



# Globalization: Threat or Opportunity

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# Some Research Team Members

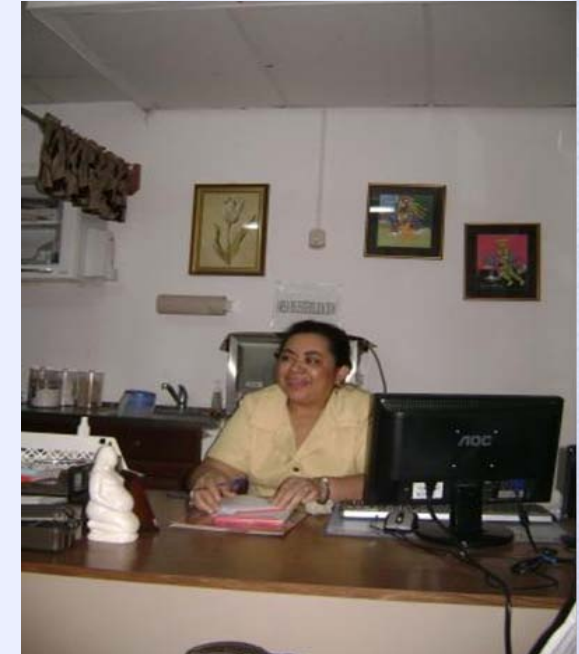


# The Faces Of Entrepreneurship



Ilena Suarez

- Seamstress
- Design and makes adult and children clothing
- Wants to grow



Dr. Martha Machado

- General Practitioner
- Clinic
- Wants to develop full service lab

# More Faces



## Iveth Juarez

- Powdered drink mix
- Wal-Mart Nicaragua contract
- Wants to export

## Oscar Flores

- Shoes—women, men, children
- 19 employees
- Exports to Chile and Honduras
- Wants to expand export markets



# More Faces

Jose Iglesias

- Manufactures 300 prs. of men's work boots per day
- Wants to triple production and develop export market



Enrique & Xavier Sanchez

- 3<sup>rd</sup> biggest Nic. seafood exporter
- 4 restaurants
- 7 trucks, 70 employees
- Wants to build new “green” processing plant



# More Faces



Yasmin Gonzalez

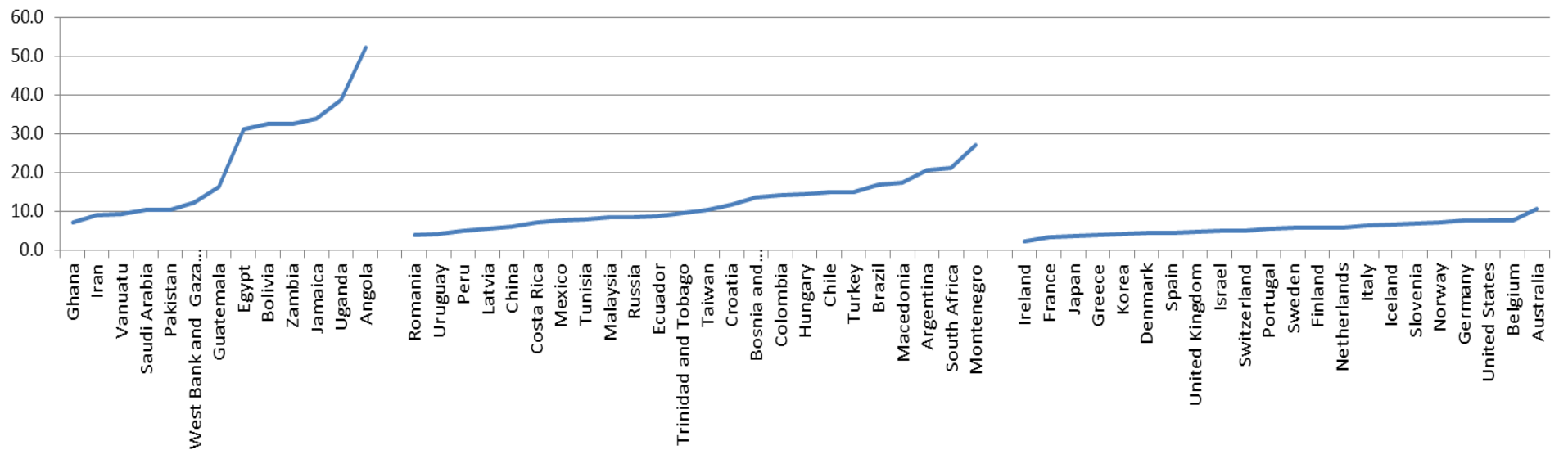
- Purified water, flavored water, milk in single serving bags; frozen flavored bars
- 8 employees; 600 distributors
- Expanding to bottles for cooler dispensers in offices

