Dharohar

Preservation, Innovation and Promotion of ethnic arts and crafts

Prepared by
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XLRI, Jamshedpur
Executive Summary

The handicraft sector is an essential source of income for people residing in rural India. The handicraft sector not only provides employment to large number of artisans in rural and semi-urban areas but it is also a major contributor to the export earnings of the country. Despite all these attributes this sector faces a bottleneck of being highly unorganized.

Jharkhand has got rich tribal heritage with close to 30 tribal communities residing in the state. The rich natural resources have also been a source of many ethnic crafts that are practiced in Jharkhand. Unfortunately this rich tapestry has been losing its significance. It can only be preserved and promoted if the existing culture is innovated and linked with the livelihood sources in an organized manner.

Dharohar will target both producer groups and artisans clusters in Jharkhand and provide them with marketing linkages and training modules to further enhance their skills. We will also develop documents on ethnic handicrafts and the various myths associated with them. After a few years when the organization has established itself in the marketplace it will provide government advocacy that will help the government to come up with policies that will help in the development of the handicraft industries and in improving the standard of living of the artisans. Our organization will have a competitive advantage as there are no other organizations in eastern India that provide enterprise support solution to producer groups or artisan clusters.

The financial analysis incorporates the important element of opportunity cost of the founders. The expected starting up cost for this venture is around 13 lakh rupees. The financial projections in the short run show that the total revenue is greater than the variable costs.

Dharohar will start on a pilot basis in the East Singhbhum district of Jharkhand. The primary reason for this choice is that the founder mebers are based out of this region thus it will be easier to develop contacts and marketing channels.

Profile of the founders

The team of Dharohar has a diverse knowledge of management, engineering and entrepreneurship. One of the team members has worked closely with the artisan groups in the state of Jharkhand.

Sweta None

• Completed MBA from Xavier Institute of Social Service, Ranchi
• Worked with Ministry of Rural Development for three months
• Worked with Tata Steel Rural Development Society – CSR department of Tata Steel

Pratik Piyush Panda

• Completed Engineering from Manipal Institute of Technology, Manipal
• Worked with Infosys Technologies Ltd. For two years
• Has prior experience of working for an NGO

Both the team members are presently undergoing a course in Entrepreneurship Management at XLRI, Jamshedpur.
Gap analysis

We conducted a market research in the form of questionnaire* and personal interviews with artisan clusters that belonged to various parts of Jharkhand. The market research was conducted to know more closely the problems faced by these artisans in garnering a proper marketing channel for their products. The questionnaire focused on important areas such as sales channel, customer satisfaction, design upgradation etc.

Through our research we came to know that although the Government of Jharkhand has taken various steps for the upliftment of the socio-economic conditions of the rural artisans the impact has been low due to unorganized and isolated nature of these attempts and several craft forms have gone extinct in the state.

* included in the appendix

Findings of the market research

- There is opportunity of marketing linkage services and the respondents are willing to avail this service.
- Design is extremely important for handicraft business and the respondents are willing to pay of the services to allure customers.
- Respondents are unaware of the service like marketing linkage – (provided by other organization) available in market.

Based on the findings of the market research we can say that there is a clear need for an organized body that would represent craft workers at the state as well as national level, serving to help them articulate their needs and advocate for favorable policies for the sector. This body would start by bringing together private businesses, non-profit organizations and cooperatives working in the crafts sector since all of them are affected by the lack of effective policies for the sector.

Company description

Company Name

The Company will be registered as Dharohar.

Vision Statement

To help the craftsmen improve their quality of life by providing them with a continuous source of income and to preserve the rich heritage of Indian handicrafts.

Mission Statement

To act as the single point of contact for all artisan clusters with regard to their training and development needs by providing enterprise support programs and national and international marketing linkages.
Legal structure

Dharohar will follow a hybrid model of governance.

Its nonprofit arm will help individual artisans collectivize into self-governed groups called Producer Groups. These groups will receive capacity-building support, technical assistance, and entrepreneurial skills training (including training on how to run a group, group dynamics, cash management and loan repayment). In third year, non-profit arm can apply for Government aid / grant for the artisans’ clusters development.

Its for-profit arm will specialize in Enterprise Support Programmes (ESP packages) that includes design, marketing, and manufacturing training modules and generates market demand for artisans’ products. The ESP packages will provide design input and marketing value additions in line with consumer trends.

