

ENTREPRENEURIAL OPPORTUNITIES FOR WOMEN IN THE HANDMADE CRAFT INDUSTRY

A brief look at the issues based on four case studies

For
HANDMADE IN AMERICA

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Principal Authors

Tim Lohrentz
Tareq Amer

Other NEDLC Contributors

Susie Suafai

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BACKGROUND

NATIONAL ECONOMIC DEVELOPMENT AND LAW CENTER

Founded in 1969, The National Economic Development and Law Center is a national research, consulting and legal organization dedicated to building economic health in vulnerable communities. We develop and promote innovative solutions that help people and communities become, and remain, economically secure. NEDLC works in collaboration with foundations, nonprofits, educational institutions, government and business to support programs that lead to good jobs, strengthen early care and education systems, and enable people and communities to build financial and educational assets.

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- Diane Browning, Appalachian By Design, Lewisburg, West Virginia
- Sophia Chavez, Tierra Wools / Los Ojos Handweavers, LLC, Los Ojos, New Mexico
- Sigrun Robertson, Quivit Handknits / Oomingmak Musk Ox Producers' Co-operative, Anchorage, Alaska
- Cheryl Musch, SERRV International/A Greater Gift, Madison, Wisconsin
- Mary Wyciechowski, Women's Bean Project, Denver, Colorado
- Siddharth Sanghvi, A World of Good, Berkeley, California

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I. INTRODUCTION

The purpose of this report is to provide a framework to HandMade in America for structuring social enterprises and innovative marketing strategies for groups of women who produce hand-made crafts, clothing or fabrics. This report is based on four interviews with organizations that produce hand-made products. In addition, two fair trade organizations that sell products in both a wholesale and retail fashion were interviewed in order to gain some ideas on organizational structures and marketing strategies. (See the Appendix for more details on the four case studies and the two fair trade interviews.)

All four production organizations work with women. Two are ethnically homogeneous (Tierra Wools – Latino, and Qiviut – Alaska Native) while Appalachian By Design (ABD) and The Women’s Bean Project are more culturally diverse.

Three of the interviews were with organizations that are in the same general market as HandMade in America – hand-made clothing or crafts produced in a rural location as a social enterprise, including Appalachian By Design, Qiviut, and Tierra Wools. A fourth social enterprise organization, The Women’s Bean Project, was interviewed because it has successfully marketed its product nationally to independent retailers, mainly through the extensive network of fair trade stores. Because The Women’s Bean Project has a different product line and a different strategy, it is not discussed in as much detail as the other three case studies.

Two fair trade wholesaler organizations were interviewed in order to learn marketing innovations from the fair trade community. These interviews were with A Greater Gift and World of Good. World of Good is a for-profit business but also has an associated non-profit organization that assists suppliers with organizational development and develops policy initiatives related to fair trade and sustainable international development. The innovations of the two wholesalers or groups with which they are familiar, include:

- Successful web-based marketing,
- Creating a national network of independent retailers,
- Selling through a four-color catalog, and
- Selling products in an innovative fashion through mainstream retail chains.

II. ORGANIZATIONAL STRUCTURE AND ISSUES

A. Corporate Structure

NEDLC conducted four case studies of U.S.-based social enterprises. Two of the organizations are cooperatives, Qiviut and Tierra Wools, while two are non-profit organizations, Appalachian By Design and The Women's Bean Project.

Qiviut is the brand-name of the Oomingmak Musk Ox Producers' Co-operative. The cooperative is owned by about 200 member-producers who each pay a nominal \$2 annual fee. The members elect an eight-person Board of Directors, six of whom are cooperative members. The Board hires an Executive Director, who in turns hires administrative and operational staff. The headquarters is based in Anchorage while members are disbursed in small villages throughout Alaska.

Tierra Wools is the brand-name of Los Ojos Handweavers, LLC, a 24-member cooperative. It also hires additional employees who choose not to become cooperative members. Members must invest \$250 per year into the cooperative as equity. This is match financially by the Regional Development Corporation, a northern New Mexico non-profit that promotes community development. This money enters the cooperative as equity. There are outside investors but none can own a larger share than any of the worker-owners. The members of the cooperative elect officers as well as Managing Members, who make most operational decisions of the cooperative.

Appalachian By Design (ABD) and the Women's Bean Project are non-profit social enterprises. ABD is based in Lewisburg, West Virginia, and devotes itself to "making machine knitting a sustainable, home-based industry for women in rural Appalachia." One brand name of ABD is Appalachian Baby Design. ABD developed through an initiative of the Center for Economic Options. ABD has a Board of Directors and Executive Director.

The Women's Bean Project is a non-profit organization based in Denver, Colorado, producing gourmet food packages, including soups, spices, and dip mixes. It is a workforce development project for hard-to-employ women, with training in soft skills and production skills. Most women stay with the project for six to twelve months before they are encouraged to seek employment elsewhere to open up a spot for another person. The Women's Bean Project has a 12-person Board of Directors and an active volunteer base.

One limit of a non-profit structure for a social enterprise is that it can be difficult to absorb outside investments, since those investments need to enter as gifts – grants – rather than as equity on which an investor has a long-term claim. Potential lenders are also often hesitant to lend to a non-profit social enterprise compared to a for-profit social enterprise.

1. Management Staff

The management staff often will consist of an Executive Director plus a Sales and Marketing Manager, a Production Manager, and a Design or Training Manager. In some cases the Executive Director plays multiple roles. The hardest role to fill seems to be the Sales and Marketing Manager, especially for the more remote organizations. The Women's Bean Project, located in Denver, has not had as much difficulty filling this position.

At Tierra Wools the production, operations, sales and marketing staff are usually hired from among the managing members, although sometimes outside persons are hired to fill those positions. At Qiviut persons outside the cooperative are more likely to fill the management positions.

2. Participation in the Decision-Making Process

By their very nature, the two cooperatives appear to have the most participation by producers in the decision-making of the organization. But this is limited somewhat in the case of Qiviut due to the geographic isolation of the members. Much of the participation of the membership is channeled through the six members who are on the Board of Directors. Because most cooperative members at Tierra Wools work onsite, there is a more natural way for members to participate in decisions. Four or five members are the Managing Members of the LLC, which make day-to-day decisions regarding the cooperative.

Appalachian By Design strives to create a participatory culture where sub-contractors and production workers provide feedback and weigh in on decisions related to production, marketing, and management. They have a very active email list. Nearly all of the producers, including the more isolated ones, do have access to regular email, even if not in their own homes.

