



Cornell University
The Johnson School
Center for Sustainable Global Enterprise



**Cornell Global Forum
on
Sustainable Enterprise**

The Great Convergence

Stuart L. Hart
S.C. Johnson Chair in Sustainable Global Enterprise
Forum Founder and Co-Organizer
slh55@cornell.edu

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The Challenge of Our Time

As we approach the end of the first decade in the new millennium the world faces unprecedented environmental, economic and social challenges. Financial meltdown, devastating poverty, unemployment, hopelessness, and terrorism proliferate as the human population swells beyond 6.6 billion and the gap between rich and poor continues to widen. At the same time, peak oil prices, choking mega-city pollution, loss of biodiversity, fresh water and food shortages, and the “inconvenient truth” of global climate change threaten ecosystem collapse as forests, soils, fisheries, and the atmosphere are pushed beyond their limits by overconsumption and rapid industrialization.

Political solutions to these problems have not been readily forthcoming. The framework conditions needed for global governance have remained elusive; international aid and philanthropy have not been adequate to the challenge; and the use of force appears to create more problems than it solves. Economic globalization has shown promise, but thus far, it has not managed to reach the majority of humanity.

Increasingly, people around the world are asking the question: Must capitalism’s thirst for growth and profits serve only to exacerbate inequity and environmental deterioration? Clearly, the answer to this question must be an emphatic “no.” *The major challenge (and opportunity) of our time is thus to create a form of commerce that uplifts the entire human community of 6.6 billion in a way that respects both natural systems and cultural diversity.* This is the only realistic and viable pathway to a sustainable world. And business can, and must, lead the way.

Yet while these challenges call for bold innovation, most firms continue to focus on incremental strategies such as eco-efficiency, pollution prevention, product stewardship, and corporate social responsibility. As important as these corporate initiatives have been, *it is now clear that such incremental sustainability strategies will simply not be sufficient.* Companies are being challenged increasingly to develop breakthrough “blue ocean” strategies that actually resolve social and environmental problems, rather than simply reducing the negative impacts associated with their current operations.

Fortunately, over the past five years “Clean Technology” and “Base of the Pyramid” strategies have burst onto the scene. Each provides important pieces to the sustainable enterprise puzzle: the promise of “next generation” technologies with dramatically lower environmental impacts, and innovative new ways to reach and include all of humanity in the capitalist dream. Yet each also comes with its own baggage and blind spots.

The Coming Clean Technology Bubble

Disruptive clean technologies, including biomaterials, biofuels, wireless information technology, nanotechnology, sustainable agriculture, point-of-use water purification, renewable energy and distributed generation may hold the keys to solving many of the world’s global environmental and social challenges. And they represent enormous

business opportunities for those companies able to develop the competencies needed to effectively commercialize these “leapfrog” green technologies.

In fact, there has been an explosion of sustainable innovation over the past few years: In 2006, for example, venture capitalists invested nearly \$3 billion in “clean technology” deals in North America alone, making it the third largest investment category. There are now literally thousands of new “clean tech” start ups flush with investment capital, particularly in the strategically significant arenas of biofuels and renewable energy.

Unfortunately, the vast majority of these investments are focused purely on sustainable technology development targeted at the “top of the pyramid” where they encounter significant resistance due to their disruptive nature. Comparatively little attention is being paid to creative commercialization strategies or distribution models for clean technologies targeted at the underserved at the “base of the pyramid,” raising the concern that large numbers of these clean tech ventures might fail in the coming years. Furthermore, the pace of technological adoption by existing corporations will ultimately determine the success of these new ventures, since the exit for most will likely be acquisition rather than initial public offering.

Therefore, until new ventures adopt more creative commercialization strategies or existing incumbent firms increase their appetite for such disruptive, “clean” technologies, the rate of change will continue to fall well short of the challenge—and the opportunity. *In short, the clean tech “revolution” might turn out to be the clean tech “bubble.”*

The (Mis)Fortune at the Base of the Pyramid

Along side the “clean tech” revolution, commercial strategies for serving the bottom (or base) of the income pyramid (BoP) have also emerged over the past five years. Dozens of global corporations and hundreds of smaller social enterprises around the world have now initiated or deepened commercial experiments to serve the four billion poor who have been largely bypassed by economic globalization to date. These early initiatives may hold the keys to a new, more inclusive form of capitalism.

But as business momentum in the BoP has grown, two problems have become apparent: First, *many companies have chosen to simply adapt environmentally unsustainable products and services to sell in the BoP “mass market.”* Left unchecked, this path clearly leads to environmental oblivion. Second, increasing corporate activity in the BoP has raised growing concern that such strategies are nothing more than the latest form of corporate imperialism—*veiled efforts to profit by selling extractive products to the poor.* Already, there is a growing backlash movement against BoP. *Taken together, these two emerging problems could derail the entire BoP agenda.*

