



2007 Project Pyramid Case Competition

Vanderbilt Owen Graduate School of Management

Round 1: Challenge Question

“Considering the brand that Enjuba has created, how should it begin to **market** its products and **scale up** its model for social and economic growth?”

Please find attached information about Enjuba

Informational Conference Call with Enjuba and Judges:

Wednesday, October 3 2007 8:00PM – 9:00PM Central Standard Time

Dial-in information will be emailed directly to the team contacts

Email Q&A:

All teams will be allowed one email with three questions directed to Enjuba or the judges. The message should be sent to project.pyramid@owen.vanderbilt.edu by Thursday, October 4, 11:59pm Central Time. We recommend that the participants save their questions till the conference call and then ask any further questions of Enjuba or the judges.

Deliverable requirements:

1. Maximum four pages with 12pt font and 1 inch margins on all sides.
2. One image file in JPG format, max 8"x10" (optional)

Deadline:

Saturday, October 6, 2007 11:59PM Central Standard Time

Email your files as attachments to: project.pyramid@owen.vanderbilt.edu

Participating Business Schools

Duke University (Fuqua)

Duquesne University

Georgia Tech

Indiana University

Michigan State University

New York University (Stern)

Olin Business School

Sauder School of Business

Swedish School of Business

U. California Davis

U. Chicago (GSB)

U. Michigan (Ross)

U. Minnesota (Carlson)

U. North Carolina (Kenan-Flagler)

U. Pennsylvania (Wharton)

U. South Carolina

U. Virginia (Darden)

Yale University

York University (Schulich)

2007 Project Pyramid Case Competition

University of Chicago – Graduate School of Business

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Marketing Plan:

The purchase of an Enjuba bag is a transformational customer experience which contributes to long-term sustainable development through the brand's innovative investment and education programs. It is this story of change which the consumer can follow and participate in way beyond the purchase of the Enjuba product.



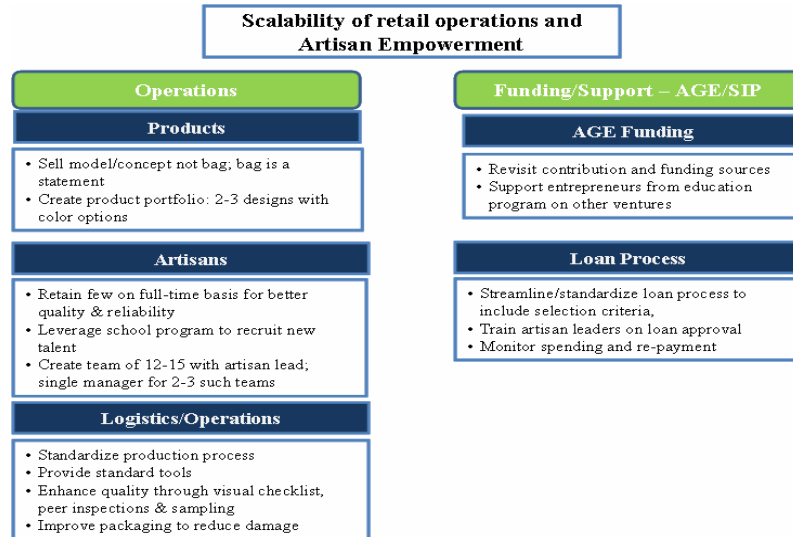
We propose the addition a product passport as a companion to each bag sale (**reference attached image**). Using tracking technology and the Internet, we propose to forge an all-important link between Enjuba's customers and its beneficiaries (artisans and students, etc.). The Enjuba Product Passport will accomplish two goals:

1. To immediately connect the customer to the artisan, the place of origin of the good, the product uniqueness, and other salient characteristics of the "fair trade" good. Using the unique identifier, a consumer can look up their artisan through Enjuba's website.
2. To provide the tools to forge a deeper connection between the consumer and Enjuba artisan community. The product passport attached to each bag will serve as a reminder of the investment the consumer has made and the returns they can expect in the form of future investment and education of Ugandans.

Retail Operations Scaling Plan

Scaling up of the manufacturing operations and artisan empowerment program should accompany the marketing recommendations discussed in the previous section.

Manufacturing Operations: Products – Enjuba should expand its product offering to 2-3 designs with a few color options. This will keep it simple yet offer consumers a level of choice.



