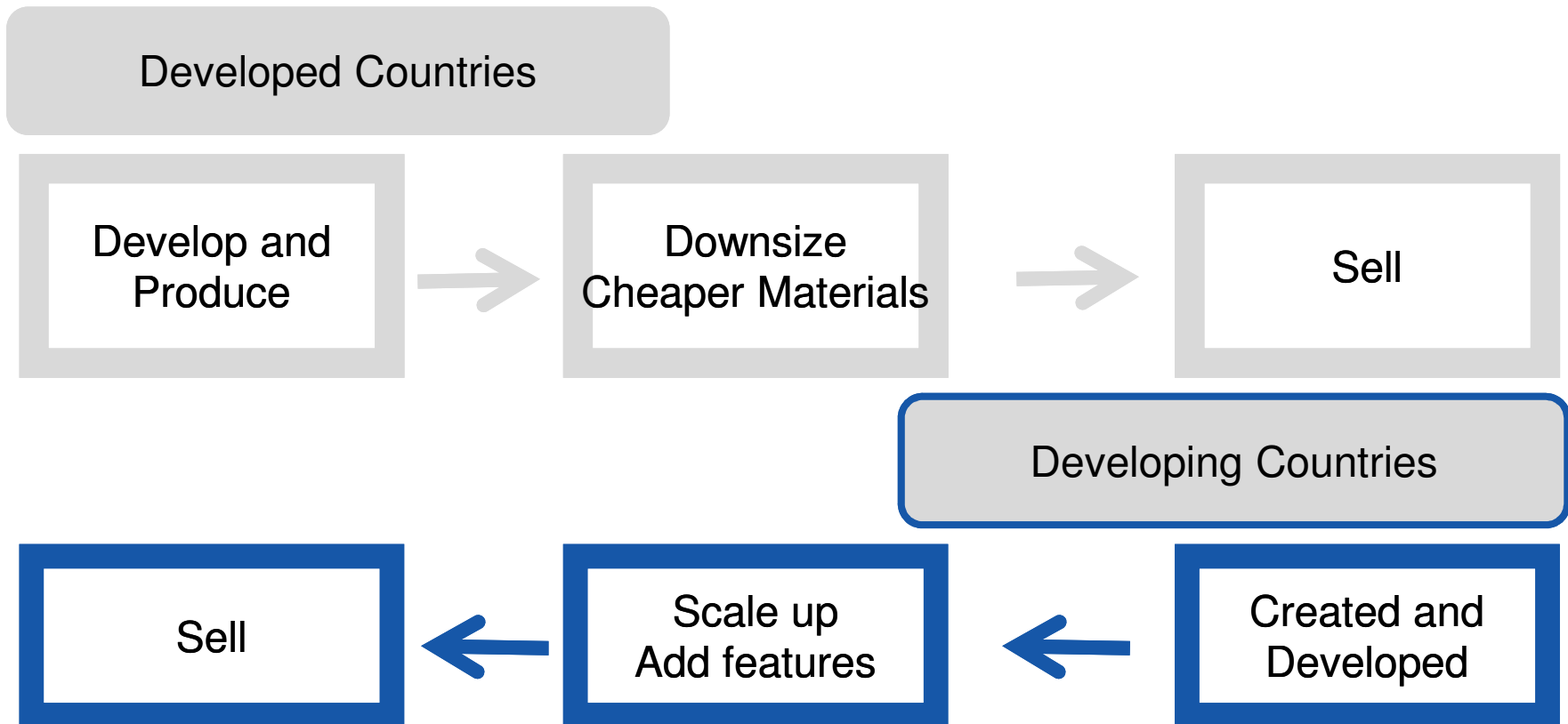


## MODEL 2

- Funding → Bootstrap
- Strategy → Improvisation
- Human Capital → Inventor Bricolage
- Technology → Distributed Agency
- Customers → Network

# Frugal Innovation

Challenges the established innovation process



## Different ways to approach the BOP population:



Godrej



Tata Nano



Midomo

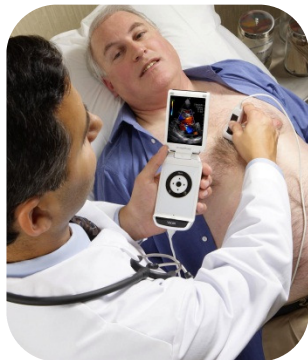


Anudip

MNC

Engineering

Diaspora  
Entrepreneurship









Core Competency	Definition	Example
Ruggedization	Designed with materials that can consistently operate in harsh physical environments (with heat, moisture, pests)	Tough Stuff's high durable solar panel charging system
Human Centric Design	Designed to be used by semi-literate people	Jerry Can for Naandi's Safe Water Program
Simplification	Designed without the added features and functionality that are used to market products in the US and Europe	Tata Chemical's rice husk water filter
New Distribution Models	Alternatives to the conventional methods of getting products and services in the hands of the consumer.	Solar Sisters' Avon style solar product distribution
Adaptation	Designed by adapting from existing products	Awaaz.De voice message board for education



Core Competency	Definition	Example
Use of Local Resources	Designed and manufactured without importing equipment or materials	Husk Power System's rice husk gasification
Green Technologies	Designed to be powered by renewable resources	WE CARE Solar suitcase to light delivery rooms
Affordability	Designed to be purchased by very low-income communities, where economic markets are still developing	Jaipur Foot \$30 prosthetics
Mobile Enabled Solutions	Use of platforms that allow anytime, anywhere connectivity.	Kopo Kopo mobile money platform
Lightweight	Designed to be carried by human beings through unreliable transportation systems	Cisco and NetHope's Emergency Net-Relief Kit

## Takeaways:

- Poverty needs a solution – one of the solutions includes frugal entrepreneurship and frugal innovation
- Emerging markets will surpass developed markets in the near future
- Call to Action: Constructing resources for growth in a way that is sustainable in human relationships and nature, and that leads to economic efficiency and prosperity.