The business model

1. When a producer group* approaches our organization to seek support we will conduct a preliminary assessment that looks into the main areas of concern for the producer groups. We then construct a detailed action plan as per the requirements of the producer groups and suggests the ESP package that will be best suited to their needs.
2. Documentation will consist of creation of various records about traditional craft **production processes and the myths associated with them. It will also focus on the life style of various producer groups. The documents will be developed with the help of professional anthropologist.
3. The government advocacy programs will be offered by a core advocacy group consisting of eminent experts after the organization has functioned for some time. Our organization will help the state and central government in formulating policies that will help in the development of the handicraft industries and in improving the standard of living of the artisans.

*Producer Group: Any organization that works in the crafts sector, whether in ensuring their economic and social rights, production and sale of craft products or Business Development Services.

**Traditional Craft: The South Dakota Arts Council defines traditional art/craft as art that comes from a community or family, expresses their heritages, and has usually been practiced for several generations. The communities can be ethnic, tribal, regional or religious. The skills usually are passed on informally, for example through some sort of apprenticeship, rather than through academic training.

Service offerings

Enterprise support programs (ESP)

We have identified four types of enterprise support programs. They are,

Long Term (1.5 – 2 years): This will include basic crafts training, design training by junior and senior designers, soft skill workshops, managerial skill workshops, etc. It will also help the producer groups to set up marketing linkages.

Short Term (6 months): This will include basic crafts training and design training by a junior designer.

Marketing Linkages: This will be a standalone program that will help in setting up marketing linkages for a producer group. This program will include proposal and catalog preparation and deciding upon a pricing strategy. A commission from the sales of each producer group will be charged by our organization.

Workshops (5 to 15 days): The workshops will range on topics such as basic marketing skills, packaging, branding, soft skills training, book keeping, etc.

Documentation relating to traditional craft production processes and the myths associated with them

These documents will be developed with the help of professional anthropologist. During the start-up phase we will hire anthropologists interns on a contractual basis. The documents will be helpful for educational purposes by research institutes and colleges (Ph.D. graduates and anthropologists). Government may use these documents for display in museums that showcase the cultural heritage of India.

Government advocacy

Our organization will mainly focus on the following advocacy programs:

- Budget allocation by Govt. for promotion artisans’ artifacts
- Health and safety issues of artisans
- Environment issues in craft sectors
Target markets

The following table shows the target areas that our business will focus on during the first three years of its operation.

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Particulars</th>
<th>1st Year</th>
<th>2nd Year</th>
<th>3rd Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Focus Areas</td>
<td>East Singhbhum</td>
<td>West Singhbhum, Santal Pargana</td>
<td>Spread throughout Jharkhand</td>
</tr>
<tr>
<td>2</td>
<td>Producer Groups(NGOs/Artisans’ Cluster/Any small scale craft business)</td>
<td>4</td>
<td>8</td>
<td>16</td>
</tr>
</tbody>
</table>

Table 1.1- Focus Areas

Profile of the artisan communities

Our organization will target two categories of artisans. They are,

1. Traditional craft persons: These artisans are involved in creating traditional paintings such as Paitkar, Shorai, Khovar etc. This group also includes the Dhokra artisans who belong to the Malhore community.
2. Trained craft persons: Bamboo craft artisans, Kantha embroidery artisans

Financial analysis

The following table shows the various sources of revenue generation for the organization in the first three years of its operation.

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Sources</th>
<th>1st Year</th>
<th>2nd Year</th>
<th>3rd Year</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Percentage from sales</td>
<td>Revenue</td>
<td>Revenue</td>
<td>Revenue</td>
<td>Certain percentage of sales of producer groups to be taken, if the producer groups get sales order.</td>
</tr>
<tr>
<td>2</td>
<td>ESP Programs (Short term and Long Term)</td>
<td>Revenue</td>
<td>Revenue</td>
<td>Revenue</td>
<td>Fixed fee to be paid by the producer group for the services</td>
</tr>
<tr>
<td>3</td>
<td>Renewal Fee</td>
<td>Revenue</td>
<td>Revenue</td>
<td>Revenue</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Evaluation Fee</td>
<td>Revenue</td>
<td>Revenue</td>
<td>Revenue</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Documentation</td>
<td>Nil</td>
<td>Revenue</td>
<td>Revenue</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Government Advocacy program</td>
<td>Nil</td>
<td>Nil</td>
<td>Revenue</td>
<td></td>
</tr>
</tbody>
</table>

