



Women's Empowerment through Access to Markets

Katchy Collections, Nairobi, Kenya

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About this research

This case study was developed as part of a research initiative undertaken by the University of Oxford to develop measurements for evaluating the impact of Walmart's Empowering Women Together (EWT) program. EWT focuses on bringing small businesses owned or led by women into the Walmart supplier base, thus opening a large market to them. This process usually must be done gradually, normally beginning with selling limited orders online, to avoid overstraining the capacity of these businesses.

The suppliers currently in the EWT system are very diverse in terms of business model, size, capitalization, networks, and industry. They are located in 12 countries on four continents. A significant number are social enterprises or work through a social enterprise as an agent. Even the for-profit EWT suppliers often have a social, health, or environmental mission.

Designing the measurements that will appropriately gauge the impact of the EWT effort, therefore, is a challenge. We have visited or interviewed substantially all the EWT businesses in North America and East Africa in preparation for setting up the assessment system. We have seen already that the measures one might normally expect to be central, such as sales increases or number of employees, could actually be misleading and certainly must be counterbalanced with other equally weighted indicators. The differences in infrastructure, available support networks, and even work culture between the two regions raise several serious questions about the viability of some frequently used metrics. Since the field of women's economic empowerment is still very young, there are few fully tested measures that seem appropriate in both of these very different parts of the world. We are further concerned that, since measurement standards often have the effect of guiding future actions, poorly designed assessments might also lead to distorted and ill-advised business decisions.

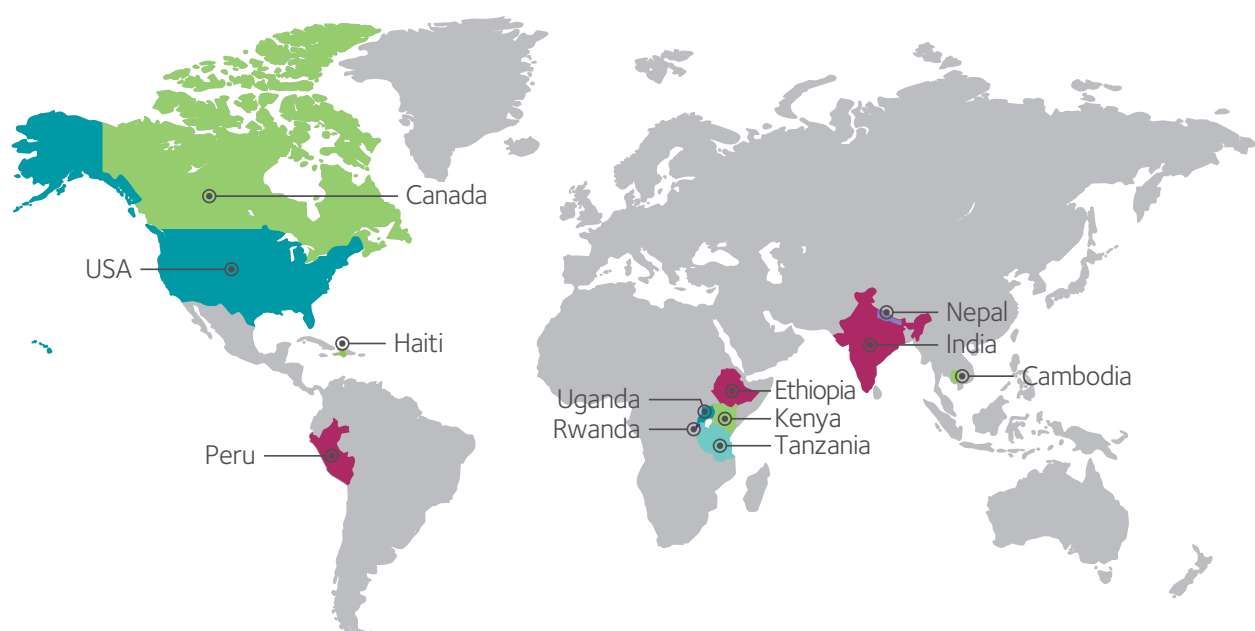
Setting the measures thus must be done very carefully. Through the Katchy Collections, Kenya case study, along with the companion Women's Bean Project, USA case study, and Maasai Women Development Organisation (MWEDO), Tanzania case study, we intend to illustrate the questions that arise in designing appropriate metrics, while also showing how the difference in local conditions affects business potential. An additional companion piece that surveys current literature and practice in measurements relevant to EWT—such as in the arena of women's economic empowerment or women's entrepreneurship—provides insights about the questions that must be considered.

About Empowering Women Together

Walmart's Global Women's Economic Empowerment Initiative pledges to source \$20 billion from women-owned businesses in the US, to double the sourcing from women in international markets, and to train nearly one million women in job skills, all within five years. The Empowering Women Together (EWT) program, launched in March 2013, is one part of this larger initiative.

EWT works with small women-owned businesses to connect them in a sustainable way to Walmart's customer base, thus giving them market access they might not have otherwise. The intention is to help these small businesses grow but also to have a positive impact on the employees and their families. The businesses currently engaged in the EWT program range from innovative startups in Northern California to traditional artisan groups in Tanzania. Because of the wide range of products and producers, creating a sustainable value chain for women, especially those at the base of the pyramid, is far more complex than Walmart envisioned originally. Attention to identifying and removing barriers has been intensive, but caution must also be exercised in order to avoid damaging livelihoods. The EWT system has therefore grown more slowly than anticipated. Multiple partnerships, with NGOs, governments, and other businesses, are likely to be required in order to make it possible for the women to engage with a multinational retailer. Business units within Walmart also often must cooperate in new ways to make this effort possible. It has become clear that a number of global systems, finance in particular, will have to be adapted if women-owned businesses are to be meaningfully included in the global marketplace. In sum, the progress is gradual and the challenges considerable, but the potential for meaningful change is great.

Empowering Women Together countries



Katchy Collections

When an accident killed her husband, Jennifer Mulli became the single mother of four small children. As one of a small minority of Kenyan women to have completed secondary school, she was able to get a job as a secretary in the Nairobi office of the United States Agency for International Development. While balancing career with motherhood, Jennifer worked her way up to program manager. Despite the difficulties Jennifer experienced as a young mother, she now considers herself to have been blessed by the opportunities she was given. A pay-it-forward ethic spurs her to look for ways to give other women a chance. Today, Jennifer accomplishes her mission through Katchy Collections, a business she manages in collaboration with her children.

Katchy Collections began in the back room of Jennifer's house in 2005. Her son Anthony, then 16, was inspired to create beaded fashion items by modernizing traditional African motifs. Anthony's unique designs quickly attracted enough attention to enable the business to grow. Within two years, the company had expanded its range of products, adding beadwork to a wide variety of items, including leather bags, sandals, belts, napkins and napkin rings, wooden bowls, and brass candleholders.

The products were made mostly by poor women who walked to the Mulli residence from a nearby slum. These women were unskilled and largely uneducated. Most had migrated from rural areas. Though many of them shared household expenses with other adults, they all needed to contribute to the economic support of families. Their alternatives were few: many had done laundry or watched children to earn money, but none had experience of formal employment. Katchy Collections paid them for each piece completed, rather than by the hour. Their wages, therefore, were low and varied with the orders coming in. However, they were able to manage their work time to accommodate childcare. The Mulli home was safer and more comfortable than many other workplaces, and the women were treated respectfully by the family.

Jennifer saw that working with Katchy Collections might allow her to support the dreams of her son, but also to contribute to the empowerment of disadvantaged women. So, in 2011, she resigned her job and joined the business. Katchy Collections is now managed by Jennifer, while Anthony oversees sourcing and marketing. Two daughters, Sheila and Yvonne, are responsible for the accounting and human resource requirements. Jennifer and her daughters own 70% of the business, while Anthony owns 30%.

When Jennifer came to Katchy Collections, space limits had been reached at the Mulli house. That meant finding a new location that the business could afford, within walking distance for employees. In Nairobi, public transport is available but is expensive—on a daily basis, it may eat up to a third of the official minimum wage. The roads are overburdened, so traffic makes commuting extremely unpleasant and unreliable. People usually prefer to walk. Katchy Collections also did not want to lose its investment in training people. Thus, the next location for Katchy Collections needed to be close enough that most employees could commute on foot.

Capital constraints

Like many women with small businesses, Jennifer had capital constraints. The biggest problem was the pressure on cash flow caused by a mismatch between payment terms with customers and costs to produce. Beads and other materials had to be paid for in full when purchased. However, local practice gave customers 30 days to pay after delivery—and some paid much later. Before materials could be bought for a new order, Katchy had to wait to be paid for the last one. Between buying materials and getting payment for products, there was always a squeeze to pay for labor. When a retailer failed to pay on time, the available cash sometimes had to be rationed according to the most pressing needs within the group.