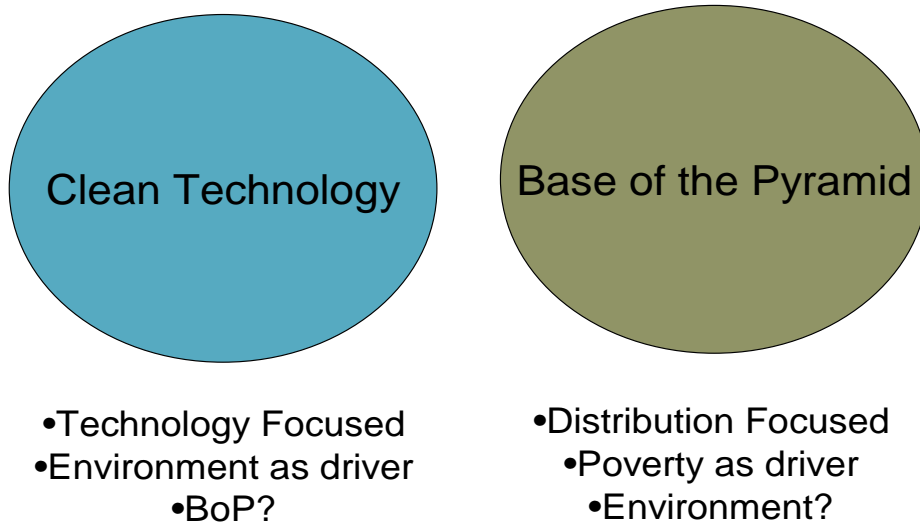
To make matters worse, rapid economic growth in the developing world has focused primarily on conventional strategies of rapid industrialization: Massive public investment in centralized infrastructure (dams, power plants, factories, roads, and public works) coupled with foreign direct investment and market reforms. China, for example,

has been able to achieve astonishing rates of growth by becoming the “workshop to the world” –much as England did in the 18th century. This growth has come, however, with a high price: massive environmental degradation, growing inequity, and rising international concerns.

The Great Convergence

As important as they have been, *Clean Technology and BoP represent only partial solutions*. Each has evolved with its own particular dominant logic and core assumptions. Indeed, in some respects, each represents a separate “world” with its own set of beliefs, priorities, and culture (see Figure below). At the risk of oversimplification, the Clean Technologists see the road to sustainability as paved by new, “sustainable” technologies that dramatically reduce or eliminate the human footprint on the planet. The focus is on early penetration of high-end “green” markets at the top of the pyramid, with the promise of eventual “trickle down.” BoP advocates, in contrast, focus on new business models for reaching and serving the poor. Confronting poverty is the primary focus and there is often little attention paid to the environmental implications of such strategies.

Two Different Worlds

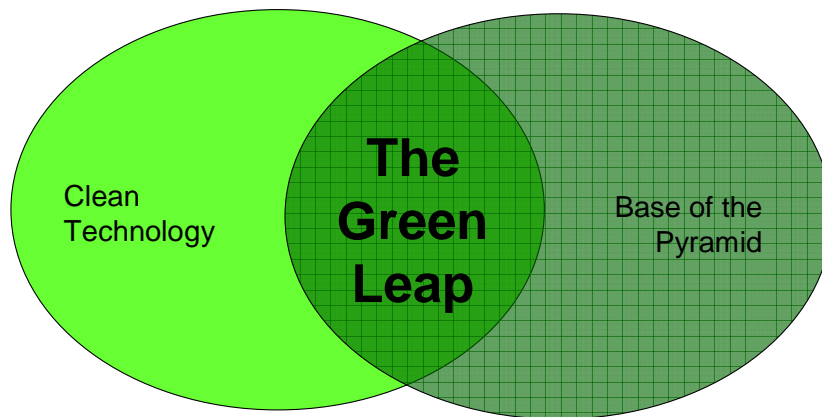


The crucial next step is, therefore, to merge these two strategies in a “Great Convergence.” The Great Convergence recognizes that clean technologies are almost always “disruptive” in character (i.e. they threaten incumbents in current served markets at the top of the pyramid). As a result, the “base of the pyramid” (BoP) is often the best place to focus initial commercialization attention. At the same time, the Great Convergence also recognizes that successful strategies must be co-created with

communities and local partners so as to ensure culture fit, rather than imposing technological solutions from the top down.

Unlike the traditional model of rapid industrialization, which relies heavily on conventional (unsustainable) technology, the Great Convergence seeks instead to fuel growth through the incubation and rapid commercialization of the green (sustainable) technologies of tomorrow. Through such a strategy, the emerging economies of the world could become the breeding ground for the “Green Leap” Revolution (see the figure below).

The Great Convergence



The Cornell Global Forum on Sustainable Enterprise

Given the urgency of both the need and the opportunity described above, Cornell’s Center for Sustainable Global Enterprise has launched the Global Forum on Sustainable Enterprise. *The goal of the Global Forum is to accelerate the rate of change toward the Great Convergence in the world*, with a particular focus on entrepreneurial strategies for the growth and scaling of ventures in the “convergence zone.” The inaugural Global Forum will be held in New York City, June 1-3, 2009. Nearly 100 of the world’s leading practitioners on the forefront of the Great Convergence will participate as delegates.

The distinguishing feature of the Global Forum is its focus on bringing together the leading intrapreneurs, entrepreneurs, change agents, and financiers from around the world actually engaged in the process of disruptive innovation for sustainability and the BoP. We will endeavor to create an intimate atmosphere that enables brainstorming, dialogue, alliance-building, and action planning. Through a set of carefully designed Working Sessions, the Global Forum will focus on two primary objectives: 1. to build a global

community of “Great Convergence” change agents; and 2. to launch new action initiatives to accelerate the rate of the Great Convergence in areas of key importance (e.g. water, energy, biomaterials, health, food).

To enable the maximum degree of openness and sharing among Delegates, participation in the Working Sessions is by invitation only. However, there are also major Opening and Closing events intended to attract a broader public audience and media attention. David Skorton (President of Cornell University), Joe Thomas (Dean of the Johnson School of Management), Fisk Johnson (Chairman and CEO of SC Johnson), Ratan Tata (Chairman of the Tata Group), and Al Gore (Co-Founder, Generation Investment Management) are committed to participating in either the Opening or Closing events.

For More Information, Contact:

Debra L. Eder
Program Manager, Cornell Global Forum on Sustainable Enterprise
dle45@cornell.edu

Gordon A. Enk
Forum Co-Organizer
gaenk@aol.com