Table 1.2- Sources of revenue generation
Package pricing

1. Enterprise Support Program

- Long Term=5, 87,500 Rupees (refer appendix table A1.5)
- Short Term=81,000 Rupees (refer appendix table A1.6)
- Marketing Linkages=93,500 Rupees (refer appendix table A1.7)
- Workshops=47,500 Rupees (refer appendix table A1.9)

2. Documentation for the conservation of ethnic crafts and tribes= 49,500 Rupees (refer appendix table A1.10)

Total cost incurred by the organization

- Total variable cost= 7, 32,000 Rupees (refer appendix table A1.1)
- Total fixed cost= 3, 10,000 Rupees (refer appendix table A1.2)
- Opportunity cost of the entrepreneur= 3, 00,000 Rupees (refer appendix table A1.3)
- Interest on Loan amount=13,000 Rupees
- Hence, Total cost of production= 13, 55, 000 Rupees (refer appendix table A1.4)

Sources of Revenue generation

The following table gives a break up of the total revenue generated by the organization in the first year of its operation.

<table>
<thead>
<tr>
<th>Module Type</th>
<th>Quantity</th>
<th>Price of the module</th>
<th>Total Revenue=Quantity* Price of the module</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short Term</td>
<td>4</td>
<td>81,000/-</td>
<td>3,24,000/-</td>
</tr>
<tr>
<td>Marketing Linkages</td>
<td>4</td>
<td>93,500/-</td>
<td>3,74,000/-</td>
</tr>
<tr>
<td>Commission from sales</td>
<td></td>
<td></td>
<td>1,00,000/-</td>
</tr>
<tr>
<td>Workshops</td>
<td>4</td>
<td>47,500/-</td>
<td>1,90,000/-</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Total revenue = 9,88,000/-</td>
</tr>
</tbody>
</table>

Table 1.3- Break up of revenue generated in the first year

Profit Calculation

Profit = Total revenue- Total cost of production

= 9, 88,000- 13, 55,000

= -(3, 67,000)/-

The Organization’s short run decision to shut down

As, Total Revenue > Variable Cost in the first year of the business it is not necessary to shut down the firm in the short run.
**Unit cost of production**

Unit cost of production = Total cost of production/total number of packages in a year

= \( \frac{7,32,000 + 3,10,000 + 13,000}{12} \)

= 87,917 Rupees

**Break-Even Analysis**

Break Even Sales in Rupees = \( \frac{\text{Fixed Cost}}{1 - \left( \frac{\text{Variable Cost}}{\text{Sales}} \right)} \)

= \( \frac{3,10,000}{1 - \left( \frac{7,32,000}{9,88,000} \right)} \)

= \( \frac{3,10,000}{.26} \)

= 11,92,307.70 (approximately 12 lakhs rupees)

**Marketing strategy**

Merchandising and Marketing have been recognized as being central to the growth and development of the ethnic handicraft sector in India. For marketing (both national and international) of these handicrafts we will partner with important organizations such as

- All India Artisans Craft Workers Welfare Association (AIACA)
- Indian National Trust For Art and Cultural Heritage (INTACH)
- Tribal Cooperative Marketing Development Federation (TRIFED)
- JHARCRAFT

Some other markets that will be available to us are:

- Local gift shops
- Organizations that indulge in corporate gifting
- Exclusive souvenir shops – Pride, FabIndia etc.

Craft Revival Trust will help us to market the documents prepared by our organization.

A website that will have e-commerce facility will be developed for the organization at a later stage. This website will be an added resource where we can market our services.

**Competitor analysis**

Our main competitors will be designers or small organizations who purchase crafts from local artisans at a cheaper rate and add some value and sell those handicrafts at a very high rate. These groups easily win the trust of poor artisans as they pay them immediately and these artisans require some money for their work as they do not understand the value of their skill. It is very difficult to identify these players as they are unorganized.
Impact Analysis

Following are the ways our organization will meet the triple bottom line of People-Planet-Profit:

People
Our venture will work for the betterment of the groups that lie in the lowest strata of the economic pyramid. By providing these people with a steady source of income we help entire families to come out of the vicious cycle of poverty.