“There are some [retailers] who have delayed like maybe a week, two weeks maximum, the payment, and we always try to let them know that the women, some of them their houses are locked on the 5th of the next month So once they don’t have their rent, it’s locked up, and they have nowhere to stay So we always talk with [the women] and ask them who can wait who needs the money right now?”

Anthony Mulli, Founder and Owner, Katchy Collections

Had Jennifer been able to go to a bank and open a revolving line of credit, all the payments could have been smoothed out and the women would not have to wait for wages. Work on each order could begin as soon as it was placed. More orders overall could be taken and the company could grow.

Jennifer, however, had no property to use as security. Kenyan banks require title to land as collateral for any loan: women hold only 1% of all the titled land in the country, mainly because inheritance laws have allowed property to pass only from one male to another. Further, banks are not accustomed to lending money to women and usually expect a male—husband or father—to co-sign. Bank credit is also very expensive in Kenya. Even if Jennifer could have obtained a loan, it would have cost her 12% to 25% interest. Debt service would have added pressure on monthly payments and increased overall risk.

Gendered restrictions on access to capital are common throughout the developing world.

Microlending institutions in Kenya loan without collateral, but, in 2011, the size of a microloan was not large enough to solve Katchy Kollection’s problem. The worldwide microlending phenomenon had made clear the advantages of capital access for women-owned businesses. So, the Kenyan government changed the regulatory system to allow microfinance institutions to take deposits and lend larger sums to businesses based on evidence such as credit histories and customer lists, rather than collateral. Today, the new converted microbanks can lend as much as US\$2,000 and some specialize in lending to women. For instance, the Kenya Women’s Finance Trust was founded by a woman and focuses on females confronting exactly the problems being illustrated in this case. Other organizations, such as MyAzimia, work to make capital (both equity and

credit) available to women-owned enterprises, using funds from local investors instead of banks. These changes, however, were not formalized until mid-2012—and therefore would not have helped Jennifer in 2011.

The problem Jennifer faced getting access to capital is common throughout the developing world. Globally, there is a \$285 billion gender credit gap¹ and equity investments in women's businesses are even more rare. In developing countries, women often have very limited rights to own property or enter into contracts. Even where legislative reforms have given them rights to conduct business on an equal basis with men, local custom and lack of control over assets (particularly land) present practical limits.

Jennifer decided to try to increase sales and to improve cash flow by widening her customer base. She hoped that would help with the payments problem, but she also felt that expansion was important to her agenda to empower more women.

¹ Anna Stupnytska, Kathryn Koch, Amy MacBeath, Sandra Lawson, and Kathy Matsui, *Giving Credit Where It is Due*, New York: Goldman Sachs Global Institute, 2014.

Women in Kenya

Fully 85% of women in Kenya contribute to the income of a household. Indeed, 37% of household heads are female, which is three times the percentage of female-headed households in the United States. Working women are clearly essential to the wellbeing of Kenya's population, yet females are excluded from economic participation in many ways. Sixty-two percent participate in the formal labor force, for instance, but women hold only 32% non-agricultural jobs.



To a large degree, women's exclusion from good jobs is the result of their lower levels of education. Female Kenyan adults (25+) have an average of five years of schooling, while their male counterparts have seven. Only 25.3% of females have the equivalent of a high school diploma, while more than twice as many males have that credential. Only 3% of females and 5% of males are enrolled in tertiary education.

In countries where women are not able to compete for formal employment, they are often pushed into entrepreneurship—frequently informal micro-businesses. While women own roughly half of the micro-, small-, and medium-size enterprises in Kenya, only 10% of them have been able to obtain credit. As described in the case, these women operate under an oppressive set of barriers to financial capital. Banks insist on title to land as collateral. Women hold only 1% of titled land because inheritance laws have historically kept real property out of the hands of females. Only 39% of Kenyan women have any kind of account with a formal financial institution as compared to 84% in the US. The World Economic Forum gives Kenya its worst rating for women's access to property other than land. And Booz & Company's Third Billion Index ranked Kenya 94th out of 128 countries when measuring support for female entrepreneurs.

| Kenya | | | |
|---|------------------------------------|------------|---------------|
| Index of Gender Conditions | Measurement Agency | Kenya Rank | Total Nations |
| Gender Inequality Index 2013 | United Nations Development Program | 130 | 146 |
| Women's Economic Opportunity Index 2012 | The Economist Intelligence Unit | 86 | 128 |
| Gender Gap Index 2013 | World Economic Forum | 78 | 136 |

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Expanding through export

Katchy's designs were positioned as a prestige line, selling at premium prices in high-end artisan stores that cater mostly to tourists. The profit margin on these sales ranges from 50% to 200%—a margin that is common for boutiques that cater to travelers. Katchy Kollektions sold some goods to local elites, but the domestic market for jewelry and decorated housewares is very small. Most of the population is focused on meeting the rent, buying food, paying for electricity (where it is available), and saving for children's education. So, Jennifer resolved to build her stream of orders by exporting.

When craft items are sold to tourists, the nature of the purchase is very different from what it would be if the same item were being sold in the traveler's native country. A traditional handicraft purchased in a foreign land becomes a souvenir or a gift that purposely marks the travel experience and the nation of origin. Particularly if the object is expensive, it is likely to be a one-off purchase, not part of a suite of objects or an outfit. And most tourists realize they are probably paying a premium, especially if they are buying in a prestige outlet like a hotel lobby boutique.

In contrast, a similar object destined for export into a developed nation retail setting must fit into a completely different context. First, the product must align with current tastes and trends in whatever category it will appear (e.g., housewares or apparel). The object must blend with the colors and patterns of other goods that may be purchased to wear or use alongside—thus it must be right for the season, be made in a popular shade, and so on. Perhaps most important is that the object present a certain appearance of novelty or freshness. All these things together make an object “trend right”—or not.

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Consumers also expect to select from fairly standard and consistent sizes whether they are shopping for sandals or dinner plates. The variations in hand-made goods, as opposed to those made by machine, are not unintelligible to this consumer. Indeed, such “each one different” items have become commonplace offerings. However, the variation must still occur within a range that fits into the use conditions of the object (i.e., a shoe must fit a certain size foot, the glasses in a set must be roughly the same shape). Finally, the object must be offered for sale at a price point that seems reasonable when compared to other goods of the same sort that the buyer is accustomed to purchasing.

The retail environment requires its own level of standardization. The color, for instance, often needs to conform exactly to a set shade in order that it will look well in a display with other objects of the same or a coordinating color. Each individual handbag or scarf or necklace must be executed in the same size and shape of others like it, so they can all be displayed together. Because the items on offer change with the seasons, timely delivery is crucial.

All these aspects of retailing are part of everyday experience in “the West”— they are taken for granted and often go unarticulated. In the developing countries, however, people don’t have this experience and so the pressure to change the color of a traditional handicraft or ship weeks ahead can seem arbitrary and puzzling.

Jennifer’s decision to export products she was selling to tourists and offer them in their home market is logical in many ways. She knew Katchy Kollections’ products appealed to those consumers, in large part due to the updated designs that Anthony created. However, the challenges of producing large quantities according to strict specification and for a firm delivery date would prove daunting.



The woman on the left is sitting in a way typical for weavers in rural Kenya, but not allowed under the Walmart audit.

The first order: horn and coconut bracelets

Jennifer Mulli began her search for foreign customers by attending international trade fairs. At the Fashion to Fiber Competition in Mauritius, held in March 2011, Jennifer met Janet Nkubana of Gahaya Links, a successful Rwandan company. Janet became Jennifer's mentor and introduced her to a social enterprise called "Full Circle Exchange" that operated out of Boise, Idaho, in the United States. Full Circle had already connected Gahaya Links to the managers of Empowering Women Together, though the program had not officially been launched.

Both Full Circle Exchange and Empowering Women Together are representative of a cluster of organizations and initiatives that were begun during the past few years with the aim of assisting women in developing countries to become economically autonomous. Another is WEConnect, an NGO that identifies, certifies, and registers women-owned businesses. The International Trade Centre began trade shows aimed at matching global buyers with women who wish to sell outside their own country. Many of these groups work with each other, each focusing on their particular area of expertise, to help forward the same overall objective.

The Empowering Women Together team and Full Circle Exchange thus were partners in building a global effort that would source products from women-owned businesses and sell them to Walmart consumers. The plan was to launch on Walmart's online portal because going directly into the stores was thought to be too much of a challenge for the small businesses that were the focus of EWT's mission.

