

CEMEX's Patrimonio Hoy: At the Tipping Point?

Low income consumers must be treated as "regular" consumers. Although they may have less buying power than main-stream customers, low income customers still have necessities that must be met and they have income to spend. They must be treated with dignity... Every corporation can do business in low income markets because every product and service is sold in there.

-Israel Moreno, Director, Patrimonio Hoy

Hector Ureta, Head of CEMEX Mexico Auto-Construction division, stood up to address the roomful of executives he had gathered from his team. They all waited patiently for him to kick-off the day's agenda. Out of the corner of his eye he could see where his long-time colleague Israel Moreno, now Director of Patrimonio Hoy, was seated. He thought back to the day when Israel and he had sat in a similar room and updated Francisco Garza, then head of CEMEX Mexico, and his executive team on the feasibility of a new business initiative with the potential to generate substantial economic returns for the company and desirable societal outcomes for low income communities. There had been a lot of questions that day. Would his proposal be self-funding? How would CEMEX benefit? In what ways would it entail creating an entirely new team and new business venture approach?

That meeting had taken place over five years before, and a lot had happened since then. Over the years, Patrimonio Hoy, as the initiative is called, had gone from a small, centrally-funded project for CEMEX to a US\$25 million revenue generator for the company. Furthermore, Patrimonio Hoy had become the subject of a number of newspaper articles, case studies, and academic research efforts that explored the role of the private sector in poverty alleviation. Yet, while they had made substantial progress, both Israel and he knew that more could and should be done. This was the reason he had called the meeting: he wanted his team to critically evaluate Patrimonio Hoy based on its current objectives as well as propose the next phase of development for the project.

Today, Ureta planned to push his team hard to address the biggest challenges facing Patrimonio Hoy. Before diving into his questions, however, he had asked Moreno to prepare some material on the historical

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