Vladimir Delagneau

- Alternative energy
- 98 employees, 17 offices
- Wants to be Central America leader



# Early Stage Entrepreneurial Activity (TEA)

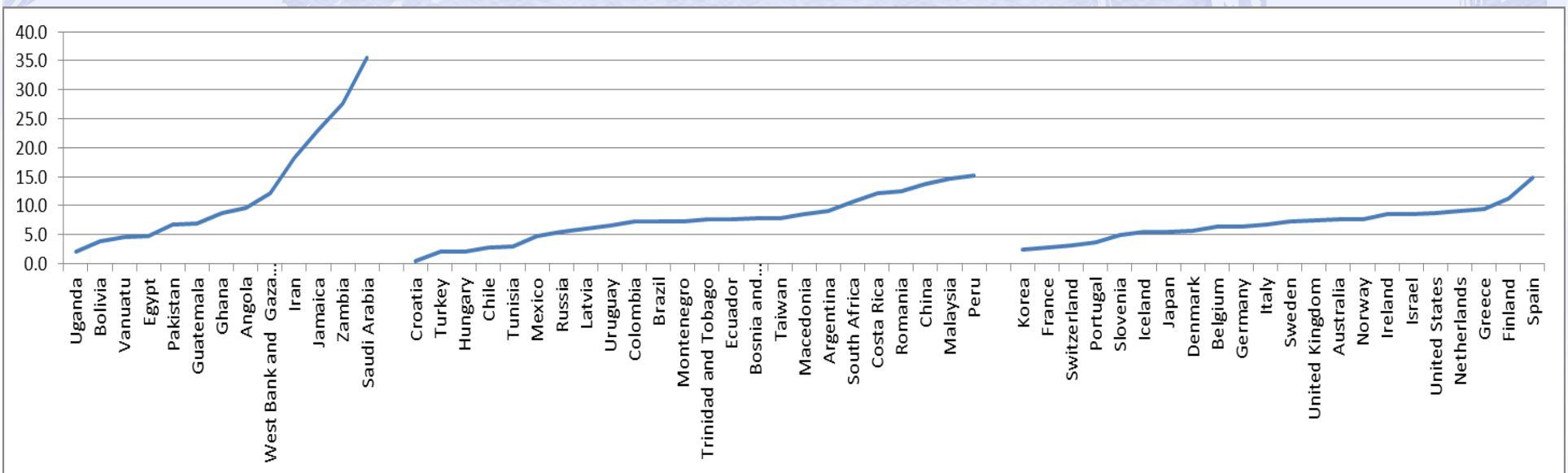


**Factor-Driven Economies**

**Efficiency-Driven Economies**

**Innovation-Driven Economies**

# Established Business Ownership Rate



**Factor-Driven  
Economies**

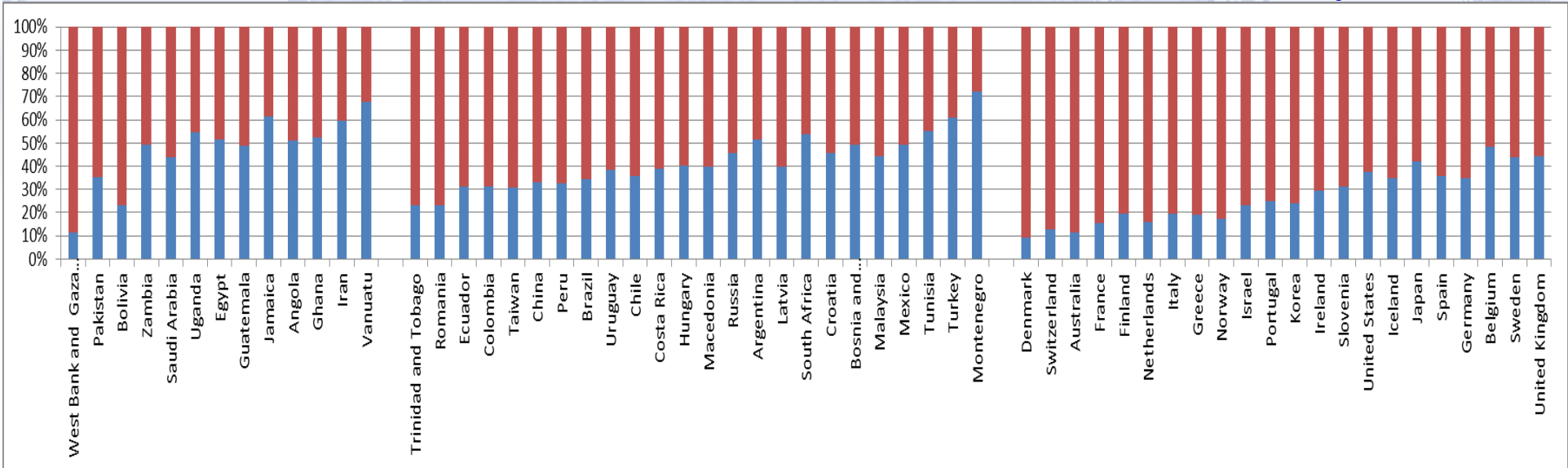
**Efficiency-Driven  
Economies**

**Innovation-Driven  
Economies**



# Necessity or Opportunity Driven as Percentage of TEA

- Opportunity
- Necessity