B. Place of Production

The point of production varies for the four producer groups that were interviewed, based mainly on the relative isolation of the individual workers. The production varies from 100 percent home-based to 100 percent headquarter-based. All headquarters engage in design, finishing and wholesale activities, including: product design, quality control, labeling, packaging, and shipping.

1. Home-Based Production

On one extreme is Qiviut, where 200 members live in small villages spread throughout Alaska. Each member knits in their own home. When finished with one or several products, they will send them by mail or in person to the Qiviut headquarters in Anchorage, Alaska. When the knitting is received at headquarters, it is checked over for quality and entered into inventory. The knitted items are then washed, blocked, labeled and packaged so they will be ready for sale.

About half of the production for Appalachian By Design occurs in the homes of sub-contractors, while half is done in-house at headquarters in Lewisburg, West Virginia. A few members of Tierra Wools weave in their homes. These are generally older women who wish to work shorter hours at their own pace.

Distribution of Materials to Home-Based Producers

In all cases, the headquarters provides all the supplies and equipment for the home-based producers. In the case of Tierra Wools, the headquarters purchases the wool, transforms it into thread, and hand-dyes it before sending it to the home-based weavers.

Appalachian By Design leases the knitting machines to sub-contractors for \$25 per month. The husband of one sub-contractor has set up a business to do the repair and maintenance on the machines.

Communication with Home-Based Producers

In the case of Appalachian By Design, there is an electronic list-serve and extensive communication happens by email. For Qiviut, with more limited technology in many villages, most communication is by mail, with some communication by telephone, email or personal visits.

2. Centralized Production

The factors that determine the extent to which organizations use centralized production often involve factors related to the cost of equipment, the need for quality control, and the distance between producers and the headquarters.

For Appalachian By Design, most production is home-based, but production workers at the headquarters are involved in creating design prototypes and templates and in quality control and product finishing.

C. Source of Raw Material

In many cases, the relationship between the supplier of raw material and the producer group is paramount. In fact, Tierra Wools was initiated in order to find a market for raw wool for local farmers. Now, most of those local farmers have retired with no one taking over the farm, so Tierra Wools has one main supplier of Churros wool – a local farmer who produces organic wool as well as organic lamb meat. There are a few younger ranchers starting to raise Churros sheep, but there is some risk in having only one main supplier.

Similarly, most of the musk ox wool used by Qiviut is supplied primarily by one source, the Musk Ox Development Corporation farm. A small amount of wool is also purchased from Native producers. Just as for Tierra Wools, the cooperative pays for the wool and provides it to members at no cost.

D. Self-Sufficiency, Income and Work Conditions

With the exception of Qiviut, all of the producer groups attempt to create the primary income for producers. Appalachian By Design comes the closest to providing a primary income at a self-sufficiency wage level. The Women's Bean Project does not expect to pay women at a self-sufficiency wage level but helps prepare women for the workplace where they might be able to earn at higher levels.

For most producers in the projects interviewed, the actual income may not be more than they could earn in another job, but the producers have more control over their work than if they were a paid employee. Even more importantly, it allows women and their families to continue living in a dignified fashion in a rural, isolated place rather than being displaced to a larger city or metropolitan region. For most producers, the compensation levels need to be considered in the context of owning their living and work space, with appropriate adjustments made to the local self-sufficiency standard.

The worker-owners of Tierra Wools work five or six hours per day, due to the physical toll of weaving. Most members receive between \$8,000 and \$15,000 per year in compensation, including year-end dividends.

Appalachian By Design (ABD) selected the women who most needed full-time employment as they decided with which producers to develop long-term contracting relationships. ABD's workers and sub-contractors probably have the highest earnings of the groups interviewed. The women employed as full-time production workers in the finishing and distribution center make between \$6.75 and \$10.00 per hour. The sub-contractors who work out of their homes have similar earnings depending on how quickly they work, since they are paid by piece rather than by hour.

The Women's Bean Project pays participants a starting wage of \$6.35 per hour, with wage increases provided. Most participants work 32 to 36 hours per week.

The members of Qiviut are generally living a subsistence lifestyle where fishing and hunting are the primary sustenance of the family and the income from the knitting is supplemental. In this sense, the money earned as members of Qiviut, is the primary income source in a monetary sense. The more prolific members of Qiviut earn between \$2,000 and \$5,000 per year.

1. Commission Rates

The commission rate can be determined by the complexity of the piece or set by type of piece. Tierra Wools and Qiviut both base the commission on a set piece rate that is adjusted for the complexity of each piece. Appalachian By Design sets the commission rate by type of piece – with a uniform design the individual pieces should not vary much if at all. It sets the rate by having two employees – testers – use industry-approved methods to determine the average length of time required to complete the piece.

2. Benefits

None of the producer groups interviewed is able to provide health benefits to members. Appalachian By Design does facilitate IDA savings accounts as well as contributing to an IRA retirement account for workers and subcontractors. Qiviut has paid a year-end dividend to each member since 1993, proportional to the number of pieces produced during the year.

3. Skills Training

Producers are mainly trained in production techniques. The type of production and design training depends greatly on the geographic distribution of producers and the extent to which the product is uniform (Appalachian By Design and The Women's Bean Project) or distinct for each producer (Tierra Wools and Qiviut). For example, when Appalachian By Design creates a new design it needs to bring in all producers to train very specifically on how to complete the design in the same fashion.

The training varies from home-based to centralized. Qiviut has the most dispersed membership and nearly all of its trainings happen in the members' homes. Earlier, it was the Executive Director who traveled to each member's house to provide training. Now Qiviut uses peer training, with members training members in each other's homes.

Appalachian By Design also has a rather disbursed producer network and does most of its training in or near member's homes. ABD groups together two to four producers by geography and trains them in the home of one or in a public location like a community center.

At times Appalachian By Design provides trainings at headquarters, especially when introducing a new design. In order to minimize the cost of food and lodging for participants, the trainings are intensive and short – in some cases only a portion of the day so that participants arrive and leave the same day. ABD is not training any new persons.

In a case where producers live closer to the headquarters, like Tierra Wools, the training is done centrally at headquarters. Prospective members of Tierra Wools must go through a three month apprenticeship. Unless they have good weaving technique, they can not move on to becoming members.

E. Self-Employment Spin-Offs

Tierra Wools and Appalachian By Design do not discourage participants or members to venture out on their own as self-employed producers. This has not been a very successful process. In most cases, the individual producers have had difficulty marketing their material and attaining the same economy-of-scale as the organization.

Only one person has successfully left Tierra Wools to produce on her own and she does small commissioned sales. Appalachian By Design has trained about 155 knitters and about half of those are engaged in knitting as an occupation. Some gain contracts

through Appalachian By Design but many rely primarily on other relationships for their contracts, with some success.