Early in the planning process for the EWT launch, the product development team had identified horn bracelets painted with animal prints as something that might be popular with their consumers. Full Circle approached Gahaya Links to produce these bracelets. However, Janet Nkubana knew that Katchy Collections' jewelry often incorporated horn and also that Jennifer wanted to expand into export, so she redirected Full Circle to Jennifer.

In March 2012, Full Circle placed an order with Katchy Collections for 1,200 horn and coconut bangle bracelets painted with animal prints. The terms Full Circle offered were much better than Jennifer was accustomed to at home, though the profit margin, at 10%, was less. Full Circle agreed to pay Katchy Collections 50% up front and 50% when the product shipped. They also agreed to reimburse Jennifer for all samples made during product development and to pay for shipping. From there, Full Circle Exchange would prepare the products for transfer to Walmart by packaging and marking them in accordance with Walmart requirements. The bracelets were to be part of EWT's online platform launch, scheduled for April 2012, so time was very tight.

Katchy Collections had made horn bracelets and could train workers to paint the animal prints, but they had never produced an order this large. The horn and coconut were ordered and the painting accomplished, but the bracelets had to be air-freighted out of Nairobi to make the Walmart date. At the point of export, Jennifer realized that she had not calculated the customs clearance costs. Payment reduced her profit margin further.

When the bracelets arrived in Boise, Full Circle employees began sorting and marking them for transfer.

Immediately, it became evident that the horn bracelets were all different sizes, some too small to pass over an adult's hand and some too big to stay on your arm. No one had thought to tell Jennifer there were parameters on sizing—it's the kind of tacit understanding that comes from being part of the American market. Many coconut bracelets arrived broken, as they had not been packed adequately for international shipping. Full Circle set aside about half the bracelets as not meeting quality standards and sent the rest to Walmart.

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When the EWT team received the bracelets, they rejected still more for size and quality reasons. Even after the bracelets were purchased by online shoppers, the customer feedback included complaints. However, neither Full Circle nor EWT charged Katchy Collections for the bracelets that were wrongly sized or damaged. And EWT reimbursed Full Circle for the additional expense of having to air-freight the shipment, which was too small and too late to go by boat. In the end, the first order Katchy Collections sold to EWT resulted in a loss for both Full Circle and Walmart.

For Katchy Collections, the first exchange resulted in a smaller profit than usually earned from local sales. However, Jennifer hoped eventually to make money by selling at a higher volume. She wanted the experience exporting and doing business with a global retailer. So, the experience for Katchy was a positive one.

Full Circle and Walmart in truth had buffered Jennifer from two of the biggest risks in such a transaction. By paying Jennifer in full at shipment, Full Circle took on the gap in payments between delivery and purchase. Without these terms, Jennifer might have waited months to be paid, which would have delayed money for wages. By absorbing the loss for objects that did not meet quality standards, these two partners protected Katchy from the after effects of a big charge-back. If this had been a large store order and the product had not been sold—for any reason—Jennifer might end up losing everything she had invested in production. This is why quality control, product development, and pricing are as important to the supplier as to Walmart. If the Walmart shopper doesn't buy something, the impact on the maker can be devastating.

Full Circle Exchange

Full Circle Exchange was established by three brothers, Mark, John, and Ed Priddy, before the Walmart EWT initiative was born. Full Circle is a non-profit social enterprise developing market-based means to lift women and their communities above poverty.

The Full Circle strategy is to work as an integrative force between major retailers and small, women-owned businesses. Earlier in their lives, the Priddy brothers built a business of their own that supplied big retailers, especially Walmart, so they are familiar with the challenges involved, from financing to logistics. Nevertheless, aspects of the EWT engagement, such as updating traditional handicrafts from developing countries for sale in large volume, were new to them when Full Circle began. Thus, all parties involved in this case—Full Circle, EWT, and Katchy Kollections—are on a learning curve together.

Full Circle Exchange's Network



Full Circle has shown its willingness to take risks, to invent new approaches, and to be flexible in the face of the uncertainties inherent in this situation. Its principals are highly accomplished and respected businessmen. However, the suppliers in the Full Circle network are located in countries with a wide range of variability in national circumstances: Kenya, India, Cambodia, Rwanda, Peru, Haiti, Ethiopia, Canada, and the United States. The pressures Full Circle has experienced have come from all directions, and many have been surprises. We expect that their approach will continue to develop as new obstacles and opportunities present themselves. The type of support that Full Circle has thus far made available to small, women-owned businesses in the developing countries is summarized in the following paragraphs:

Assisting with product development. Full Circle product developers works with the retailers to create designs and to secure orders for products that hit the right trends, at the right price points. During initial product development phases, when many ideas are tossed around, Full Circle acts on behalf of the women entrepreneurs to sort through the plausibility of producing the concepts. They then work, as needed, with the women entrepreneurs to ensure the correct colors, materials, and techniques can be found. If not, Full Circle helps them devise alternatives.

Striking deals. Full Circle tries to help the women negotiate favorable terms. They manage the process so entrepreneurs are not overwhelmed by volume nor commit themselves to an infeasible or unprofitable product. Indeed, Full Circle has learned that it is to the benefit of all concerned if they are in the room when such deals are made—it helps to protect margins but also to keep the women from overpromising on what they can realistically deliver.

Testing and certification. Full Circle also assists with the whole array of testing and certification that often must occur before a product can actually be sold to an American consumer. Such processes can be quite technical and the need for them may not be immediately evident to the business of origin.

Managing transport. Full Circle covered the cost of transport of the goods to the United States. These costs can often cut substantially into profit margins if the volume of orders is too small to fill a shipping container, or if the timing of production and the deadlines demand expedited shipping. Under both these scenarios, it is often necessary to send the goods via plane, as occurred for all of Katchy Kollektions' orders. Goods that go into a container on a boat can take an average of three months to arrive but may cost only \$7,000; goods that have to be airfreighted can arrive within a week but may cost upwards of \$45,000.

Logistics. When goods arrive in the United States, Full Circle has a team that retrieves them from customs. They repackage each item, putting on warning labels and bar codes, then place them correctly on pallets, and finally weigh them and ship them.

Information interface. From the time the initial order is placed to the final transfer to a Walmart distribution center, Full Circle Exchange interfaces with a sequence of information systems that link product specifications with various people and stages at Walmart. Interacting with these systems requires lots of time on the computer or the phone, and a great deal of patience. It also demands reliable, affordable phone and Internet, not to mention good English and computer skills. For women in developing countries, this aspect of dealing with Walmart would likely be a very expensive and frustrating process if they tried to do it on their own.

Selling surplus. To hedge against incomplete orders, Full Circle sometimes adds additional volume to orders placed, thereby taking on the risk of having to sell these extra units.

Providing working capital. Full Circle has provided favorable payment terms and even low-interest loans to the women entrepreneurs in their network, many of whom face very limited financing options in their own countries. Importantly, the transactions have allowed timely payment for labor; if small businesses in Africa tried to work with Walmart directly, they would wait until after the product was sold before they could be paid, which might be a very long time. On average, six months or even a year may pass between raw materials purchase and payment for goods sold at retail. Most small businesses in developing countries cannot absorb that lag.

Funneling “patient capital.” To expand their base of support, Full Circle has appealed to the social impact investment community and has built good relationships there. Thus, the Priddy brothers can help to funnel grants and other forms of impact capital from various foundations, funds, and donors toward the development of women-owned businesses.

The impact of the Ethical Sourcing Audit

Shortly after getting the order for the Walmart bangles, Katchy learned they had to undergo a Walmart ethical sourcing audit. Requirements for this audit are based on the image of a large modern factory. Fortunately, Katchy Kollections had moved to a business district on Ngong Road. This new location passed the audit with few adjustments needed.

The labor requirements of the audit, however, were a different matter. To pass the audit, all workers must be paid at least the equivalent of a minimum wage and must work regular hours on site with specified breaks and holidays. The women who were doing the beading at Katchy Kollections, however, had been paid much less than minimum wage in the previous year because they were being paid on a piecework basis. They also had not been given paid leave, and they had no contracts.

Nearly all the women who had worked for Katchy when the business operated out of the Mulli house had quit when the company moved to Ngong Road. When the ethical audit pushed Katchy to pay minimum wage, the new cohort of women beaders experienced nearly a doubling in their income and, equally important, a regular paycheck for the first time in their lives, though their earnings were still low by developed nation standards (US\$80-\$90 a month).

The regimentation and pace of work created unexpected new pressures, however. Workers reported back and joint pain from sitting all day and performing repetitive movements. The inflexible hours made it difficult to balance household responsibilities. The women had no experience of working in a company where working hours, breaks, and sick leave are systematized and monitored. None had worked with production targets, order deadlines, or quality control standards. The new work environment was a dramatic change.