Planet
Our organization aims at bringing no harm to the environment. We will reduce our ecological footprint by making use of information technology to deliver our training modules. We will also educate our stakeholders on efficient use of natural resources and efficient waste management techniques.

Profit
This is more about making a honest profit than raking a profit at any cost - it must be made in harmony with the other two principles of People and Planet.
**Value proposition**

1. Our organization will help the BOP community to find a sustainable source of income through improved quality products and larger markets. A continuous source of income will not only improve the quality of life of the artisan but also help his/her family get out of the vicious cycle of poverty. Improved standard of living will mean better educational facilities for children, improved medical facilities etc.
2. Our organization will be a one stop solution for all the business related problems of the producer groups. While ESP packages will help in enhancing the skills of the producer groups marketing linkages will help them promote their products in national and international markets.
3. Our organization will also contribute towards better policy formulation by taking part in government advocacy programs. Thus we will try to make conducive policies for the artisans that will be beneficial for their business in the long run.
4. Our organization will educate the artisans to use naturally available products to manufacture their handicrafts. This will act as a unique selling proposition for them and give them a competitive edge in the marketplace.

**Assumptions**

1. We are assuming that in the first year we will be able to serve 4 producer groups. The four producer groups will be availing the following services from us: Short Term (6 months), Marketing Linkages, and Customized workshops (5 to 15 days)
2. We have also assumed that we will be able to create 2 documents related to conservation of ethnic crafts and tribes.
3. We are assuming that each of the 4 producer groups will generate a sale of 2, 50,000 rupees in the first year.
Appendix

The Questionnaire used for Marketing Research

1. From how many years are you in handicraft business? ..........................

2. At present how many handicrafts you’re dealing with?
   a. 2 □
   b. 3 □
   c. 4 □
   d. 5 □
   e. If more please specify ..........................

3. Do you have any fixed channel through which sell your product? (If yes please specify)
   a. Yes, please specify.............................
   b. No

4. From which of the following option does your organization generate the maximum sales (rank the following from 1 to 4, 1 being first in rank and 4 being last in rank )
   a. Intermediary (third party) ____
   b. Government outlet ______
   c. Local market ______
   d. Fair ______
   e. If others please specify .........................

5. Do you intend to buy service in form of marketing linkage from an organization providing this service
   a. Yes □
   b. No □
   c. Can’t say □

6. How do your customer rate your products on the following factors (rank the following from 1 to 4, 1 being first in rank and 4 being last in rank)
   a. Uniqueness _____
   b. Price ______
   c. Quality _____
   d. Design _____

7. Do you think design of product is important for the market?
   a. Extremely important □
   b. Somewhat important □
   c. Not at all important □
   d. Can’t say □

8. In a year how often do you provide design training to your artisan groups?
   a. Quarterly □
   b. Half yearly □
   c. Once in year □
   d. If other please specify ..........................
9. Do you intend to buy the services in form of design training from an organization providing the services?
   a. Yes □
   b. No □
   c. Can’t say □

10. Have you ever availed such services from any organization?
    a. Yes □ if yes, please specify the services availed…………………………
    b. No □
Total costs incurred by the organization

1. Variable Costs

a) Enterprise support Program:
   - Long Term (1.5 – 2 years): 4, 10,000 Rupees
   - Short Term (6 months): 57,000 Rupees
   - Marketing Linkages: 67,000 Rupees
   - Workshops (5 to 15 days): 34,000 Rupees

b) Documentation for the conservation of ethnic crafts and tribes: 40,000 Rupees

c) Office administrative costs: 20,000 Rupees (lump sum amount)

The above mentioned data for the variable costs incurred by our organization can be divided into the following broad categories:
- Human Resource: These costs include the payment for designers, trainers, anthropologist, marketing professional and resource persons.
- Research: For marketing linkages and standardization of processes.
- Transportation