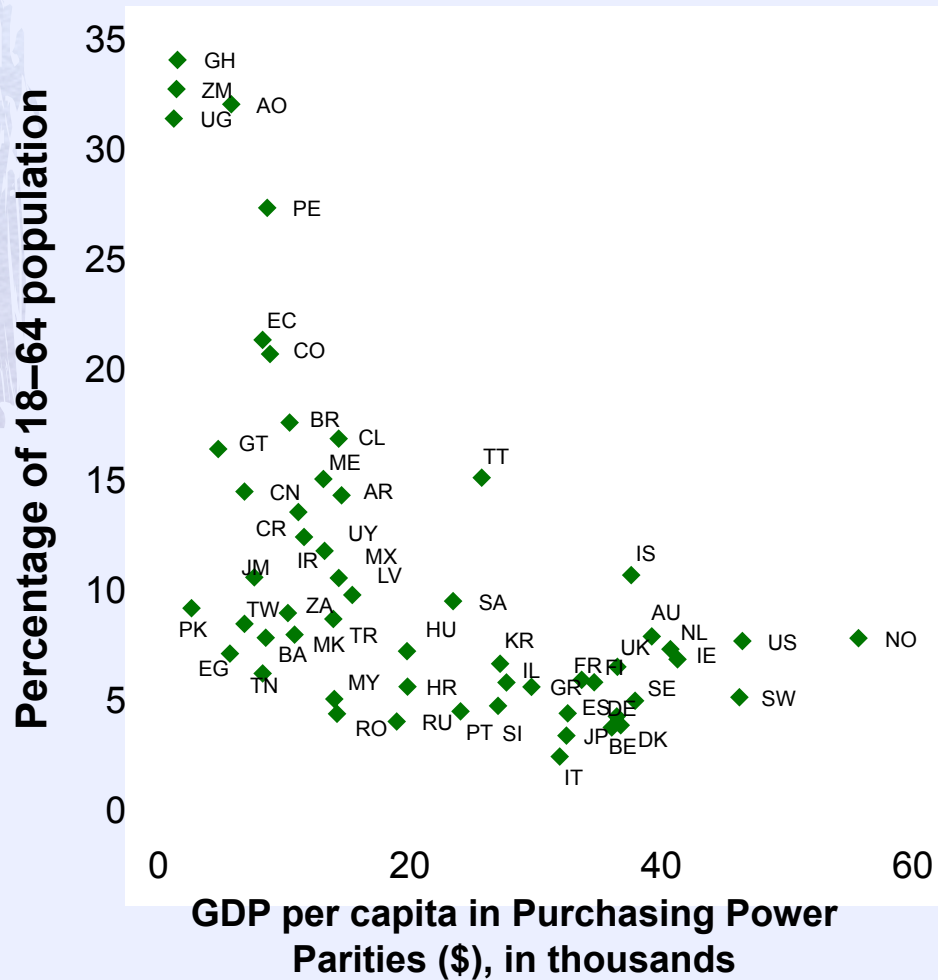


**Factor-Driven Economies**

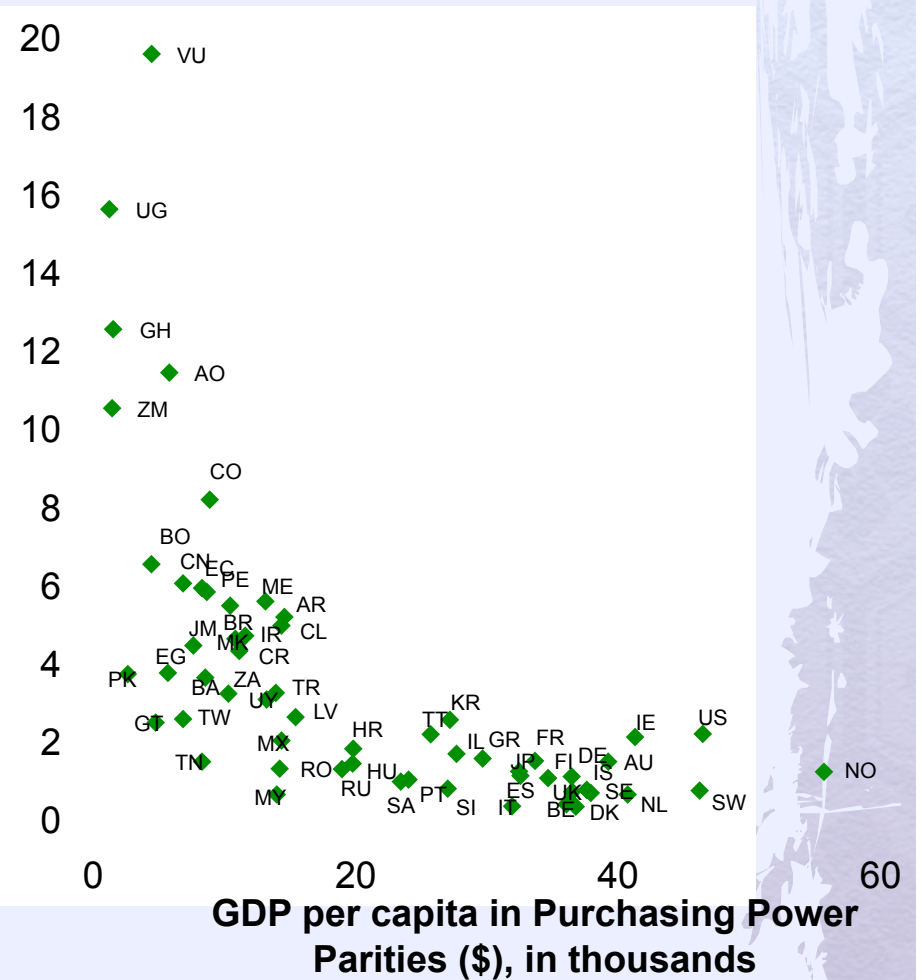
**Efficiency-Driven Economies**

**Innovation-Driven Economies**

## Total Early-Stage Entrepreneurial Activity in 2010



## Necessity-Driven Early-Stage Entrepreneurial Activity in 2010



# The economic pyramid

Purchase power parity  
in US \$

Population in millions

> \$ 20,000

75 - 100

TIER 1

\$ 1,500 - \$ 20,000

1,500 - 1,750

TIER 2 - 3

\$ 1,500

TIER 4

4,000

< \$ 1,500

TIER 5

More than 4 billion constitute the BOP (Bottom of the Pyramid)

# Entrepreneurial Opportunity

- ◆ Multi-nationals unlikely to fill this market need
  - ◆ Requires change of strategy, products, processes
  - ◆ Multi's avoid disruptions
  - ◆ Cater to most profitable customers and highest margins
  - ◆ Provides opportunity for new competitors

(Christiansen, 2003)

# Opportunities

- ◆ Adequate and safe water
  - ◆ 1 billion lack water
  - ◆ 2 billion lack sanitation
- ◆ Housing
- ◆ Cheap and reliable power
  - ◆ 75% of poor live in rural areas
- ◆ Agricultural and transportation systems
- ◆ Manufacturing
- ◆ Telecommunication “leapfrogs”