- **Artisans** – Enjuba must retain some artisans on a full-time basis to create a sustainable supply. Additionally, the company must continue to recruit and train artisans over the next 3-5 years to meet its targets. In order to maintain the desired culture as the company expands, Enjuba should create self-sufficient teams of 12-15 with artisan leads; 2-3 such teams can be managed by a single manager. The coexistence of artisan groups and the educational program will establish a strong brand within Uganda, encouraging more to join the mission.
- **Logistics and operations in Uganda** –Enjuba will need a sustainable supply of quality products for which the company must enhance its quality and process controls. Rigorous training on production, quality measures, US consumer needs, etc. will be required. Besides, quality checklists with pictures, peer level inspections and sampling by managers will be powerful tools in ensuring quality. To be effective, this must start early in the production process given that artisans are responsible for material and shipping is expensive. Additionally, Enjuba should enhance packing of finished products since to avoid damage in shipping.
- **Cost reduction:** Enjuba must focus on cost reduction primarily from raw material sourcing practices and shipping costs.

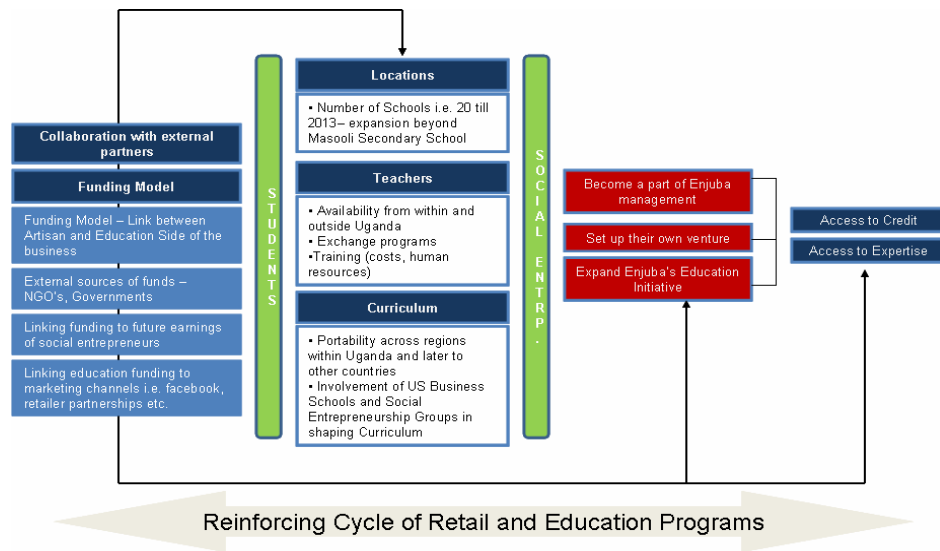
Artisan Empowerment Program

Enjuba may have to revisit its contribution to the AGE program in order to provide sufficient loans to its expanding artisan base. Furthermore, the education program will have produced a

large batch of entrepreneurs that might need funding to set-up their business. Moreover, the management team will have to rethink the loan process. Loan selection criteria will have to be tightened to allow the most deserving artisans access to funds while ensuring that loans are collected on. The criteria could include: number of products delivered, quality of goods, outstanding loans, reason for securing the loan, etc. The review committee will also need basic training on scrutinizing applications.

Growth of Education and Socio-economic Plan:

Enjuba targets to open up to 20 schools till 2013, spend \$75,000 towards this goal and start scaling up beginning June 2008.



Based on the above targets our recommendations are:

- Diversify funding base for the education program to include NGO's, private investors and customer base (acquired online via facebook community or via retailer partnerships)
- Reduce reliance on supporting education program by \$12 per bag sold
- Teachers sourcing and training: Set up a teaching volunteer program with socially conscious student groups in business and other schools in the US. These students will not only teach for around a month every year but also offer free training to any aspiring teachers in Uganda. This volunteer program will minimize training costs, ensure availability of teachers as model scales up and increase awareness of Enjuba amongst students (who fall within its target clientele) and a third-party review of the curriculum offered at these schools.

- (d) Upon graduation these students will need access to credit and expertise to set up their own ventures. This will be provided by the external network financiers and retailers established at the ‘funding model’ level. In order for venture financing to be a success, Enjuba will need to set up a clear link between the amount invested and its use by social entrepreneurs – with clear timelines on repayments and ROI (return on investment) metrics.