Given the geography of the remote villages of Alaska, few, if any, members of Qiviut have left the cooperative to start their own business. The Women's Bean Project is a workforce development project in which women are expected to be ready to find a job elsewhere after six to twelve months with the project. Their participants have had a high rate of job acquisition and retention.

F. Partnerships

For most organizations, the main partnerships have been related to their tourism-based marketing strategy. Many of the projects have formed partnerships with state tourist agencies, local visitor centers, resorts, hotels, and nearby public and private tourist attractions.

Funding partnerships have included foundations and state and regional economic development commissions or agencies. Community colleges have not been a significant partner for any of the projects.

III. MARKETING STRATEGIES

Most of the U.S.-based handcraft groups that were interviewed relied primarily on two key strategies: creating a brand name and tourism-based marketing through a local store-front. Qiviut spends about 10 percent of its annual budget on marketing. More than other organizations, Appalachian By Design has tried to compete in the broader marketplace by creating a brand name in specific niche markets. In their case, it is with knitted baby clothes and made-to-order higher-end women's clothing.

A. Brand Name Recognition

Whether organized as a network of independent producers or a more tight-knit cooperative, all of the producer groups emphasized the importance of creating brand-name recognition. This includes using a catchy name, developing logos and color schemes, and, in some cases, participating in trade shows. Appalachian By Design's Diane Browning used Sunkist oranges as an example. Sunkist is a well-known brand name but relies on independent producers each selling their product to Sunkist, which then markets and distributes the produce.

Appalachian By Design has created its brand-identity within two niche markets – knitted baby clothes and made-to-order higher-end women's clothing. The baby clothing has continued to be successful. The made-to-order clothing branch is now facing stiff competition internationally. In order to compete, ABD will need a large infusion of capital to pay for a sophisticated interactive website designer, more technical equipment, and training to use the new equipment.

B. Tourism-based Marketing

Three of the four producer groups rely primarily on tourism for their marketing and all three have a store-front at or close to their headquarters. This was true of all the rural-based groups, with the exception being The Women's Bean Project in Denver. All the producers said that it was easier to sell products in their own store, where the salesperson could actively promote the product by telling the story of the organization. When sold at another store, the story is not told and the product does not sell as well. The cost of opening additional stores in other locations has been cost prohibitive for all organizations.

Tourism-based marketing depends greatly on developing good relationships with neighboring tourist attractions and resorts, visitor and tourist information centers, and local governments. In some cases, tourist-based marketing depends on the tourist actually experiencing the production. This appears to be the case with Tierra Wools, where tourists who see the process and talk with the weavers appear to be more willing to pay a higher price to purchase the product. The price of pieces sold in other tourist centers like Taos or Santa Fe has to be marked down. On the other hand, Qiviut has had success marketing products in its store in Anchorage, somewhat removed from the production process.

Some of the challenges of tourist-based marketing include:

- It can be very seasonal based on tourist seasons. This can make it difficult for organizations to pay employees or members during winter months (or whenever the slow tourist season is).
- It can be hard to attract quality managers to the remote locations, especially in sales and marketing.

C. Online Marketing

For nearly all the producers, online marketing has been limited to repeat customers. The main difficulty has been attracting enough traffic to the website. One key is to have search engine “buzz words” featured prominently on the website, such as “social enterprise”, “social marketing”, “break cycle of poverty”, and “socially responsible business.” The Women’s Bean Project thinks that it has done this yet even its website accounts for only ten percent of all its sales.

Another website strategy has been to have multiple websites, each targeting a different audience, but that all link to each other. One successful example of this is World of Good, with www.worldofgood.com leading to the for-profit business and www.worldofgood.org leading to the associated non-profit organization of the same name.

Many organizations find that they either need to have a sub-par website or they have to support the website from other sales or fundraising. One fair trade organization marketing successfully online is Novica (www.novica.com). Novica reached an agreement with National Geographic so that the NG web-store links to the Novica website at the bottom of each web page. This is part of the effort by National Geographic to support sustainable community-based tourism. The frequently visited National Geographic website creates much higher online traffic to Novica’s virtual store than what they would have otherwise.

Appalachian By Design has largely avoided online marketing until lately because one of its main markets had been to wholesalers who discouraged ABD from selling directly over the internet because they saw it as competition. More recently, many wholesalers actually encourage an online presence from ABD because it seems to strengthen the desirability of them carrying ABD’s products. Ironically, for ABD, online marketing has been more effective in reaching new wholesale customers rather than expanding their retail sales base.

Appalachian By Design would like to begin interactive, online marketing for its made-to-order women’s clothing but has not located the necessary capital to take this on. It is also not clear if the ongoing resources needed for this type of website will be cost effective.

D. Fair Trade Marketing

There are a number of potential markets for social enterprise products in specialty clothing, gift shops, and craft stores in the U.S. Perhaps the easiest of these stores to

access is the loose network of several hundred fair trade stores. These stores would be easy to access because they share the same philosophy of social enterprise.

A fair trade store is generally defined as selling international crafts and art purchased from wholesalers or groups that practice fair trade. For a list of most fair trade stores in the U.S., see the list of stores on the websites of the Fair Trade Federation, Ten Thousand Villages, and A Greater Gift (listed in the Appendix.) The Fair Trade Federation lists the following eight criteria in its definition of fair trade:

- Paying a fair wage in the local context.
- Offering employees opportunities for advancement.
- Providing equal employment opportunities for all people, particularly the most disadvantaged.
- Engaging in environmentally sustainable practices.
- Being open to public accountability.
- Building long-term trade relationships.
- Providing healthy and safe working conditions within the local context.
- Providing financial and technical assistance to producers whenever possible.

The largest fair trade wholesalers each have some of their own retail stores. The Ten Thousand Villages organization owns about 10 to 15 stores, although there are many more stores that use the name. These independent “Ten Thousand Villages” stores purchase most of their products from the wholesaler of the same name but have more freedom to purchase from other suppliers than the stores owned by Ten Thousand Villages. A Greater Gift owns three retail stores limited to the two areas where its headquarters and warehousing facility are located, Wisconsin, and Maryland, respectively. Most of the fair trade stores rely heavily on volunteer labor for salespersons. In many cases only the manager is paid. Many are able to do this by being connected to a religious community. This limits the ability to replicate generating a network of similar social enterprise stores across the country.

Because most fair trade stores are independent, marketing to these stores is labor intensive. But at least one U.S. social enterprise is doing it successfully – The Women’s Bean Project in Denver. The Women’s Bean Project is a non-profit organization that concentrates on workforce and social development through its production of soups and other consumer goods. Each product has a label with the organization’s mission clearly expressed and a hand-written note or signature from the woman who made and packaged the product.