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Components</th>
<th>Amount</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Enterprise support program</td>
<td>6,32,000/-</td>
<td>Total cost of providing 4 producer groups with Short Term ESP, Marketing linkages and standalone workshops.</td>
</tr>
<tr>
<td>2</td>
<td>Documentation for the conservation of ethnic crafts and tribes</td>
<td>80,000/-</td>
<td>Total cost incurred by the organization for creating two documents.</td>
</tr>
<tr>
<td>3</td>
<td>Office administrative costs</td>
<td>20,000/-</td>
<td>For 12 months</td>
</tr>
</tbody>
</table>

Total Variable Cost = 7,32,000/-

Table A1.1- Total variable cost

2. Fixed Costs

a) Office establishment and accessories costs: This will depend upon the rent structure of the location where the office will be set up.

b) Human Resource costs: 20,000 Rupees
   - Registration costs: 10,000 Rupees

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Components</th>
<th>Amount</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Human Resource</td>
<td>2,40,000/-</td>
<td>This amount will be paid as salary to the permanent employees of the organization.</td>
</tr>
<tr>
<td>2</td>
<td>Registration cost</td>
<td>10,000/-</td>
<td>This is a one time cost incurred to register the organization.</td>
</tr>
<tr>
<td>3</td>
<td>Rent of office establishment</td>
<td>60,000/-</td>
<td>For 12 months</td>
</tr>
</tbody>
</table>

Total Fixed Cost = 3,10,000/-
3. **Working Capital= 1, 00,000 Rupees**  
The working capital will be taken as loan from any commercial bank at a rate of interest of 13 % p.a.

4. **Opportunity Cost of the Entrepreneur**

<table>
<thead>
<tr>
<th>Time period</th>
<th>Salary of the entrepreneur</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Year</td>
<td>3,00,000</td>
<td>This is the salary of the entrepreneurs for one year.</td>
</tr>
</tbody>
</table>

**Table A1.3- Opportunity cost**

5. **Total Cost of Production**

<table>
<thead>
<tr>
<th>S.No</th>
<th>Components</th>
<th>Amount</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total Variable cost</td>
<td>7,32,000/-</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Total Fixed cost</td>
<td>3, 10,000/-</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Interest on loan @ 13%</td>
<td>13,000/-</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Opportunity cost of the entrepreneur</td>
<td>3,00,000/-</td>
<td></td>
</tr>
</tbody>
</table>

Total cost of production (Total Variable cost+ Total Fixed cost+ Interest on loan @ 13%+ Opportunity cost of the entrepreneur) = 13,55,000/-
Sources of revenue generation

1. Enterprise Support Program

a) Long Term ESP (duration is 1.5 to 2 years)

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Components</th>
<th>Amount</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Basic Training (Trainers fee: 7500/month*5 months)</td>
<td>37,500/-</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Design Training (J)</td>
<td>20,000/-</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Up gradation of Technology</td>
<td>80,000/-</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Book keeping workshop</td>
<td>25,000/-</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Soft Skills Workshop</td>
<td>25,000/-</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Leadership Workshop</td>
<td>25,000/-</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Branding Workshop</td>
<td>25,000/-</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Packaging Workshop</td>
<td>25,000/-</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Pricing Workshop</td>
<td>25,000/-</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Design Training (S)</td>
<td>25,000/-</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Standardization of processes</td>
<td>60,000/-</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Market Study</td>
<td>20,000/-</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Market Linkages</td>
<td>40,000/-</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Exhibitions/Visits</td>
<td>80,000/-</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Transportation costs</td>
<td>25,000/-</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Miscellaneous Expenses</td>
<td>10,000/-</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Organizational Service Charge</td>
<td>40,000/-</td>
<td></td>
</tr>
</tbody>
</table>

Total Price for Long Term ESP = 5,87,500/-

Table A1.5- Total price for Long term enterprise support program

Note
- The services and costs mentioned above may vary according to skills of artisans, type of crafts or geographical location.
- The raw materials and tools will be purchased by the producer groups.
- J stands for Junior Designer, S stands for senior designer. He/She may be a fresher who has just passed out from college.
- The 4-wheeler transportation costs has been estimated according to the following rates AC vehicles can be hired at rupees 700/- per day (fixed cost) + Rupees 10 (including taxes) per kilometer travelled.
- The various costs have been estimated according to current industry standards. These figures are just suggestive and a more thorough estimate about the costs can be made only after conducting research at the ground level.
b) Short Term ESP (duration is 6 months)