Katchy Kollections accepted the new regime, which nearly doubled their labor costs, in part because they still expected higher volumes to come from the relationship with Walmart. Although not mandated within the Walmart ethical audit, Jennifer also provided all workers with medical insurance coverage.

“What happened is when Walmart came to audit us, the first audit, we were doing piecework. If you pay piecework, there’s no way [employees] can ever meet minimum wage.... So when Walmart came, then we were pushed. So of course we’re a small business growing, we felt the strain. But we said to ourselves, ‘Let’s just risk and do it and actually just hope that the orders come in.’ Because if the orders come in, then you’re sustainable, then you have no reason not to support these women.”

Jennifer Mulli, Owner and Manager, Katchy Kollections

Between moving to a commercial location and changing the basis for wages, Katchy Kollections had taken on a completely different cost structure. Before these changes, all costs were variable, tied to a product order that had been specifically priced to produce a given profit margin. Now, there was a semi-fixed cost structure, one that is far less able to accommodate variations in the volume or profitability of orders. Thus, the business risk of the enterprise had increased.

Walmart Ethical Sourcing Audit

All Walmart suppliers must pass an audit ensuring that their manufacturing conditions meet international standards for safety, labor practices, and environmental impact. Many requirements seem simple and basic from the perspective of the developed nations. For instance, there must be exit signage and extinguishers placed appropriately for employees to find and use in a crisis. There are standards related to the electrical wiring, the width of exits, and the swing of doors. Workers must be able to prove that they are of legal age to be employed. Hours must be clocked and payments must be standardized. Children may not be present.

Many developing-country EWT businesses are very small. Owners may struggle to pass the audit because, for instance, expensive structural changes are needed (e.g., widening a door) or because their workers typically don't have birth certificates.

Compliance must be verified by an independent auditor operating in that country. Walmart pays the cost of the first audit (about US\$3,000) for an EWT supplier. However, some suppliers in developing nations experience multiple audit failures. The production for Walmart is then delayed, so the business gets no benefit from the relationship while implementing what may be costly changes and must pay for each repeat visit. Once the company passes the initial audit, they must still undergo annual renewals for which they must pay.

The audit process is becoming a significant and controversial barrier among EWT suppliers in Africa, Asia, and Latin America, but is seldom problematic for those in North America. However, having passed the Walmart audit, the business does gain a credential that appeals to other potential clients from developed nations. So, successfully demonstrating this compliance can lead to more business. Thus, the ethical sourcing audit, though painful and expensive, is another mechanism through which a relationship with Walmart can exert a positive business impact.

The second order: more horn bracelets

Fortunately, in November 2012, Jennifer broadened her relationship with Walmart. At an International Trade Centre show in Mexico City, Full Circle arranged for her to meet the EWT team. Jennifer was able to work with them directly to match product offerings for a lower price range and to show that her company could design a range of products, from shoes to apparel, with appeal for the American market.

EWT wanted to order several different items during that Mexico City meeting. However, once Jennifer returned to Kenya, she soon found that many of the desired items could not be produced to the specifications required (shoe sizes were particularly problematic). However, three things seemed possible to produce in volume: horn bracelets and wooden napkin rings, both painted with animal prints, as well as woven tote bags dyed in seasonal colors and patterns.

“When we met with her in November in Mexico, the intention was for us to have a product development discussion. We had fed her lots of ideas prior so that she could come with ideas of her own and possibly samples. And the meeting there was really fruitful in terms of the discussion . . . We were really excited about the aesthetic of the product, we felt like [Jennifer] had a really good eye, and she was one of the few that . . . the product development came easy in terms of she was presenting product to us that was really desirable—the horn bracelets, the painted bracelets and the totes, so that was really exciting.”

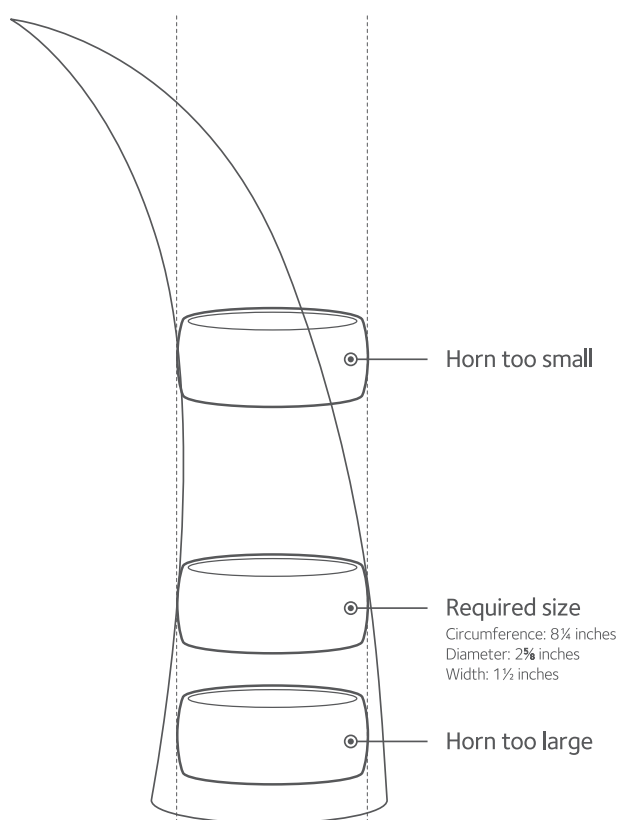
Dana Towsey, Empowering Women Together buyer

In January 2013, EWT, working through Full Circle, ordered 400 horn bracelets from Katchy Collections. Like the previous order, all were bangles (that is, one continuous circle that slips on over the hand), but some were to be narrow and others wide. A specification sheet was sent that listed a maximum variance of one-eighth of an inch in diameter for each bracelet. Bracelet sizers were also provided.

When the horn suppliers brought the bracelets to Katchy Collections’ site in Nairobi, however, there were size problems once again. At first, Anthony rejected some and tried to explain that the consistency was required by the retailer: “We used to return a few of the rejected pieces, so I think [the suppliers] were also getting demoralized . . . But then I tried sitting down with them and discussing and telling them, ‘Hey listen, you know we’re also learning, and we have to understand what the client wants. Because if you give them something wrong and they don’t sell it, you don’t get more business.’”

Unlike antlers, cow horns are not naturally shed. Some US cattlemen remove horns when the animals are young in order to be able to pack them more closely together, but the process is painful. In Africa, the horns are removed only after the animal dies. The main East African breeds live 12 to 20 years. Because cattle are seen as a store of wealth, they are not slaughtered for the horns. It was therefore possible to provide certification, required by Walmart, that no animal cruelty had occurred in the sourcing of the horn.

At stake was the demand for size standardization, which leaves much of each horn unused, as well as the volume of the order, which would require a large number of horns to fill.



Horn bracelets and sizing variation.

The demand for size standardization leaves much of each horn unused

Since the supply of horns is limited, however, it would be important to the horn suppliers that they maximize the value of each one. According to Jennifer, the horn suppliers were emphatic in their refusal to make the bracelets to specification. At stake here was the demand for size standardization, which leaves much of each horn unused, as well as the volume of the order, which would require a large number of horns to fill. The diagram provided illustrates the problem. Once you have cut the specified sizes from the horn, much of what remains must be discarded.

Katchy Collections has many designs that use horn; they could not afford to alienate these women. In the end, only one horn piece out of three met Walmart's size specifications. So, Jennifer and Anthony set aside hundreds of leftover bracelets and took the loss. Jennifer told Full Circle that she could not fulfill the order and would not make horn bangles in the future. Fortunately, Anthony was able to repurpose most of the discarded bracelets, either incorporating the material into his designs or, for the larger bracelets, covering them with colorful scrap material and selling them locally for a profit margin well over 100%.

The third order: napkin rings and woven totes

The next order was for 750 wooden napkin rings, painted in animal prints, and 400 woven tote bags. Full Circle increased the tote bag order to 1,000, intending to sell any surplus on their own website.

Outsourced woodworkers were provided size specifications and beadings finished the product by painting the napkin rings in-house. Though Walmart customer reviews were favorable, sales on the online portal were low, and the napkin rings were never reordered.

The workers at Katchy Kollection were not able to produce the woven totes because these were made from a traditional form of sisal weaving done only in the countryside. Jennifer sought out rural women's groups to make the baskets that formed the base of the tote. She then intended to add straps and a lining at her own facility.