The sales director of The Women’s Bean Project talks directly with each fair trade store. They also sell to other hand-made craft stores and health food stores. They send samples and introduce their online catalog. They have not had great difficulty introducing their product to the fair trade stores. A strong and clearly stated social enterprise mission seems to be one of the most important criteria. The sales director said that their products sell due to branding, the clear mission, and the personal touch of the hand-written name. Each year, the Women’s Bean Project adds 10 to 20 stores to its list of where its products are sold. Most of their sales (80 percent) happen through retail stores where their products are sold. In the Denver area they distribute their products to local grocery stores through a regional grocery distributor. In other areas they coordinate their own distribution.

E. Complimentary Businesses

A number of the projects have found additional market niches. For Appalachian By Design, this has been baby clothes and made-to-order clothing. The Women's Bean Project has added a number of food and drinks to their product line, including spices, cookie and bread mixes, sweets, and coffee and teas. Qiviut sells musk ox yarn in addition to finished products.

More than any other organization, though, Tierra Wools has been able to open several additional businesses that help support the weaver's cooperative. These businesses include:

- Yarn, made from the Churros sheep. Spun and dyed by Tierra Wools.
- Tours of the production site paid for by participants
- School to teach weaving, spinning and dyeing. The classes last from two to five days. There are two levels of weaving classes. Students come from all over the U.S. and internationally. One challenge of the school is that the students use the same looms as the cooperative, so production always drops dramatically when classes are in session. This is offset somewhat for four women who are floor instructors in the school.
- Bed-and-breakfast guest house, used when the school is not in session

The guest house and the weaving school are two of the most profitable ventures of Tierra Wools and help the cooperative pay higher dividends to members. It also creates a cultural atmosphere around Tierra Wools that transcends the business, by helping promote a way of life that is creative, rural, sustainable, and communal.

F. Other Marketing Issues

1. Branding and Creativity

One of the key issues for each producer is whether to have a uniform product or to have a product that is unique for each producer. In part, this depends on the extent to which the producers see themselves as artists. For both Tierra Wools and Qiviut each producer has the freedom to produce the style that they want as long as it is within one of the main product lines. For both organizations the commission is based on the complexity of each individual piece, including the complexity of the design and the number of stitches or density of the weaving. Judging the complexity of each piece is labor intensive and requires a well-trained production manager.

Qiviut styles are based, in part, on the village of the member. Some are based on patterns that are more than one thousand years old, recovered from harpoons and other objects. Many villages have their own distinctive pattern, much like the indigenous weavings of Guatemala or the carpets of Turkmenistan. The styling based on the village should add to the market appeal of the products.

2. Geography

For most rural-based projects part of the appeal of the social enterprise is the ability to create a sustainable, rural lifestyle. In this, these rural social enterprises have more in common with rural hand-made producer groups from developing countries than urban producer groups in the U.S. They are all attempts to create a family- or community-based lifestyle that can be sustained despite the economic pressures of the global economy to move workers toward the centers of production and consumption, whether that is by emigration, moving to urban centers, or locating “big box” retailers in more rural locations.

Tierra Wools, especially, has found that their products sell at a much higher price on location than in stores at other locations. When visitors experience the set of Tierra Wool businesses that together create a sustainable rural lifestyle, they begin to realize they are purchasing much more than a jacket or pillow.

The marketing strategy depends to a large extent on the location of the organization. The remoteness of the Alaskan villages where Qiviut members knit their products led the cooperative to open a store in Anchorage where the retail potential was much greater.

Due to the isolation of the rural producer groups, it becomes even more important to find efficient ways of working together to market items in independent and mainstream retail stores as well as online. It may not be realistic for each producer group to find and support a full-time talented marketing director who would be located on-site.

3. Catalogs

Developing a catalog is a serious investment, especially if done as a direct retail catalog mailed to customers' homes. In some cases it requires hiring professional models. In other cases, the four-color printing and the mailing costs can be prohibitive. Appalachian By Design sometimes will insert its products into other organizations' catalogs.

Only the largest fair trade organizations, such as A Greater Gift and Ten Thousand Villages have successfully done marketing with catalogs. This would indicate that the only way for domestic producers to do a catalog would be some form of collective effort in order to obtain an economy of scale.

A more common use of catalogs is for a wholesaler to send them to retail stores. This is the main purpose for the Ten Thousand Villages catalog. For this purpose it may not be necessary to use live models. While four-color printing still is recommended, the printing costs are much lower if only a few hundred copies are printed for the retail stores rather than several thousand copies needed for a home mailing.

4. Selling to Mainstream Retail Stores

One challenge of social enterprises selling to retail chains has been being undercut by cheaper products internationally as trade barriers are erased. For example, Appalachian By Design originally found a niche by producing organic knitted sweaters for Esprit. Later, Esprit and other large clothing retailers wholesalers found cheaper producers in eastern Europe and other locations.

One way that social enterprises can gain market advantage is by branding their products as “American-made.” While this will not likely provide an advantage over international fair trade producers, it should provide an advantage over international competitors outside the fair trade realm.

Certain large retailers are looking for suppliers that are “American-made” and have a social mission. One example is the clothing company Eileen Fisher. This company has many community partnerships and is a large supporter of women-owned businesses.

A second pernicious challenge of social enterprises selling to retail chains has been the inability of the production supply to maintain pace with the demand that can be created by a large retail chain. At least two organizations have had some success overcoming this problem – in one case by creating a large network of producers and in the second case by a change in practice by the retailer (Costco).

Perhaps the most successful example of selling social enterprise products to mainstream retailers has been by the fair trade organization World of Good. (See Appendix more detailed information.) World of Good screens producers to ensure that they meet product quality and social mission criteria. Products are then purchased. World of Good then re-labels products under its brand-name, with the story of the local organization highlighted on the label.

The products are sold through mainstream retailers, including national chain Whole Foods, regional chains like New Seasons Market in Portland, and independent retailers. The products are placed on kiosks provided by World of Good, with a distinctive style and signage. The most common kiosk is 20 inches wide and six feet tall. The list of retail stores where the kiosks are located is listed on the organizations website. It includes over 200 independent and chain stores. Since World of Good purchases from dozens, if not hundreds, of producers it is able to keep up with the demand created by the numerous stores.