Financial implications, Action Plan and Time Line of the Recommendation

Financial Projections (all figures in \$)	2007	2008	2009	2010	2011	2012	2013
Productivity - bags/month	20	20	20	20	20	20	20
Artisans (working part time)	3	17	25	40	60	80	120
Bags sold/month	60	340	500	800	1,200	1,600	2,400
Bags sold/year	720	4,080	6,000	9,600	14,400	19,200	28,800
Selling Price (target)	100	90	90	80	80	75	75
GROSS REVENUE	-	\$367,200	\$540,000	\$768,000	\$1,152,000	\$1,440,000	\$2,160,000
Variable cost/bag (target)	\$ 69	\$ 69	\$ 55	\$ 45	\$ 45	\$ 40	\$ 40
Variable Costs	-	\$281,520	\$330,000	\$432,000	\$648,000	\$768,000	\$1,152,000
Fixed Costs							
Operations							
development team stipends (increase with # of artisans)		30,000	40,000	50,000	70,000	90,000	120,000
uganda manager salary (~1 mgr/30 artisans)		5,000	10,000	10,000	10,000	15,000	20,000
new artisan training		2,000	3,000	5,000	5,000	5,000	10,000
upgrade machinery and inputs in Uganda		10,000	10,000	20,000	20,000	20,000	40,000
Marketing							
website/online sales		2,000	1,500	1,500	1,500	1,500	1,500
retail partnerships			30,000	50,000	50,000	50,000	50,000
events		40,000	50,000	65,000	65,000	75,000	75,000
Admin/ Misc							
bank		500	500	500	500	500	500
administrative and legal fees, and licenses		11,500	15,000	15,000	15,000	15,000	15,000
insurance		2,500	2,500	2,500	2,500	2,500	2,500
enjuba trademark		4,000					
TOTAL FIXED COSTS		\$107,500	\$162,500	\$219,500	\$239,500	\$274,500	\$334,500
PROFITS		(21,820)	47,500	116,500	264,500	397,500	673,500
ACTION PLAN AND TIME FRAME	2008	2009	2010	2011	2012	2013	
MARKETING PLAN							
- Relaunch Enjuba brand							
- Introduce the recommended product passport							
- Launch online advertising (amazon, facebook)							
- Grow online sales via the above							
- Live events (university fairs and bookstores etc)							
- Start supplying Enjuba bags to university bookstores							
- Form retail relationships in select parts of USA							
- Expand retail relationships to others parts of USA							
SCALING UP OF MANUFACTURING OPERATIONS AND ARTISAN EMPOWERMENT							
- Expand product line to 2/3 categories							
- Standardize production processes thru checks etc							
- Improve packaging							
- Create 12-15 member artisan teams with a mgr for every 2/3 teams							
- Leverage education arm of Enjuba to recruit team leads/managers							
- Revisit contribution to the artisan empowerment program							
- Streamline loan processes/ create a bank like structure							
- Train artisan leaders on loan approval and monitoring							
- Monitor spending and loan repayments by artisans							
SCALING UP OF EDUCATION PROGRAM							
- Diversify funding base							
- Set up teacher volunteer programs/Liaise with US graduate school student groups							
- Get curriculum reviewed by third party (can be the students from US)							
- Link a network of financiers with the students graduating from the program							
- Provide ROI and other metrics of investment performance to the above financiers							



Handmade Products by Ugandans in Uganda

Mission

To empower artisans using savings and investment mechanisms, to empower youth through our social entrepreneurship program with the tools to become social innovators in all industries, and to create engaged customers who care about the growth of the company and actively become part of our brand.

Vision

That Enjuba's artisans take on a new mindset of savings and investment and inspire others to do the same, and that the younger generation develops the concern and the drive to spur positive change in their fields of work at all levels of society. That all participants of the Enjuba brand see the world differently; that they see a world of possibilities and opportunities, and that they use their energy to turn those opportunities into advantages for the whole of society.

Artisan Bio

[Artisan Name] is the developer of your new Enjuba bag. Enjuba's mission is carried out through consumers like you. This purchase has funded a savings and investment account for the artisans, which will increase the standard of living for our Ugandan artists. In addition, proceeds from this purchase go to fund an entrepreneurial education program in Uganda. Thank you for your support!



Bag Identification



This Artisan fingerprint represents Enjuba's commitment to authenticity and quality. Your product ID code is ###.

Please visit

www.Enjuba.com to learn

more about the benefits of your new product!

ENJUBA

A BLUEPRINT OF SUCCESS

Team: Thinkers and Movers

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A Plan for the Future

Our recommended action plan for Enjuba consists of a double tiered strategy

1. **Unique Uganda** – a creative, cost effective marketing strategy that serves two purposes:
 - a. Builds awareness about the Ugandan culture and heritage in the United States and beyond
 - b. Uses Enjuba's direct producer-to-consumer model to target the young, female professional by building an emotional connection between her, the artisans and students
2. Partnerships with private businesses in Uganda to serve as a key tool in achieving momentum and scale in Enjuba's social model

The Business Opportunity

The business operations of Enjuba utilize local Ugandan artisan talent to produce a variety of handmade, leather goods to be sold in the open market. Enjuba operates in the fair trade goods market, and currently has a geographical focus within the United States. Fair trade goods are a fast growing market in the US; Fair Trade Federation¹ member sales totaled more than \$160 million in 2006. While the vast market and growing social consciousness of consumers represents a growth opportunity for Enjuba, the multitudes of competitors present a serious challenge too.