Jennifer first approached Isolo Weavers, a collective of Kenyan women weavers located in the agriculturally fertile Kitui District. The group was formed in 1996 by a UN volunteer, with early technical assistance in design and marketing from the UNDP Product Design and Development Centre. They have now grown from 25 to over 200 members and can produce about 1,200 baskets a month, with 70% of production exported to retail buyers in Japan, UK, and the USA.

Belita Kilonzo, the Isolo manager, divides all orders equally among weavers. Normally a weaver will come to a community center to collect dyed sisal, then return to her home to make the basket, and later collect payment from Belita upon delivery of a completed item. On average, the women can weave two to three baskets per week, earning anywhere from US\$1.65–\$2.00 per basket.

The women can weave only so many baskets, so there is no potential for an individual to make more money by volume—it is only possible to increase income by charging more per basket.

The women can weave only so many baskets, so there is no potential for an individual to make more money by volume—it is only possible to increase income by charging more per basket. There is also no incentive to meet deadlines because the time spent weaving can be used for more lucrative activities. The weavers all pursue a range of earning opportunities, such as charcoal making, animal husbandry, and selling farm produce. They tend to weave on an occasional basis, when there is no other work or while they are doing other things. As one weaver described, they are “weaving as you walk to fetch water, when you are grazing cows, when you are walking to the markets or to some other place. We can never sit down to just weave” (Weaver 13²). Because basket weaving is fit into a larger frame of activities, the women do not come to a central location to weave together, as if in a factory.

² As is the normal practice in academic research, we have anonymized all respondents, except principals who have agreed to be identified. Such reporting practices are common constraints imposed by ethical guidelines involving human subjects.

This diversity of economic activity means women are not dependent on weaving for their livelihood and are inclined to abandon it should a more profitable opportunity arise. During the rainy season, in particular, the women make much more money hiring themselves out as casual laborers to cultivate crops and are unwilling to weave at all. They are paid about US\$2.85 a day in the rainy season to do farm work, as compared to weaving a basket that will yield about 60 cents a day.

“Most people who weave here now have gone for the casual labor. And that is why we are few. If I go today I will get two fifty and if I go tomorrow I will have a total of five hundred shillings and that is good money. If I calculate like that then I will not weave this basket. And that is why the materials will be kept at home and people will not weave the baskets.” (Weaver 3)

So, there are seasonal windows in which a large order of baskets might be produced, but when the rains come—for two months twice a year—that opportunity disappears. In fact, Belita reported that she often declines orders for Isolo during the rainy season, as she cannot find enough weavers to fulfill them. They just have better things to do.

There are seasonal windows in which a large order of baskets might be produced, but when the rains come—for two months twice a year—that opportunity disappears.

Most of Isolo’s buyers prepay 50% of total cost upfront into the group’s account, and pay the remaining 50% upon receipt of product. Jennifer was in a slightly disadvantaged position because the Walmart price for the totes meant she would be paying less than other customers for the baskets. Since the women would be paid less to weave a basket for Walmart than for other customers, they would have less incentive to prioritize the job. There was a risk that time and supplies would be put against another customer who was paying more. As a weaver explained, “[a] basket can take two and a half days to weave when you are hard working. When we calculate. . . . per day how much you should get that is why sometimes we do not weave and complete the orders as expected” (Weaver 3). So, Jennifer made a 75% prepayment, in hopes that would help get the work done on time.

When the totes reached the US, they were featured in *Parade* magazine—a popular US newspaper supplement—and sold out in a day.

Nevertheless, when the shipping deadline arrived, the Isolo women had completed only 600 of the 750 totes Jennifer had paid them to do. Jennifer never got the remainder. She still had to pay her own employees, as well as purchase materials for handles and lining, with her remaining cash. In the end, she made US\$ 600 on the entire transaction. When the totes reached the US, they were featured in *Parade* magazine—a popular US newspaper supplement—and sold out in a day.

The fourth order: ornaments and baskets

Throughout 2013, the partnership between Full Circle Exchange and Katchy Collections continued to develop. Near the beginning of the year, Full Circle Exchange agreed to buy US\$20,000 to \$50,000 of product for resale in the US market. Full Circle's terms of payment—50% up front and 50% once the goods were cleared and shipped—remained the same. They were still paying for samples and they sent a product development consultant to Kenya to work with Jennifer. In addition, Full Circle would cover shipping, and Katchy Collections would still cover the cost of clearing customs. Since Full Circle was always timely with payments, Jennifer believed she could quickly recover money diverted from other orders to pay export charges, once the shipment had been sent. Full Circle also allowed Katchy time to repay the deposits made on orders that had failed.

Full Circle Exchange continued to work with Walmart to get more orders, but also sought other US customers on Katchy's behalf. As sample requests came through for new products, however, Katchy Collections could not always produce the desired designs. One unsuccessful attempt was an item for West Elm, a US retailer that caters to prosperous, cosmopolitan consumers. Their tastes and price expectations fit with Katchy's higher-end designs, but the item requested presented two specifications that could not be met.

West Elm had been working with a West African supplier. That arrangement had ended, and they needed a new partner to produce the same basket in a design that included metallic thread. The West African design meant training Kenyan women to weave in a completely different way. The metallic thread proved impossible to find. After many trials, Katchy concluded that they could not produce the sample.

“[T]he women owned businesses are used to making one product and doing it a certain way. In terms of creating product that's 'trend right,' whether it's for Macy's or Walmart or whoever it is, the product that the buyer's looking for entails using different techniques. . . . Each region and each community has their own weaves. To teach them a new weave costs a lot of money and training. . . . What I really started to realize was that in order to get consistency and product on time at the right price point, you really have to buy off of their [existing] line. I mean what they've already created and not make a lot of changes to it. Once you start making changes, then it just gets very complicated, but a lot of the [traditional] products that are made are not trend right.”

Full Circle Exchange Product Development Consultant

Walmart also ordered a Christmas angel made out of sisal. After all the elements had been purchased and cut to use, however, the item could not be made: the adhesive caused an allergic reaction among the workers, and a different glue did not stick well enough. With the deadline for the Christmas season passing, Jennifer had to cancel the order.

Both these attempts resulted in lost production time and wasted materials for Katchy Collections. For Full Circle Exchange, the financial cushion, extra orders, and product advice was costly.



All the materials for the Christmas ornaments had been prepared when Katchy discovered the glue wouldn't work and had to cancel the order.

The fifth order: colored totes

In spite of these setbacks, Katchy Collections continued to gear up for a high-volume export business. Consulting with Full Circle, Jennifer decided to move Katchy Collections to the Athi River export processing zone (EPZ). The rent at EPZ was a third what they had been paying at Ngong Road and there were tax breaks that came in the bargain. However, relocation would be costly, so Full Circle Exchange loaned Jennifer \$10,000, at a very reasonable 5% interest rate. However, the business had to commit to achieving 80% of its volume in export within five years—and their current export volume was only 20%.

The EPZ facility was located 30 kilometers outside Nairobi. Employees would now face an additional four to six hours per day commuting. Jennifer hoped that her employees would relocate to the Athi area, which provided better housing and infrastructure (running water, electricity). She offered those who would move an additional US\$22 monthly housing allowance to compensate for the higher rents. For those who chose not to relocate, Jennifer provided a transportation stipend of US\$34. These wage supplements increased Katchy Collections' labor costs substantially, forcing the company to limit the number of employees it took to the EPZ.

In the end, only half of the employees followed Katchy Collections to the new EPZ facility. Most of these did not move; rather, they came in from the city daily. Employees began coming to work early to beat the rush hour and leaving after it subsided. Jennifer discouraged this behavior and would not pay overtime for it. Even so, the workers continued to keep longer hours, often working voluntarily just to pass the time.

In December 2013, EWT and Full Circle ordered another 480 woven totes in spring colors, to form part of the spring 2014 fashion offerings. Jennifer felt that fulfilling this order would be worthwhile only if the volume were increased and the profit margins high enough to buffer the unforeseen costs she was continually incurring. Walmart's EWT team agreed to pay Jennifer slightly more for the tote bags, shaving their own profit margins because they felt their customers would not accept a higher price point. However, they were reluctant to increase the volume, preferring to place smaller orders that could be re-ordered as necessary. Once again, Full Circle, acting as a mediator in the process, agreed to help increase the probability of getting the Walmart order fulfilled by topping up the total volume to 800 tote bags.

Since the experience with Isolo, Jennifer had identified other weaving groups she thought could do as many as 5,000 woven totes. For this job, Katchy contracted with the Yatta South Women's Group, located three hours drive from Nairobi in the arid Machokos District. The organization was established in 1986 and today has 2,030 members. Like Isolo, Yatta supplies baskets to both domestic and international markets and privileges those orders that offer the highest returns on their labor. Here, too, the women intersperse weaving with other income-generating activities, farming, and family care—and the same weaving stoppage occurs during the rainy season.