World of Good has five full-time regional managers that each visit the stores that have kiosks in their region for initial setup, restocking, changing the product line and managing any other issues that come up. At the time of initial sale, World of Good provides the kiosk shelving while the store purchases a full range of products, with typical opening orders of \$500 or \$995. Subsequently, the regional manager will visit the store to facilitate re-stocking. The manager sends the re-stocking order to the main warehouse, located at headquarters, and the products are shipped, along with an invoice. The regional managers are located in the San Francisco Bay area, Los Angeles area, Chicago area, Austin area, and Denver area. World of Good estimates that a region roughly consists of a 200-mile radius and that a regional manager might be able to handle 100 stores, depending on the

distribution of the stores. There is also one national store manager that interacts with stores outside of these regions online as well as by telephone.

The United Farm Workers has had some success arranging for Costco to carry food products that are produced by suppliers who have good labor practices, such as wage levels, benefits or providing job training to employees. The Kirkland brand of pistachios is an example of this. Costco is comfortable carrying products interminably in each of its stores, so it is not a problem if the supply does not keep up with the demand. This may indicate interest and feasibility on the part of Costco to be a retail partner for social enterprises.

The Women's Bean Project has approached Costco about having the retail giant carry its product. But Costco told them that they want food suppliers to become HACCP certified (Hazard Analysis & Critical Control Points). The Women's Bean Project found that they can not yet undertake the hazard analysis certification process.

IV. RECOMMENDATIONS

The course of action for HandMade in America will need to be taken with consideration of the present situation for the organization and the local market and this study does not attempt to make those considerations. Nevertheless, we are able to offer some recommendations for possible courses of action based on some of the issues from the case studies. These recommendations may serve not only HandMade in America but also allied social enterprise organizations. Some of these courses of action include:

- Establishment of producer groups with a mix of home-based or centralized production, depending on the geographic distribution and economic situation of participants. While there are benefits to a non-profit organization, we generally recommend a for-profit structure. The limited liability corporation (LLC) structure generally has the most flexibility and allows for innovative types of ownership and governance, including cooperative structures.
- Creation of an intermediary to represent and serve U.S. hand-made social enterprises that combines the functions of various fair trade organizations like the Fair Trade Federation, A Greater Gift, and World of Good. These functions include: advocacy, technical assistance, small business development, setting industry standards, establishing a brand, and coordinating wholesale and retail arrangements with chain and independent stores. The intermediary might have both a for-profit and non-profit arm similar to World of Good.
- Work with other social enterprises to create a kiosk strategy similar to World of Good, while ensuring a large enough supply of products necessary for this strategy. Alternately, consider establishing a relationship with World of Good and determine possibility of having U.S.-based social enterprises become suppliers for World of Good with its kiosks.
- Develop a national strategy to sell HandMade in America products in fair trade stores and other independent craft stores. This is labor intensive but has proven very fruitful for organizations like The Women's Bean Project.
- Discuss with large retailers like Costco the possibility of creating a "made-in-America" brand for handmade crafts and clothing. In order to meet the demand this would create, several social enterprises may need to join this effort. Identify other retailers like Costco which may be interested in this.
- Establish links with online travel guides, rural development organizations, green/sustainable tourism organizations, and environmental, conservation and bird-watching groups. These links should be mutual and should include links from their websites and online stores directly to the HandMade in America website (and other social enterprise websites). This could include National Geographic, Lonely Planet, Fodors, Frommers, RoughGuides, the Association for Tourism and Leisure Education, Environmental Protection Agency, and Planeta.com.

APPENDIX

Summary of Each Interview

Appalachian By Design

(www.abdinc.org and www.appalachianbabydesign.org)

Interview with Diane Browning, January 2006

Background

Appalachian By Design (ABD) is a non-profit social enterprise based in the mountain region of central and southeast West Virginia, based in Lewisburg, WV. It originated in 1991 out of an initiative of Center for Economic Options, both to respond to a market opportunity expressed by Esprit for knitted, organic sweaters as well as to create economic opportunity in rural West Virginia. In 1995 it became an independent non-profit organization. It seeks to make “machine knitting a sustainable, home-based industry for women in rural Appalachia.”

A key part of ABD’s strategy is to create home-based economic opportunity because many families own their own homes but live in isolated locations. ABD markets products produced by a network of sub-contractors who have been trained by ABD and finished and distributed by employees in ABD’s central facility. The products are marketed directly to wholesalers, like Esprit, through their online store, and in a local retail shop that they own and operate in the local Greenbrier resort.

Originally, Appalachian By Design (ABD) responded to the product needs of large-scale apparel companies like Esprit. Selling to apparel lines meant that ABD needed to produce a high quality, uniform product. As a result the production process needed a reliable quality control process, a detailed finishing process, and more sophisticated equipment that required more intense training. In addition, this made it more difficult to maintain a large network of knitters who varied in their quality and who often aspired to use their creativity in the knitting.

Workers and Sub-Contractors

The basic strategy was to follow the example of Sunkist oranges. Sunkist is a very well-known brand name but is really a network or cooperative of independent orange growers. ABD seeks to create a well-known brand name that is independent of the individual knitters. ABD markets and sells the products, mainly at one retail shop, and sub-contracts with various home-based knitters. ABD also does the finishing and distribution of supplies, equipment, and final product.

ABD has tried to improve quality of life with an IDA savings program and an IRA retirement program. Knitters make between \$6.75 and \$10 per hour. About 155 knitters have been trained and about half continue knitting full- or part-time as a profession. ABD now has 12 regular sub-contractors as well as about 7 production staff on-site. The onsite production workers work on finishing, packaging and distribution.

ABD has gone from a broad network to a more consolidated full-time workforce. As they began to consolidate, they chose those women who needed full-time work/income but since then have cut back sub-contractors based more on the quality of their work. They lease out knitting equipment for \$25 per month to subcontractors. The husband of one knitter does all of the maintenance and repair of the equipment.

ABD has have received some funding to train its workers and subcontractors. They mainly do trainings in-house and have not found community colleges to be very helpful. Most training is done one-on-one, sometimes in the home, sometimes in libraries or community centers. Sometimes two or three women who live in proximity are brought together for training. They also bring all the subcontractors onsite for trainings. In this case, they put them up in a hotel and do an intensive “crash course” training. This is necessary when introducing a new product line and uniformity and quality are desired.

Products and Business Sustainability

ABD has found a successful market niche with knitted baby apparel but has been less successful with sweaters and the custom women’s apparel. It has been harder to compete with international suppliers to supply wholesalers like Esprit with women’s knitted clothing.

ABD’s baby clothing line is quite successful and seems sustainable long-term. But ABD is not convinced that the made-to-order women’s clothing line is sustainable. They believe it would take a major investment to make it profitable, including a sophisticated inter-active website, more equipment and training, and a person with the skills to coordinate the marketing. They have not yet found the right investor. The partnering process is made more difficult by them being a non-profit. As a non-profit, it would be easier to sell the product line to someone else rather than adding an equity partner.