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Components</th>
<th>Amount</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Basic Training (Trainers fee: 7500/month*5 months)</td>
<td>37,500/-</td>
<td>Duration: 5 months</td>
</tr>
<tr>
<td>2</td>
<td>Design Training (J)</td>
<td>20,000/-</td>
<td>Duration: 1 month</td>
</tr>
<tr>
<td>3</td>
<td>Transportation Costs</td>
<td>10,000/-</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Miscellaneous Expenses</td>
<td>3500/-</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Organizational Service Charge</td>
<td>10,000/-</td>
<td></td>
</tr>
</tbody>
</table>

Total Price for Short Term ESP = 81,000/-

Table A1.6- Total price for Short term enterprise support program

Note
- The services and costs mentioned above may vary according to skills of artisans, type of crafts or geographical location.
- The raw materials and tools will be purchased by the producer groups.
- J stands for Junior Designer (He/She may be a fresher who has just passed out from college).
- The 4-wheeler transportation costs has been estimated according to the following rates: -AC vehicles can be hired at rupees 700/- per day (fixed cost) + Rupees 10 (including taxes) per kilometer travelled.
- The various costs have been estimated according to current industry standards. These figures are just suggestive and a more thorough estimate about the costs can be made only after conducting research at the ground level.

c) Marketing Linkages

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Components</th>
<th>Amount</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Marketing Linkages</td>
<td>60,000/-</td>
<td>Proposal &amp; catalog preparation, pricing strategy</td>
</tr>
<tr>
<td>2</td>
<td>Design Up gradation or Value addition of products</td>
<td>20,000/-</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Miscellaneous costs</td>
<td>3,500/-</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Organizational Service Charge</td>
<td>10,000/-</td>
<td></td>
</tr>
</tbody>
</table>

Total Price to set up Marketing Linkages = 93,500/-

Table A1.7- Marketing Linkages

Note
- In addition to the above pricing scheme we will also take a commission from sales of each producer group. Our organization will also act as the key marketing channel for any producer group.
### Table A1.8- Commission charged by our organization

<table>
<thead>
<tr>
<th>Total sales</th>
<th>Commission Charged</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 1,00,000</td>
<td>5 percent</td>
</tr>
<tr>
<td>1,00,001 to 2,50,000</td>
<td>10 percent</td>
</tr>
<tr>
<td>2,50,001 to 5,00,000</td>
<td>15 percent</td>
</tr>
</tbody>
</table>

- The marketing linkages costs include fee of the marketing professional, transportation costs, food and accommodation charges.
- Designers may have to be hired for up gradation/value addition of the products. This will be decided after the evaluation of the producer group.
- There may be occasions when a producer group would like to create more market linkages through our organization. This will involve the payment of a renewal fee of 5000 rupees.
- The various costs have been estimated according to current industry standards. These figures are just suggestive and a more thorough estimate about the costs can be made only after conducting research at the ground level.

**d) Workshops (5 to 15 days)**

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Components</th>
<th>Amount</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Customized workshops</td>
<td>40,000/-</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Miscellaneous costs</td>
<td>2,500/-</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Organizational Service Charge</td>
<td>5,000/-</td>
<td></td>
</tr>
</tbody>
</table>

**Total price for a workshop = 47,500/-**

### Table A1.9- Total price for a workshop

**Note**
- The customized workshops fee includes resource person fee, transportation costs, and food and accommodation charges.
- The workshops will be conducted according to the need of the producer groups. The workshops will range on topics such as basic marketing skills, packaging, branding, soft skills training, book keeping, etc.
- The various costs have been estimated according to current industry standards. These figures are just suggestive and a more thorough estimate about the costs can be made only after conducting research at the ground level.

### 2. Documentation for the conservation of ethnic crafts and tribes

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Components</th>
<th>Amount</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hiring of professionals</td>
<td>40,000/-</td>
<td>Lump Sum amount paid on a contractual basis.</td>
</tr>
<tr>
<td>2</td>
<td>Transportation Costs</td>
<td>7,000/-</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Miscellaneous Expenses</td>
<td>2500/-</td>
<td></td>
</tr>
</tbody>
</table>

**Total price for creating a document = 49,500/-**
Table A1.10-Price for creating one document

Note
- Maximum duration for the completion of documentation will be 3 months.
- The professionals will include a photographer, a videographer and an anthropologist.
- Our organization will sell audio/video documents to Government organizations such as INTACH, EZCC, Museums, Universities and Research Students.
- The various costs have been estimated according to current industry standards. These figures are just suggestive and a more thorough estimate about the costs can be made only after conducting research at the ground level.
**Business environment analysis**

We have used the Porter’s five forces method to get an estimation of the business environment analysis.