Jennifer, however, felt that these weavers were better organized, and there were more of them. She believed they would deliver on time. They had also produced beautiful samples, so she felt confident that she would get the quality she needed. Even so, to hedge against losses from incomplete production, Jennifer broke the order down into smaller chunks, paying for the production of 100 totes at a time.

The color for the new totes presented the next problem. Because there is little storage in rural Kenya, sisal and dye are purchased as baskets are finished and more supplies are needed. Dye is poured into water that is sometimes dirty and heated in aluminum pots set on an open fire. The sisal is then put into the pots to absorb the color. Afterward, the colored strands are put out to dry in the sunlight, sometimes by stringing them through tree tops. The small batches, unclean water, open fire, and sun-drying all undermine color control.

Walmart uses Pantone, a standardized color system, and provides sample chips to make sure shades match. The weaving groups have limited access to dyes, however, so they cannot always get the right combination. Further, the women have little familiarity with shades and may not understand the emphasis on exactness of match. Anthony explains: "They don't understand what coral is They know red, pink. So, I'm trying to explain to them, it's red but a light red, it's really light." Just as buyers at Walmart might be astonished to see that the dyeing was being done in an ordinary pot over an open fire, rural Kenyans might be dumbstruck to be asked to precisely match the color of a Pantone chip.

In February 2014, when Jennifer went to Yatta to pick up the first installment of 100 totes, she was met with a devastating blow. The colors were wrong and the baskets did not meet the quality standards Jennifer needed. She could only salvage five totes. The weavers had already been paid, and Jennifer felt it would be unethical to reclaim her money from women who are so poor, so she walked away from the deposit.



Small batches, unclean water, open fire, and sun-drying all undermine color control.

At least, however, she had ordered only 100 totes and still had cash to use toward the rest of the order. Jennifer was forced to return to Isolo to complete the work. Although she was not sure they would deliver the numbers, Jennifer felt she could at least trust them to produce a high-quality product. To hedge against the risk, she hired a coordinator to work in the area to manage the collection, production, and payment process. This step, of course, added to her costs once again.

Just as buyers at Walmart might be astonished to see that the dyeing was being done in an ordinary pot over an open fire, rural Kenyans might be dumbstruck to be asked to precisely match the color of a Pantone chip.

By the shipment date in March, Isolo had completed just over 200 baskets. Jennifer had put the money down for the bond required to move the goods from the EPZ to the port, but when the customs officer came to give final approval, the charge was double what she was originally quoted. The bond was now US\$1,360. She didn't have the money.

Jennifer hoped she could solve the problem on her own, but, embarrassed by the situation, she did not tell either Full Circle or Walmart what had happened. Jennifer went for weeks without communicating at all. The Full Circle product development consultant remarked:

“What I realized about Jennifer is that when something's going wrong, she doesn't want to involve us. She didn't want to tell us it was wrong. . . . So then she would go like MIA for two months. . . . She wants to deal with it on her own, and she wants to end up, you know, figuring it out, shipping the products. But there were several times when it just, the lack of communication went on for too long. . . . I can't get any information. I don't know what's going on.”

Full Circle Exchange Product Development Consultant

At Walmart, the EWT team waited for the shipment for a long time: “A week before we're expecting it, [Full Circle says] you're not getting the order. . . . We extended it like a month because, because [Full Circle] just kept extending it and saying, 'Well, we haven't heard from her,' and 'Oh, well, she can do it but she can't do all of them.' And then, I guess, finally, they were like 'They're not coming.'”

Everyone was puzzled. Jennifer knew she should have shared her problems, but she felt ashamed: “I know that it's wrong not to tell them, but trust me, it's just annoyance and the guilt in my heart. I also react the same way when people keep telling me different stories. . . . I mean, these guys are thinking like “Hey, what else, you know?”. . . . I feel really bad about [Full Circle] because they've really been patient and tolerant with us, but our systems just don't work. How long am I going to tell these guys a story?”

Was it worth it?

When 2013 came to an end, Full Circle had been able to place only \$US12,000 of business, but Katchy still owed them money. The structure of the business was now geared for high volume, not for the boutique sales that were still the main income stream. All along, Jennifer had expected that the lower profit margins on the Walmart orders, as well as all the costs attributable to that relationship, would be offset by higher volumes. To be fair, it had proven impossible to produce several orders. But the large sales that never materialized had nevertheless changed the structure of the business. Staff turnover had been high, especially after moving to the export processing zone. Better wages did not seem to make up for the long hours and tiresome commute. And higher costs brought down-sizing.

“So you put everyone on salaries. But nothing came through until this year in January, this shipment that we have. So a huge expense, actually, that was not equal to the orders. And that is the biggest mistake we made. And we did not realize the consequences They talk about the fifty thousand to a hundred thousand pieces and everything, so we didn’t see it as a problem. If these women are working [to make the products], then they can work like that, we are able to pay and we can stick to what the Walmart audit is about But the Walmart audit was asking for too much, and it wasn’t reciprocal.”

Jennifer Mulli, Owner and Manager, Katchy Collections

By the spring of 2014, Katchy Collections was making plans to move out of the EPZ and back to Ngong Road. They opened their own boutique and began to focus once again on local sales. They were still open to exporting, but they resolved only to send abroad objects they were already making.

For Full Circle and EWT, who are trying to bring a number of other female entrepreneurs having similar problems into the system, the experience has been tense and exhausting. Circumstances on the ground in Kenya so often resulted in cancelled orders, rush measures, and alternative treatments that a great deal of uncertainty and stress was created for the people working at both US companies. The multiple reasons for failure, from materials availability to labor compliance, were hard for anyone to anticipate, but were often completely opaque from the US perspective. A great deal of hands-on attention was required, raising questions about how sustainable this program would be.

The multiple reasons for failure, from materials availability to labor compliance, were hard for anyone to anticipate.

Communication was a major issue. There was, as with other developing-country suppliers, the problem of unreliable Internet, inadequate bandwidth, and the like. However, in the end, the bigger communications problems were about why, when, and how much to tell each other about problems. For the US partners, the cancellations and delays sometimes seemed to come without adequate warning—and the reasons given were often inscrutable. From the African view, there seemed to be long decision times that caused frustrations with suppliers on the ground.



As a result of the Walmart ethical audit, beaders employed at Katchy saw their pay double and experienced a regular paycheck for the first time ever.

Were women empowered?

The overarching objective for all three partners – Empowering Women Together, Katchy Collections and Full Circle Exchange – was to empower women. So, a key question is whether this goal was reached.

Jennifer Mulli’s capabilities were certainly stretched—she expanded her network, began learning to export, and demonstrated that she could create for the world’s largest consumer market. She did not make a lot of money; indeed, right now, she may be in worse financial shape than when she started. But, over the course of only two years, she has positioned herself to do exporting to the US—though she may still continue to struggle with production logistics. Going forward, her dream of empowering more women through expanding Katchy Collections may still come true.

“You have to start somewhere to get to where you’re going. That’s the way I view everything I do in life, is you have to start somewhere. So was it worth it? It was a good experience. Because you also got to understand how the women worked, it was a good challenge. In terms of can I get another order from a bigger store? Yes, because it gives me that confidence to know we can actually do it.”

Jennifer Mulli, Owner and Manager, Katchy Collections

The most common definition of an entrepreneur is “someone who pursues opportunity beyond the resources she controls.” What we are seeing with Jennifer’s push to leverage and to expand her production ability in hopes of getting a stream of big orders may be exactly what we would expect to see—indeed, what we would want to see—from a budding entrepreneur. This is the risk behavior that, when successful, generates growth. Jennifer feels her experience has built her confidence, despite all these setbacks. Nevertheless, the push to a high volume structure has substantially increased the risk of her business and it remains to be seen whether it will recover.

In the past two years, Katchy Collections has won a Bit Network competition and Jennifer has gone from being mentored by Vital Voices to becoming someone’s mentor herself. Thus, we feel that it’s probably fair to say that Jennifer is more empowered now than she was in 2011. The degree to which her empowerment is traceable only to Walmart, however, is debatable, since Full Circle Exchange arguably played a more direct role and, indeed, other organizations were also involved.

The power of one group of women may have negative consequences for the empowerment of others.

The experiences of the women working for Katchy Collections present a mixed picture. Several employees told us they were positive about their work. They have jobs when many others have none, and they feel nurtured and supported. However, it is hard to ignore the high turnover, even in the presence of doubled wages—and at least ten people lost their jobs when Katchy moved to the EPZ.