On the other-hand, being a non-profit organization helps ABD access grants. Its sustainability relies on continuing to receive grants from funding partners like the Appalachia Regional Commission, the state’s economic development department, and the Ms. Foundation.

ABD has tried to set up retail stores at other resorts but don’t have a steady enough cash-flow to hire local retail staff. At their local retail store, various administrative staff sometimes fills in to cover the store in addition to a part-time salesperson.

They are located in a rural, isolated place, but it is very beautiful, resulting in steady tourism. On the down side, their location has made it hard to find some management staff, especially a marketing manager. When they have tried to hire a marketing manager who would remain based in an urban location, like New York, they found that a person based in an urban setting requires a much higher salary than any of the existing managers, including their director.

Tierra Wools

(www.handweavers.com)

Interview with Sophia Chavez, January 2006

Background

Tierra Wools is an enterprise of the cooperatively owned Los Ojos Handweavers, LLC based in New Mexico's Chama Valley. Cooperative members produce apparel, tapestries and carpets from locally grown wool. Handweavers, LLC was founded in 1989 as a for-profit spin-off of Ganados del Valle, a community-based nonprofit organization with the mission of empowering the rural people of Chama Valley to create sustainable economies by building on cultural and agricultural resources. Tierra Wools provides training in weaving and offers business management experience to the people of the Chama Valley.

Membership

Tierra Wools' twenty-four members are Latinas and all live within 50 miles of the cooperative facility and most do their weavings within the Los Ojos facility. Many Tierra Wools members did not have the opportunity to work outside the home, prior to joining the cooperative, and have found a unique opportunity through Tierra Wools to add additional income to their homes. The cooperative provides employment year-round, though the strenuous nature of the work prevents members from weaving more than five to six hours per day. Nonetheless, members are required to work a minimum of twenty-five hours per week. Tierra Wools members are paid on an hourly basis and receive paychecks every two weeks. Pay rates vary to reflect the amount of time weavers have been at Tierra Wools and how many total hours they have worked such that those with more hours and experience receive a higher wage. In the past, weavers would receive a bonus for good craftsmanship, however, this practice has changed over the years. Currently, weavers who produce outstanding products that would have earned them a bonus will receive an hourly wage increase.

Beginning weavers are required to go through a three month long apprenticeship period to develop fundamental weaving techniques. Once these fundamental techniques are mastered, members can begin selling their completed weavings.

Because the revenue levels are relatively low, Tierra Wools has not been able to offer its members a benefits package. They are currently exploring strategies to offer health insurance, but have not had success to date.

Products

The project originally developed as a way to economically strengthen both local women, by providing them materials with which to make products for sale, and local ranchers who needed to find new markets for their sheep and wool. Ranchers produced a rare type of wool, derived from the churro, a sheep indigenous to the area that has a distinctive texture and strength. Tierra Wools became an optimal engine by which local

ranchers could sell this type of wool. As ranching in Northern New Mexico declined, the focus of the cooperative shifted mainly to the members. Currently, Tierra Wools contracts with only one rancher who maintains a small flock of churros specifically for the cooperative. It is not clear what the cooperative will do if this rancher's business ends or if he gives up his flock.

Finished products are sold on-site, generally, although repeat customers will often buy products on-line. Interestingly, when Tierra Wools has attempted to sell products in larger cities in New Mexico, they have had little success. Ms. Chavez's analysis was that customers need to experience the site (complete with workshop) to be drawn into sales. As such, paid tours are available for all visitors.

Tierra Wools has developed an intricate grading process that assures a baseline quality of all products and determines the amount the weaver will receive as payment. Individual pieces are marked up by 25% less than their retail price. For example, a product that retails for \$400 would have a base price of

Business Sustainability

To facilitate the formation of Los Ojos Handweavers, LLC, Ganados del Valle received grants to purchase wool and the essential production machinery. Once all the pieces were in place, the cooperative was established and within three years it was self-sustaining. Last year, the cooperative's revenue was \$300,000, which is fairly typical, and therefore it only offers supplemental income to its members.

In addition to profits earned through direct sales of Tierra Wools' products, the cooperative brings in revenue by running a weaving school that draws people from around the country and operating a rentable house for tourists to the Chama Valley. The school offers sessions twice a month throughout the year. Session length varies from two days to five. Tuition for classes and materials are as follows:

- Two day class: \$220 plus tax
- Three day class: \$330 plus tax
- Five day class: \$525 plus tax

Participants in the classes, as well as general tourists, can also live in the cooperative's guest house that is attached to the Tierra Wools facility. Rates for the two rooms vary by season and length of stay, but average nightly costs are \$39.50 for the smaller room and \$54 for the larger room.

In addition to the school and guest house, Tierra Wools runs paid tours of their facility to tourists in the area. The tours, in addition to bringing in revenue, also contribute to marketing members' products to potential customers, as mentioned above.

Qiviut Handknits

(www.qiviut.com)

Interview with Sigrun Robertson, January 2006

Background

Qiviut Handknits is a for-profit cooperative venture established in 1969 as an economic development strategy for extremely remote regions of Alaska. What started as a small, twenty-five member knitting group has since become a two-member cooperative spanning multiple villages around rural Alaska. Made up mainly of Native Alaskan women, the enterprise was created to develop supplemental income in areas that have historically faced severe economic deprivation by weaving apparel made from qiviut, or the wool of the arctic musk ox.

Qiviut's headquarters has been based in Anchorage, Alaska since 1977. Its members, on the other, hand, are located in various small villages around the state. The advantage of maintaining headquarters in Anchorage is twofold: firstly, it is centrally located, a critical reality considering the fact that members are dispersed throughout rural Alaska. Secondly, because it is in the core of one of the few urban areas in Alaska, it allows the store to generate a relatively large amount of foot-traffic.

Membership

The majority of Qiviut members are Yupik and Chupik Alaskans, with a smaller number of Aleuts and Anuplots. Currently, there are a handful of non-Native members, however, cooperative rules state that non-Native members must live within one of the Native villages in Alaska or be married to a Native Alaskan.

Due to the current economic reality, many Native Alaskans in general, and certainly a large percentage of Qiviut members, are functioning within an economic system of subsistence. Arts and crafts, fishing and construction at limited times of the year are the main drivers of the local economy. Historically, the region has been extremely dependent upon public assistance programs. However, given the weakening of the social safety-net on both the Federal and state levels, many Alaskans simply can no longer rely upon government assistance. Given the reality just described, the work produced by Qiviut creates a critical income stream for members, despite the fact that wages are entirely supplemental in nature. Members' earnings vary depending on how much each is willing or able to produce at a given time. Last year, annual wages ranged from as little as \$15 to as much as \$5,000.