**Rivalry among existing competitors:** For most industries, the intensity of competitive rivalry is the major determinant of the competitiveness of the industry. There are only a few organizations in the country that provide ESP and marketing linkages facilities to producer groups. There are no major players in the eastern part of the country where we intend to start our venture. Thus, our organization will enjoy the first mover advantage. The rivalry will be less because our organization will be the clear market leader.

**Threat of new entrants:** New entrants to an industry can raise the level of competition, thereby reducing its attractiveness. The threat of new entrants largely depends on the barriers to entry. Entry into this sector is not a big challenge because the capital investment required is low. Also, there are very few players, who are highly unorganized, in the market like individual designers, some organizations which buy artifacts directly from the artisans and add value to the procured artifacts and sell in market. One factor that may hinder new entrants from entering into the business may be limited knowledge about the local demographics.

**Bargaining power of Suppliers:** Suppliers are the businesses that supply materials & other products into the industry. If suppliers have high bargaining power over a company, then in theory the company’s industry is less attractive. Our suppliers will be the skilled human resource pools such as anthropologists, designers, and trainers who would have limited bargaining capability as our organization will be the market leader in this part of the country. For certain professionals like anthropologists and trainers the handicraft industry is the key customer group hence these professionals will have low bargaining power.

**Bargaining power of Buyers:** Buyers are the people/organizations who create demand in an industry. The bargaining power of the buyers will be low because there are no other organizations that provide ESP and marketing linkages. The buyers also do not have enough resources to integrate backward into the industry.

**Threat of substitution:** The main threat of substitution may come from unorganized player in the industry. Standalone designers may procure the products from the artisans, upgrade the products and sell them in the market. But the main USP of our business plan is that we will also help the artisan cluster set up marketing linkages for their products. This will give the artisans a continuous flow of income all throughout the year.

Today we are also seeing an increase in the trend of corporate gifting by large organizations. Such organizations will always find it more convenient to place gift orders at a professional organization like Dharohar rather than dealing with standalone designers and small businessmen. As our organization will help the artisan clusters that belong to the base of the pyramid community the organizations which source from us can enlist this activity in their CSR profile.
Impact analysis

Global sustainability has been defined as the ability to “meet the needs of the present without compromising the ability of future generations to meet their needs.” Similarly sustainable development “is a process of achieving human development in an inclusive, connected equitable, prudent, and secure manner.” A sustainable enterprise therefore, is one that contributes to sustainable development by delivering simultaneously economic, social and environmental benefits – the so called triple bottom line. - Creating Sustainable Value by Stuart L.Hart and Mark B.Milstein

Thus we see that for any firm to create sustainable value it is necessary to take into account ecological and social performance in addition to the economic performance. Thus we need to focus on the four quadrants of the sustainability framework.

Cost and risk reduction: Earlier Indian artisans made use of natural resources such as natural colors and fibers to make handicraft products. But now days we see an increased use of chemical treatment being done to the handicrafts to increase their cosmetic appeal. The textile products and bamboo crafts have experienced an increased use of artificial colors. Our organization will target handicrafts made out of natural resources. This will help in easier disposal of waste material and hence lead to risk reduction.

Enhancing reputation and legitimacy through value added services: Our organization will aim at product stewardship by including the entire product life cycle in the business plan. We will not only educate the producer groups to use naturally available materials for making handicrafts but we will also educate our customers on the safe disposal of the handicrafts. Some of the handicraft products can also be re-used to make new product lines. By involving all the stakeholders we will gain a competitive advantage over our competitors because the stakeholders will have increased confidence on our intentions and activities. We may educate our clients, most of whom will be NGO’ and artisan clusters, on ways of energy reduction and decreasing their carbon footprint during their daily work. This will further increase our legitimacy in the marketplace.