The women weavers are not Katchy employees, but they would be part of Jennifer's own two-pronged strategy to empower women: "So you're creating, you're balancing the women from rural and urban, you're not leaving one disadvantaged. . . . That's basically what our model is about."

For Walmart, too, the rural workers would have been intended beneficiaries, but to include them in the scope of EWT would require them to undergo an ethical sourcing audit. At the time of the first audit, Katchy was not outsourcing very much, and the auditor decided not to pursue a review of suppliers. Now, with the woven totes the most promising product, there might arise a question of auditing the weaving groups.

The women weavers, however, have no reason to comply with a Walmart audit. They have nothing to gain from a volume order at a low price. They are not paid enough for the baskets to make it worth their while to come into a central building to work, even if there is one and even if it has fire extinguishers. The price of baskets would have to at least triple to make that change attractive.

The imagined workplace of the Walmart audit does not fit the weavers' way of life and, indeed, it does not fit their economy.

The imagined workplace of the Walmart audit does not fit the weavers' way of life and, indeed, it does not fit their economy. Jennifer speculates that weavers would likely choose to pass on the audit and, therefore, on the business that a relationship with Walmart might bring, "You know, there are some conditions you would put on people, that they say you are asking for too much." These weavers are in a position where they may say no to Walmart, something that some very large corporations don't feel they can do.

This obliviousness to the demands of a major US retailer caused production failures for Jennifer, however: "I don't think deadlines really exist for them. It's kind of like 'when I get my basket done, I get my basket done,' and they don't understand the whole impact of, if it's late, it can't be sent with the order, so we can't pay you." In addition, the horn suppliers who refused to provide bracelets as sized also frustrated Jennifer's plan. The power of one group of women may thus have negative consequences for the empowerment of others.

And the ability to say no to something you really don't want is a form of power.

The weavers who spoke with us did not feel that the money they earned by making baskets for Katchy Collections made a difference in their power at home or in the community. Though all had the freedom to determine how they would spend their earnings, it was unclear whether this autonomy reflected equitable gender relations or the insignificance of earnings in their husbands' eyes. As one weaver acknowledged, "No one can argue with you about it because it is very little" (Weaver 12). We should consider how far the EWT program must go to reasonably claim the empowerment of such women.

We also feel it is important to ask whether the EWT team—which is entirely female—was empowered by this project. Though they seem energized and enthusiastic about their assignment, dealing with the challenges in this case (and similar situations with other suppliers) required a great deal of personal attention and some very long hours. The team at Walmart.com in San Bruno does all this while still performing their “day jobs.” None of them have economic development experience—yet they are trying to source products from among disadvantaged populations in poor countries all over the world. None want to see this effort fail. The stakes are high in terms of public attention, but mostly these Walmart employees seem to feel a moral imperative to get the program running successfully. This feeling produces inspiration, but also stress, self-doubt, and vulnerability.

Measurement challenges

Many of the challenges for measurement that were visible in the Women's Bean Project case study are also present here. Two main issues, in particular, overlap: the appropriateness of using sales or number of employees to evaluate impact.

As with the Denver-based supplier, the orders in this case have been small. However, for Katchy, the actions required to take the orders at all, especially converting their wage structure, had a massive effect on the business that is not captured by sales measures. Katchy Collections' ramp up to produce volume for Walmart was considerably more stressful and risky than Women's Bean Project experienced. And, while Walmart represented a small percentage of total sales for both of these entities, Katchy Collections became potentially dependent on Walmart for its future, while Women's Bean Project did not. This very basic fact is not a problem created by either Walmart or Full Circle Exchange, but is a reflection of the massive domestic market and streamlined systems available to "the Bean," but not to Katchy.

Using the number of employees to measure success also would create a false impression. In the Women's Bean Project, the employees do feel empowered and do graduate to better jobs. However, their numbers cannot increase unless the charity takes on a massive capital campaign to expand. In contrast, the number in Katchy's employ also did not expand. Indeed, there was a huge amount of churn in the people who actually worked there, despite having better terms of employment from a Western perspective. And, at a key moment of expansion, the number of employees was reduced. Strategic shifts can cause reduction in the size of the labor force—and it is not necessarily a bad thing for the business, though it is obviously not a good outcome for the employees.

Efforts to produce for Walmart could have gone wrong enough at any point that the enterprise might have collapsed. Conventional measures would not have captured what had happened.

Katchy's business risk has increased as a result of the push over the past two years—yet this higher risk might not be captured by typical measures such as debt ratios. Remember that the main reason Jennifer lacked working capital at the opening of the case was that banks in Kenya essentially don't lend to women. Full Circle helped her considerably by providing credit from outside her own country. The debt she has taken on may be worrisome for her, though it is still probably low compared to many small businesses. Nevertheless, the question arises for us whether the typical insistence that projects like EWT (and businesses like Katchy) demonstrate rapid progress towards "scale" is wise.

Circumstances in Kenya point to another measurement challenge. While no country has solved its gender inequality problems, especially in business, the differences among countries are vast. The United States, where the majority of EWT suppliers operate, has better gender conditions than does Kenya—or than any other

country in Africa, where the second highest concentration of EWT suppliers is now. Any evaluation of success for these businesses should be filtered through some adjustment that recognizes the national differences in gender barriers that the women must overcome.

Another key question is how to account for the role of Full Circle Exchange. Their actions to integrate and to buffer Katchy Collections during this process were invaluable though their advice to move to the EPZ may have been premature. Many EWT suppliers work through Full Circle Exchange, in North America as well as developing countries. However, most of the EWT suppliers in the US and Canada work directly with Walmart, as does Women's Bean Project. Other developing country suppliers work with a different "integrator," Global Goods Partners, which has a very different approach to the work. Finally, there are several groups, from WEConnect to Vital Voices to the International Trade Centre, that were actively trying to assist. Accounting for the influence of Full Circle, as well as other groups functioning in similar or related roles, in a way that is fair across the system will be difficult.

There is also the question of timing. Today, many donors and foundations—and especially corporates—expect to see the impact of an "investment in women" within a year or even six months. Yet, despite Jennifer Mulli's intense learning experience, we are left with the sense that the story is not finished, that the impact of these efforts will not really be known for a while, perhaps another year, perhaps more. On the other hand, her efforts to produce for Walmart could have gone wrong enough at any point during the past year for the entire enterprise to collapse. Conventional measures like sales and number of employees, coupled with an annual measurement system, would not have diagnosed what went wrong. Finally a donor-motivated push to "scale" before the business is ready can be disastrous, sometimes "patient capital" is not patient enough.

Any evaluation of success for these businesses should be filtered through the national differences in gender barriers that the women must overcome.

Measurement of women's empowerment would also be tricky. We can see that the power trajectories of the bead makers, the weavers, the horn suppliers, and Jennifer herself are multivalent and sometimes contradictory. The weavers are very poor, yet can decline to produce for the world's largest retailer. That decision would undercut the power of the entrepreneur, otherwise a relatively privileged woman. Converting Katchy to a wage system raised incomes for the bead makers, but put Jennifer's family in a more precarious financial situation—and the higher wages do not seem to have been empowering enough to counteract the effects of other conditions of formal employment that are normally thought to be beneficial. So, even if all these different groups of women were assessed using multiple measures of empowerment, the results might be very difficult to interpret.

Implications

The initial challenge the partners in this case faced was to orchestrate the product development work necessary to appeal to mass markets in wealthy nations. All the North American EWT suppliers are already making products with a novel twist: an eco-friendly garment bag, a sweat band that works for African-American hair, a toy that teaches engineering to little girls, baked goods for celiac sufferers. Not only are all these products likely to attract notice because they are new and fill a gap in the present consumer landscape, they are sufficiently distinctive to command a price premium, even for Walmart shoppers.

Expecting a supplier in Africa to identify these market gaps, let alone design products to fill them, is probably unrealistic in most instances. In this case, Katchy Collections was able to design products with market appeal, but could not execute them to the quality and timeliness standards required. In no instance was the failure to produce a function of poor management by any of the partners; instead, every failure resulted from a disconnect between the streamlined, exacting “Western” system and the more casual, natural system on the ground in Kenya. Even though EWT product orders are small, the model unavoidably relies on sophisticated standards of supply, production, and logistics, as well as financial liquidity and consumer marketing know-how.

Every failure resulted from a disconnect between the streamlined, exacting “Western” system and the more casual, natural system on the ground in Kenya.