Current members do the bulk of recruitment and training on a volunteer basis. In Qiviut's early history and with a grant from the Catholic Campaign for Human Development, the founder and Executive Director traveled from one participating village to the next to train new members. However, over time, it became evident that this was unnecessary and inefficient. In addition to the current peer-training model, each member receives critique on her finished products from Qiviut staff in an effort to develop their talents and skills.

Products

Qiviut members produce a range of knitted apparel, including hats, stoles, scarves and tunics made from fiber that is either 100% qiviut or a blend of qiviut and silk. The cooperative purchases the majority of its raw qiviut fiber from the only Alaskan musk ox farm, at prices ranging from \$105 to \$150 per pound. Qiviut has determined that, although the Farm is its main supplier of musk ox wool, it should not necessarily be the sole supplier. As such, the cooperative also purchase smaller amounts of the wool directly from Native Alaskans as it is available.

Members knit set items and, because of this, prices and pay are predetermined. The actual price is determined by the number of stitches in a given item, payment amounts to knitting members and finishing and packaging costs. In addition, knits with more complicated designs carry a slightly higher cost which translates into slightly higher pay to members.

A determination was made by the Board of Directors that different product lines should be produced by specific villages. Currently, all villages that began participation before 1999 (Qiviut's thirtieth anniversary) knit products made exclusively of 100% qiviut, while villages that began participation at any point after 1999 knit the new Tundra and Snow line which is made up of a qiviut and silk blend. In addition, each village reflects a pattern and tradition in its products that is unique and distinct from all other villages.

Business Sustainability

Over the course of its first year of operation, Qiviut Handknits had 25 members and brought in \$100,000 in revenue. Currently, these numbers have risen to 200 members and annual revenues approaching \$1 million.

At the outset, in large part because of lack of sufficient revenue, Qiviut did not share its profits with members. By 1988, the business became profitable enough, though, to not only begin profit-sharing, but also pay dividends retroactively going back to 1984. They have paid dividends to members every year since 1993.

Organizational Structure

Members, each of whom must pay a small fee of \$2 per year, knit their products within their villages and then mail the finished products into headquarters. Cooperative members receive the muskoxen fiber free of cost from headquarters. With no quota requirements, members are paid by the piece, with an additional amount paid for more complicated designs. In addition, they receive a year-end dividend dependent upon the profits that the organization has earned. The dividend is proportional to the total number of pieces knitted in that year and set by the Board of Directors. The income is, and always was, meant to be supplemental. Most finished products are sold out of the storefront attached to their headquarters, with a relatively small percentage sold through the cooperative's website. This past year, the cooperative, as a whole, earned almost \$1 million dollars and had approximately 200 members.

The organization is managed by an Executive Director and governed by a Board of Directors that meets at least three times per year and is made up of professionals based in Anchorage and members who represent the various participant villages. The

Executive Director takes direction from and is responsible to the Board. Each Board member is elected by the cooperative membership and elections are held annually for one half of the Board. Currently, the Board is made up of one lawyer, one accountant and six knitting cooperative members. Though not currently in the by-laws, there is a conscious effort to have members who are representative of the various Native Alaskan tribes.

Product Marketing

Qiviut's marketing strategy is strongly tied into Alaska's tourist industry boards. Tourism materials developed by the tourist boards often include information on the cooperative and how products can be purchased. In addition, the cooperative maintains a website, sales from which are generally from repeat customers. The cooperative spends about 10% of annual revenue on marketing.

Lastly, Qiviut is exploring ways in which it can expand its market beyond Alaska, and that state's tourist industry. They are looking for ways to connect to wholesale markets in major metropolitan areas of the United States, specifically, New York, Washington, D.C., Chicago and possibly San Francisco.

The Women's Bean Project

(www.womensbeanproject.com)

Interview with Mary Wyciechowski, February 2006

Background

The Women's Bean Project is a workforce development project based in Denver, CO. It employs hard-to-employ women and helps them become prepared for the workforce as they produce gourmet food packages, including bean soups (hence the name), dips, spices, etc. They were interviewed because of their marketing innovation of having their products sold in dozens of fair-trade stores throughout the country. Another U.S. social enterprise that sells its products in fair-trade stores is the Enterprising Kitchen (Chicago).

Marketing Strategies

Labeling is an important aspect of the Women's Bean Project's marketing. In addition to distinctive coloring and logo, they have a written description of the project on each label and the person who packaged the product signs her name on the label. People seem to be willing to pay more for a product when there is a clear mission, the personal touch, and good branding.

Because the Women's Bean Project feels like they have tapped out their support from foundations and personal donations, they decided they needed to expand their market. They did this by selling their product in many different fair trade stores and other independent stores, including health food and arts and crafts stores. It has not been hard to get into the fair trade stores, as long as they emphasize their social mission. Their sales director calls each store directly. Usually this is followed by sending samples to the store. They add 10 to 20 new stores per year where their products are carried. About 80 percent of their total sales happen at these retail stores. In some cases they provide their own display cases. They also have their products in some Denver area grocery stores, although this necessitates an arrangement with a regional grocery distributor.

They have spent a lot of effort preparing their website and making it user-friendly. About ten percent of their sales are generated by the website. They think that most online sales are from return customers.

World of Good

(www.worldofgood.com and www.worldofgood.org)

Interview with: Siddharth Sanghvi, February 2006

Background

World of Good, the brainchild of Priya Haji and Siddharth Sanghvi, is a Berkeley, California based, fair trade wholesaler that imports handcrafted products made in developing countries to US markets. Product types range from jewelry to house-wares to knitted clothing, all made by artisans or cooperatives in the developing world.

The mission of World of Good aims to:

- 1) Make purchasing fair trade artisan products easy for consumers by bringing these options to the mainstream retail market;
- 2) Help the communities and artisans that create products by paying a fair wage in the local context, providing healthy and safe working conditions within the local context, building long-term trade relationships, engaging in environmentally sustainable practices and providing financial and technical assistance to producers whenever possible; and,
- 3) Educate consumers about the benefits of purchasing fair trade products.

Kiosks and Products

World of Good developed an innovative strategy to sell its products in stores across the nation. The business purchases products made by artisan groups in varying parts of the world, brands them with the World of Good logo and sells them from kiosks located in fair-trade stores around the country, including chains such as Whole Food Markets and Longs Drugs. Currently, World of Good kiosks have been placed in three hundred stores nationwide. The list of stores is listed on their website.