Innovation and repositioning through clean technology: Our organization will make use of Information Technology to foster our internal development and reposition our internal competencies. Methods such as web conferencing and webinar sessions may be used to provide training modules to artisan clusters and producer groups.

Growth trajectory: The artisans working in the handicraft sector are among the lowest in the economic pyramid of the nation. Inconsistent demand for handicraft products and a lack of expertise among the artisans to market their products in national and international markets force them to look for an alternate source of income. One of the objectives of this venture is to serve unmet basic needs of BOP community by linking them to livelihood through preserving and promoting their traditions and skills. This objective if achieved will lessen the social inequity among the BOP community. This will help in alleviating poverty and will uplift the living standard of not only artisans but his whole family. Thus our organization aims at creating a shared roadmap that will not only reap profits but also help reduce social in equity among the underprivileged.
## Descriptive summary

**Overall goal**
- To preserve, promote and innovate ethnic crafts
- To improve the quality of life of targeted artisans groups

**Output 1**
- The number of ethnic artisans’ groups targeted through producer groups
- The income level of the targeted artisan groups has increased.

**Output 2**
- Increase in the income level of targeted artisans groups
- Income of the targeted artisans group at least Rs.4000 per month per artisan

**Output 3**
- Sales volume of the handicrafts has increased
- Revenue generated per year

**Output 4**
- Number of documents on traditional crafts.
- Number of ethnic crafts documented and sold

## Objectively verifiable indicators

- The number of ethnic craft artisans’ group targeted through the help of producer groups in a year.
- How much the income level of the artisan groups increase in a year.
- Numbers of children of the targeted artisans are enrolled at the primary school have increased.
- The number of deaths caused due to malarial fever/ any prevailing disease of particular area has reduced in a year.

## Means of verification

- Data available with Govt. department – Development Commissioner (Handicrafts), TRIFED etc
- Data available with state/ district department of targeted groups (socio-economic data)

## Important assumptions

- All the stakeholders of the organization are committed to preserve, promote and innovate ethnic crafts.
- All the targeted groups are committed to come out of the reduce poverty vicious cycle.

<table>
<thead>
<tr>
<th>Output 1</th>
<th>Document available with the producer groups and the organization</th>
<th>Producer groups are willing to avail services provided by our organization and are willing for partnership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output 2</td>
<td>Household survey with the help of targeted producer groups</td>
<td>The artisans are willing to take up new orders in producing handicrafts.</td>
</tr>
<tr>
<td>Output 3</td>
<td>Documents available with the organization</td>
<td>There is demand for handicrafts in the country</td>
</tr>
<tr>
<td>Output 4</td>
<td>Documents prepared.</td>
<td>There is a demand for documents based on handicrafts in universities and among research scholars.</td>
</tr>
<tr>
<td>Output 5</td>
<td>Projects from Govt. department</td>
<td>Amount of fund/ grant from Govt. department</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td><strong>Activities</strong></td>
<td><strong>Resources necessary for implementation</strong></td>
<td><strong>Pre-conditions</strong></td>
</tr>
</tbody>
</table>
| 1) Base line survey  
   a) Identification of the area  
   b) Identification of producer groups of particular area  
   c)  
   d) Training of fieldworkers  
   e) Preparation of the field visit survey format  
   f) Analysis and results of the survey | Educated persons present in the local area, resource person for conducting training, training materials. | Educated people area available in the area. |
| 2) Based on the findings of the survey we will target 4 artisan clusters in the first year and 7 artisan clusters in the second year through producer groups  
   a) Contact with designers, anthropologist groups and researcher groups.  
   b) Customised plan for each different groups | Anthropologists, designers and trainers as per producer group requirement | Resources are available |
| 3) Documents relating to ethnic handicrafts and the myths associated with them will be prepared during | Anthropologists, Researchers, Videographers etc. | Universities and research scholars need these documents for various research activities. |
| 4) The marketing activities that will be carried out by the organization are:  
   a) Our organization will help the producer groups to set up marketing linkages (fairs, exhibitions, government outlets, local markets, etc.) for the promotion and sale of their products.  
   b) We can promote these documents among universities, museums etc. | Project proposals, transportation etc | Government of India provides various facilities for the artisans to display their products in local and national markets. Universities and research scholars need these documents for various research activities. |