Market and production expertise. Providing the right kind of advice to bring new product concepts to production probably means putting someone on the ground who can also learn the real local production situation. Doing such a thing across many countries and all the types of products Walmart carries would be cost prohibitive. Nevertheless, consideration probably should be given to some kind of mentoring intervention, perhaps assembled jointly by companies and agencies with interests in this domain. We are aware that the Coca-Cola 5 by 20 program connects mentors available locally with the women whose businesses they are trying to help develop. However, Coca-Cola’s system is producing a highly standardized product with origins in the United States, often for local distribution. Theirs is quite a different directional model than the one we are describing here; local mentoring may simply not work for EWT because those mentors may have no more experience with the advanced markets. An independently organized mentoring intervention perhaps similar to the one led by the Cherie Blair Foundation, but rooted in the relevant retail market and able to put feet on the ground to help sort production problems, would be required. A solution like that would need international cooperation, probably across several institutions.

Export processes. The need to engage with export processes is itself a major barrier, from contracting for long-haul shipping to haggling with customs officials. The customs process is onerous and frustrating for both men and women, but we suspect there is greater likelihood of bullying and fraud when the agent is male and the exporter is female. Some kind of intergovernment or independent agency effort to facilitate this process for women-owned businesses could be helpful.

Ethical sourcing. The potentially negative impact of the ethical sourcing audit on small businesses in developing countries goes beyond labor matters and extends into the society's way of life. For instance, few employees at Katchy Kollections have reached high school or have skills of literacy and numeracy consistent with formal production environments. Katchy Kollections not only has to train workers in specialized skills of beading and handicraft production, but now also must develop their basic skills in measurement, record keeping, and time management. Most high school graduates in North America would be expected to possess these capabilities, but the requirement places an additional cost burden on African suppliers, one that is often invisible to outsiders.

If the intention is to benefit females, we do not believe it is wise either to ignore childcare or to force culturally inappropriate practices on communities.

Discord over childcare has occurred in several EWT sites because the audit demands that children not be present in the workplace. Local practice in poor communities is often for mothers to take small children and infants to work with them, especially when that work is traditional handicrafts. To disrupt that practice can cause a cascade of problems—and providing offsite care may not be seen as a desirable solution. We also note that several women interviewed for the North American segment chose to be in their current jobs because the entrepreneur allowed flexibility for childcare. In one case, a woman was regularly bringing her toddler to the office. The management of childcare is important to women everywhere. If the intention of the entire effort is to benefit females, we do not believe it is wise either to ignore this issue or to force culturally inappropriate practices on communities.

EWT is currently working with the Walmart ethical sourcing team to see what revisions may be necessary to soften the effects of the audit on small suppliers while facilitating compliance in an appropriate way.

Alternative retail models. Full Circle Exchange has been experimenting with a different model that is intended to smooth out the impact of the required labor structure. Their concept is to source an array of items from around the world, then put them together as a promotional package (such as Mother's Day) that can go, in volume, to Walmart stores (or other retailer sites). The strategy is to avoid complex product development by using small crafts items that already form part of the local handicrafts repertoire (raffia flowers, small silver charms, beaten metal pendants) as a "completion activity" that decorates more substantial items (coffee cups, boxes of chocolate) designed by women and sourced from other suppliers. If an arrangement of this sort could be successful with consumers on a regular basis, then steady volumes could be planned for the women's businesses in developing countries. This kind of approach could be used as a gentler ramp-up for women-



Jennifer Mulli (left, facing) and Rosemary Mumbua, quality controller at Yatta South Weavers in Machokos District.

owned businesses, but it does shift considerable financial risk to Full Circle who must underwrite the whole process. Furthermore, the concept may not fit the vision for EWT, which is more focused on bringing up small businesses in an independent way, one by one. Indeed, this Full Circle model may run the risk of replicating international business practices that have not been empowering for those in developing communities in the past.

Branding. Both Walmart and Full Circle Exchange are developing brands around women's economic empowerment. We applaud the intention to bring women's economics to the notice of American consumers. We also feel that branding is important to the sustainability of women-based market efforts. However, we have observed that the branding agenda often causes a mild conflict and some jostling between the partners. Further, while some EWT suppliers will not be intent on developing brands for the American market—being instead content merely to export for sale under another label—others will want to mark their products and establish a brand identity of their own. We note that all the North American suppliers have their own brands, though one or two are also producing private label goods as well. The issue of brand is not unimportant—it allows a manufacturer to build a stable base of customers by making the source of the line of products visible. Building businesses in developing countries that merely provide the raw objects for an American brand to mark up does not seem like an empowering innovation. Going forward, attention should be given to the branding potential for the suppliers.

Financial innovation. A key point of learning for both Walmart and Full Circle has been that financial access is a major barrier. Access to markets is not much good unless you can get capital to grow your sales. Full Circle continues to try new ways of solving the capital problem and now EWT is doing the same. Several financial innovations have been tried in the US during the past year, and the hope is to extend or to transplant similar facilities internationally if possible. To some degree, however, we feel it is a misplaced expectation that retailers and private citizens fill in a gap that should rightly be filled by financial institutions.

At this point it is clear that the global financial system is profoundly gender biased. This situation requires intentional reform.

Financial reform. As in Katchy Collections' case, the lack of capital is often not a matter of individual credit or investment worthiness, but instead comes from a systemic bias in the financial system. We were surprised, for instance, to find that one of the North American suppliers, a woman with a well-established track record in her own enterprise and who had already sold a successful business she built with her husband, was being denied capital by the local bank with which they had always dealt. Her husband was as outraged by their obvious bias as she was. Other businesses in her community begun by men were growing at twice the rate because they could access capital. It is common for financiers to argue that women-owned businesses don't grow because females choose slow-growth industries that require little capital. We think there is a chicken-and-egg question here that needs to be considered: Are women choosing to go into low-growth industries or are banks starving industries where women cluster by denying them capital, resulting in slow growth? Or, are women

being kept out of lucrative industries, which tend to require more capital, because banks will not lend to them? At this point it is clear that the global financial system is profoundly gender biased. This situation requires intentional reform.

Equity, ownership, and impact. There is the further question of how investment structures will affect ownership and control. An equity investor did approach Jennifer, through her Bit Network award, but wanted 60% of the business in exchange for the funds. Another supplier in the network, this one in North America, has sold 48% of her business to another, male-dominated group because she needs capital. The shift in ownership resulted in sudden changes in systems, personnel, marketing, and philosophy. It is clear in such cases that control of the business is not just about the percentage of ownership. At the core, gender relations are about power: males may exert more than their share of control if the opposite force is coming from one woman. In pushing too fast for growth, the international community may endanger women's control over these businesses—and the benefits that are anticipated from empowering women may never materialize.

We also note that there is considerable potential growing in the social investment community to put support behind gender empowerment initiatives. Those investors must have a way to gauge the impact of their funds on issues related to gender. Yet, we are still a long way from a set of metrics that are sensitive to gender but can be applied throughout a system, like this one, that operates in both developed and developing countries.

Multisectoral partnerships. The problem of gender inequality crosses many domains of social and economic life. We anticipate that the new institutions, initiatives, and collaborations emerging to close the gender gap will be needed and must grow. Working in this cross-sectoral, interorganizational way challenges many old precepts about what tasks “belong” to one or another sector, as well as requiring a new spirit of trust and a mutual appreciation for different competencies. With support from others, the problems we have outlined here could be solved.

In conclusion, we find that there are many obstacles to success in the path EWT is trying to pursue. Most of these barriers are not under Walmart's control and are symptomatic of the inequality among national economies or are by-products of systemic gender bias. Despite substantial challenges, we do not feel this effort should be declared infeasible. Instead, the system needs to be cultivated carefully, not rushed, and resources need to be made available. There are many lessons being learned here that will be useful not only to Walmart, but to the entire international community.

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Empowering Women through Market Access

This case study was developed as part of a research initiative undertaken by the University of Oxford to develop measurements for evaluating the impact of Walmart's Empowering Women Together (EWT) program. EWT focuses on bringing small businesses that are owned or led by women into the Walmart supplier base, thus opening a large market to them. Through this Katchy Collections, Kenya case study, along with the companion Women's Bean Project, USA case study, and Maasai Women Development Organisation (MWEDO) Tanzania case study, we intend to illustrate the questions that arise in designing appropriate metrics, while also showing how the difference in local conditions affects business potential. A companion piece that surveys current literature and practice in measurements relevant to EWT is being compiled and will also be made public.

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Saïd Business School is one of the world's leading and most entrepreneurial business schools. An integral part of the University of Oxford, the School embodies the academic rigour and forward thinking that has made Oxford a world leader in education. The School is dedicated to developing a new generation of business leaders and entrepreneurs and conducting research not only into the nature of business, but the connections between business and the wider world.

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