World of Good targets stores in which gifts are not the primary good to set up their kiosks. Instead, they focus their efforts on natural food stores and bookstores that maintain a certain level of social consciousness. Regional account representatives, charged with increasing the visibility of World of Good crafts, establish relationships with retailers at national trade shows and door-to-door visits. World of Good employs one eService manager and five regional manager who increase the company's visibility in the Midwest, the Southwest, the Rocky Mountains, Northern California and Southern California.

Trade shows tend to be the most effective means to begin communicating with new retailers, and though the up-front costs are relatively high (\$10,000 to participate in the shows), there are many benefits. Account representatives then work with store managers to define the proper product line for each location. Stores that decide to participate can order either large or small kiosks, with minimum opening orders prices at \$995 or \$500 respectively. Regional sales representatives visit each participating store every six to eight weeks to replenish the stock and discuss product options with store managers.

New products are introduced on a monthly basis to generate continued interest in the kiosks. As a means of marketing and communicating the goals of fair trade to customers, each product comes with a tag that tells the story of the group that created the craft. Additionally, all products come with universal product codes and marked prices attached to crafts to simplify the inventory and re-stocking process. The average price for a World of Good craft is \$20.

Standards

Artisan groups must follow strict criteria if they are to partner with World of Good. They must be mission driven and work towards bettering the lives of artisans, as well as their communities and environment. Each product is screened by the World of Good team to ensure that their standards are met and those that pass the test are invited to become partners. Once the artisan groups begin a partnership, World of Good offers them no-interest loans, technical assistance, market feedback and an assurance of fair wages, which are determined by the local economic context.

World of Good Development Organization

World of Good, Inc. donates 10% of its profits to World of Good Development Organization, a non-profit spin-off that is dedicated to strengthening the viability of the fair-trade efforts. The Development Organization functions to support the producers, wholesalers and customers by establishing fair trade standards, investing in social and economic development projects and educating the public at large within the United States about the beneficial outcomes of fair trade practices.

The Development Organization offers participating artisan communities grants ranging from \$500 to \$1,000 to build health or education related infrastructure. Because of the international focus of the organization, projects on Guatemala and India have received funding, but none within the United States.

To account for the variance in fair wage standards from one region to another, the Development Organization created a web-based Pricing Tool to assist both artisans and buyers in fairly pricing products. The Tool establishes a baseline price for products, below which would be considered below fair trade standards. The Pricing Tool does not have information on the United States at this time. However, the concept could be reproduced in the U.S. by using a self-sufficiency index and local minimum wages.

A Greater Gift and the Fair Trade Federation

(www.agreatergift.org), (www.fairtradefederation.org)

Interview with Cheryl Musch, February 2006

Background

Cheryl Musch is the Director of Producer Relations for SERRV International, the host non-profit of A Greater Gift, and formerly the national coordinator of the Fair Trade Federation. She is also a part of an informal network of over 300 U.S. and Canadian weavers, including weaving organizations like Tierra Wools.

SERRV is an independent, nonprofit alternative trade and development organization, originally a part of the Church of the Brethren. Its mission is “to promote the social and economic progress of people in developing regions of the world by marketing their products in a just and direct manner.” And its goal is “to alleviate poverty and empower low-income people through trade, training and other forms of community support as they work to improve their lives.” SERRV has worked to assist artisans and farmers for more than 55 years through the following:

- Marketing their handcrafts and food products in a just and direct manner.
- Educating consumers in the United States about economic justice and other cultures.
- Providing development assistance to low-income craftspeople through their community-based organizations.

SERRV International was one of the first alternative trade organizations in the world and was a founding member of the International Fair Trade Association (IFAT). SERRV offers its artisan and farmer partners up to 50% advance payment on orders. This advance helps them to purchase raw materials and have a more regular income so they can avoid high interest rates from borrowing locally.

A Greater Gift and Ten Thousand Villages are two of the largest fair trade networks in the U.S. A Greater Gift owns three retail stores while Ten Thousand Villages, associated with the Mennonite Church, operates over 160 stores, most of which are owned by local affiliates. A Greater Gift’s annual sales topped \$7 million in 2004, while Ten Thousand Villages annual sales were over \$16 million for the fiscal year ending March 2005.

Marketing Innovations among Fair Trade Organizations

Cheryl Musch mentioned five marketing innovations of fair trade organizations which might be applicable to U.S.-based social enterprises. However, she cautioned that marketing needed to follow production capability. Creating larger demand by better marketing is pointless if the social enterprises can not deliver increased volumes of goods. This is one reason it may make sense for social enterprises to band together. The marketing innovations mentioned by Cheryl are:

1. Direct mail catalogs.

2. Creating a network of retail stores
3. Consignment sales through a volunteer core
4. Linking websites to major travel websites
5. Bundling products to retailers via a kiosk.

Direct Mail Catalogs – A Greater Gift produces a four-color catalog, complete with professional models. This is an expensive, risky venture but can be quite successful if done well. Only makes sense if sales volume is high enough. Perhaps several social enterprises would need to join together to do this. Alternately, some groups try to get their products into others catalogs, such as Co-Op America.

Creating a Network of Retail Stores – Ten Thousand Villages is the most successful organization to do this with over 160 stores in the U.S. and Canada. Many independent craft and fair trade stores are also part of this network. Many of the stores rely on volunteer labor, so it may be hard to reproduce this strategy. Often only the store manager is paid. Lists of stores are available from the Ten Thousand Villages, A Greater Gift, and Fair Trade Federation websites. The Women’s Bean Project and The Enterprising Kitchen are two U.S. social enterprises that are successfully introducing their products into the fair trade stores.

Consignment Sales Through a Volunteer Core – This refers to having volunteers sell products on consignment from their home, workplace or religious center, such as churches. This strategy has a high sales to cost ratio, but is probably only possible with a good connection with a central church office or similar institution.

Linking Websites to a Major Travel Website – Cheryl said that one of the few successful websites among social enterprises is the www.novica.com site which is linked to directly by the National Geographic online store. Other social enterprises could try to link with travel and sustainable tourism websites. The problem with most websites is the difficulty in attracting enough virtual traffic to generate sales that will pay for the website development costs.

Bundling Products to Retailers via a Kiosk – One of the more successful wholesale strategies is to bundle products of dozens of social enterprises together and sell them under one brand name by means of a shelving “kiosk” which retail stores purchase from the wholesaler. World of Good is one organization that has done this successfully. (More information is available elsewhere in this report.) Many of these kiosks are being placed in mainstream retail stores like Whole Foods.

Other efforts have been made to place similar items in Target and Costco stores. So far that has not been successful.