# Entrepreneurship and Value Creation

Social  
Entrepreneurship



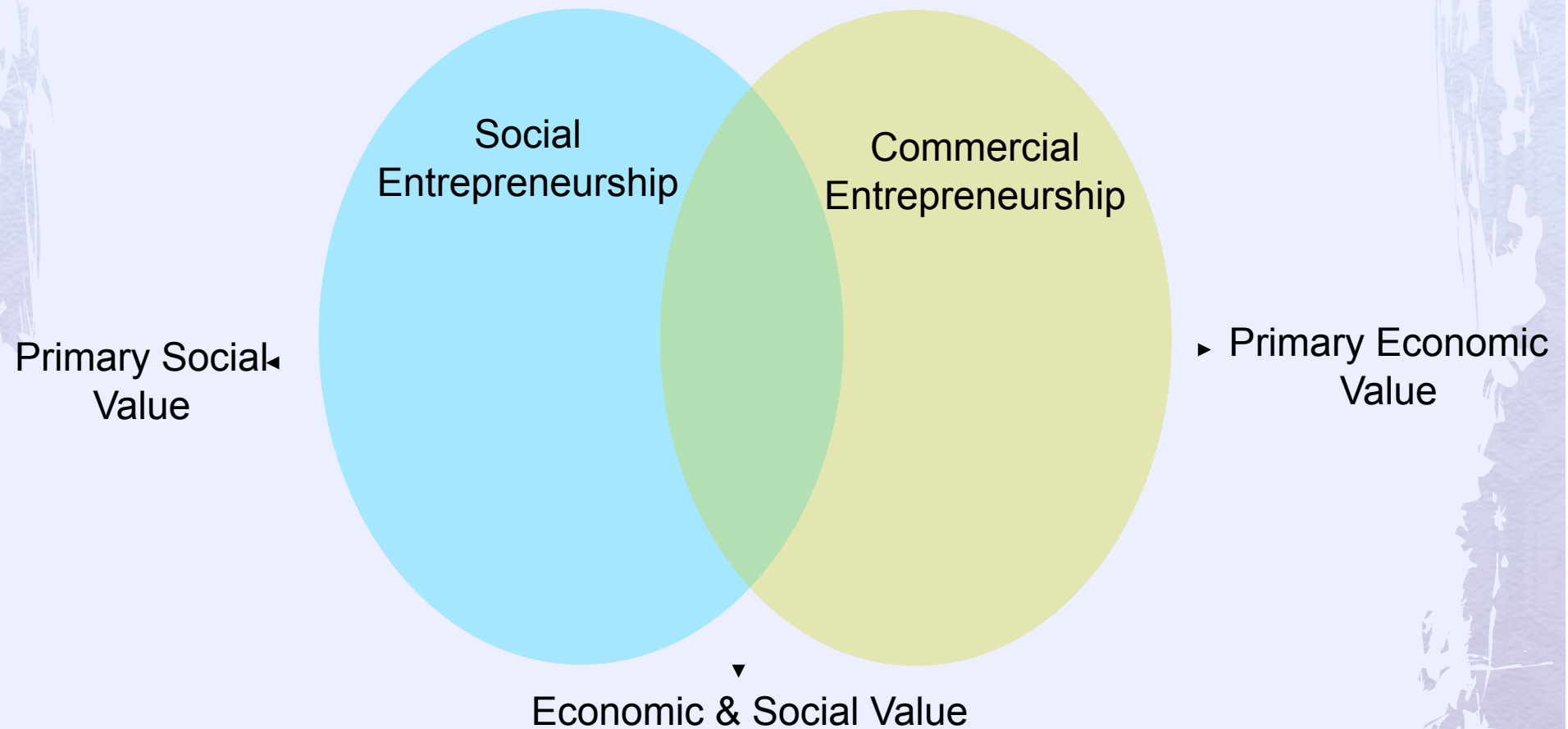
Social Value

Commercial  
Entrepreneurship

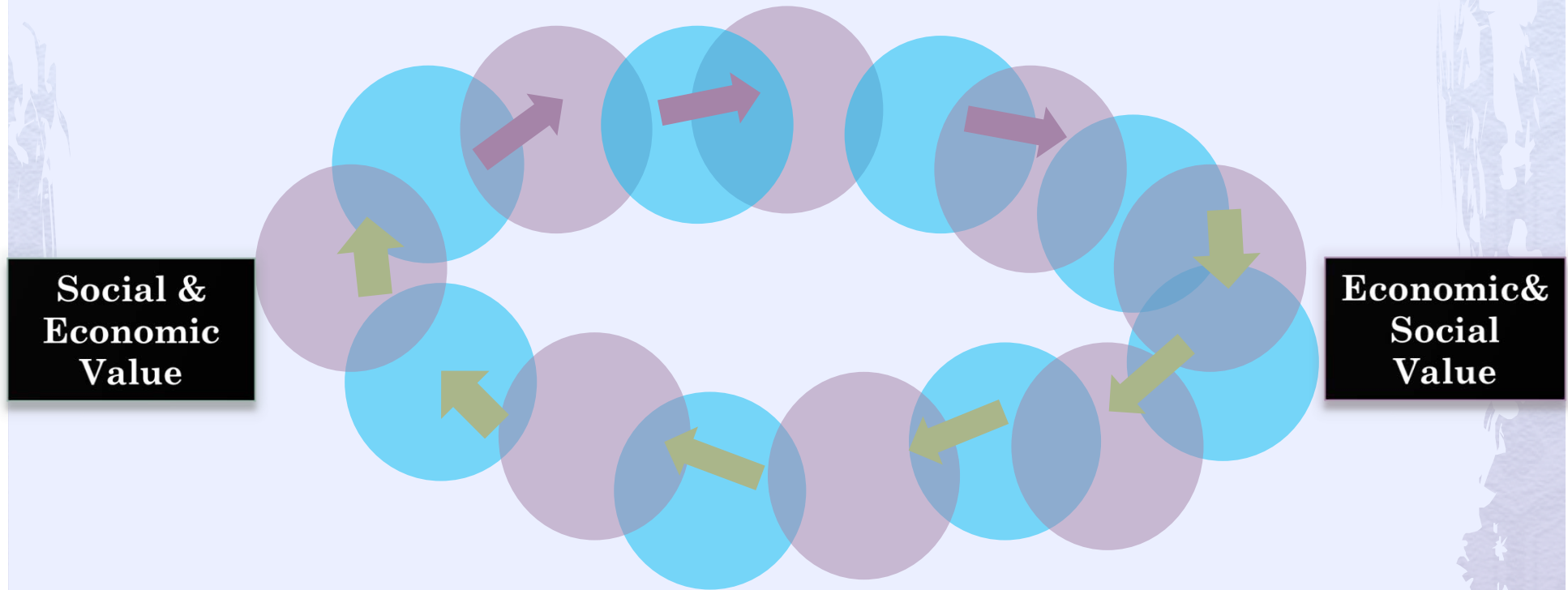


Economic Value

# Entrepreneurship and Value Creation



# Entrepreneurship: Connecting the Value Chain Continuum







- Founded by Dr. Karsanbhai Khodidas Patel
- Manufactures cosmetics, soaps, detergents, salt, soda ash



# Agroelectric System of Appropriate Technology (STA)



- Sells photovoltaic solar energy to rural areas of Brazil
- Packages the solar energy system with inexpensive electric fencing of polywire and fiberglass posts



**Fábio Luiz de Oliveira Rosa**

# WAY Systems MTT Wireless Terminal



- The WAY Systems MTT is just a little bigger than a cell phone, but has the functionalities of an advanced credit card terminal
- Co-founded by Damien Balsan while a student at MIT's Sloan School of Management
- Became the leader in international point of sale devices
- Acquired by VeriFone in 2010



**Damien Balsan, co-founder**

# Waste Concern Company



**Iftekhar Enayetullah**



**A.H.Md. Maqsood Sinha**

- Turns high organic waste into compost that could be sold as a substitute for chemical fertilizer

- Formed a joint venture with Map Agro, the largest fertilizer company in Bangladesh



## Joint Ventures



- **Leading telecommunications service provider in Bangladesh**
- **More than 32 million subscribers**
- **For Profit**

- **Teaches the poor to use telephones for entrepreneurial purposes**
- **More than 250,000 jobs for micro-entrepreneur “village phone ladies”**
- **Not-for-profit company**



J L L A N E  
*Crossing Borders*



- Design and sells handbags made by Vietnamese women

- Distributed through boutiques, department stores, and the internet





**Matt Flannery with a borrower**

- **Kiva allows microfinance institutions around the world, to post profiles of qualified local entrepreneurs on its website**
- **Lenders browse and choose an entrepreneur they wish to fund**
- **When loan is repaid, lenders can withdraw their principal or re-lend it to another entrepreneur**
- **Interest is retained by the microfinance institution**

# Bottom of the Pyramid Business Models

## Price Performance

- Product Development
- Manufacturing
- Distribution

## Quality

- New Delivery Models
- Robust Products (dust, heat, humidity)

## Sustainability

- Reduction in Resources
- Recycling
- Renewable Energy

## Profitability

- Investment
- Margins
- Volume