Future Strategy

Product

The Enjuba leather bag could be considered their signature product. The rustic appearance of the bag puts it on the edges of mainstream fashion and appeals to a target customer that has a preference for an edgy, unique look². Long term plans for the product line should include expansion into more bag designs and exploration of entry into the global mainstream fashion market.

Competitive Landscape

There are a large number of fair trade good sellers operating through a variety of business models. An assessment of the positioning of these competitors provides us with a clear view on targeting customers and niche positioning.

The most common operating model is that of a market intermediary, as followed by Oxfam and Ten Thousand Villages, where an organization purchases fair trade goods from producers and resells on the global market. Such operations act as online and/or retail communities representing products from hundreds of artisan groups from dozens of countries around the world. African fair trade goods are also sold through locally based organizations such as The National Association of Women's Organizations in Uganda (NAWOU), African Fair Trade Society and EShopAfrica.com. Other models, such as tourist shops and souvenir stands, are usually local in scope. Goods sold through such operations would be a competitive threat within our action plan as it includes an effort to redirect some sales efforts towards local Ugandan tourism trade.

An analysis of the competitive positioning reveals that two key factors appear to motivate purchasing behavior – consumers' sense of social responsibility and fashionable products that make for easy usage at a low price point. Executing the Enjuba brand as yet another socially responsible, fashion forward product places the Enjuba bags squarely in the most heavily populated competitive landscape. Instead, we recommend a positioning based on Enjuba's current strengths and future potential:

1. **Direct producer to consumer model:** Enjuba facilitates the producer-seller relationship and provides consumers with a direct insight into the lives and stories of the artisan producer. There is an opportunity to build an emotional brand connection by appealing to consumers' sense of social responsibility through a unique Ugandan story.
2. **Design:** While the current design of Enjuba's bag is rustic and limited to one model, there is potential for expansion such that Enjuba has an entire line of unique, handmade bags that are edgy rather than mainstream fashionable.

¹ Fair Trade Federation (FTF) is a North American organization partially responsible for defining standards and best practices of fair trade. FTF members undergo rigorous screening process and benefit from the widely recognize FTF logo on their products.

² For the purpose of this report, we were asked to focus on the leather bag as the main point of business analysis

POSITIONING

Fair Trade Goods Retailers

Generic social responsibility

Mainstream fashionable

Enjuba

Personal connection to artisans

Edgy and unique

Target Market

Meet Joanne. At 30 years old, she is excited to have a six-figure salary at a prestigious law firm in New York City. Her demanding work schedule makes shopping an online activity for her. She indulges in edgy, artsy furniture and clothes. Mainstream is not for her or her friends, at least not for now.

Advertising and Promotions

Where

Internet: Enjuba's online presence is crucial to their low-cost model. In addition, the website will serve as an important tool for building Enjuba's competitive advantage – the personal connection between the consumer and the Ugandan artisans and students.

Souvenir shops in Uganda: Enjuba should also push sales through channels such as souvenir shops and stands in tourist areas and high end hotels. This would help build the Enjuba brand within Uganda, and provide Enjuba management with experience in channel sales that can potentially be leveraged when the time comes to expand into the retail market in U.S.

How

Unique Uganda – This marketing idea aims to first create curiosity around the culture and heritage of Uganda and then sell Enjuba products as a means of personally connecting consumers with a part of that Ugandan legacy, its artisans and its students.

The advertising and promotion campaign will include three components – internet, print and corporate partnerships

COMPONENT	DETAILS
Internet	
E-Catalog	An E-catalog will provide not only detailed product images, but will also contain high quality digital pictures of artisans and students at work and at play, and give the reader an intimate look into their lives and their stories. Enjuba will need to source a list of email addresses within the identified target customer segment. E-catalogs have been a popular and very successful marketing tool for artisan crafts in and we strongly believe that the idea can be replicated to benefit Enjuba and the Ugandan artisans. Enjuba should produce the design of the catalog with the help of design student volunteers in Uganda or North America.
Advertising links on relevant websites	Examples of websites include: the official tourism website for (VisitUganda.com), travel booking sites, NGO websites, women exclusive chatrooms and popular search engines such as Google and Yahoo. Links would direct potential customers to the Enjuba site.
Print	
Flyer	Develop flyer design with help from design volunteers as discussed later in this report. Distribute flyer outside high density tourist areas in such as restaurants and shops. Provide incentive for purchase (example: buy one, get a discount coupon for a second bag)
Corporate Partners	
E-Catalog and gift promotions	Develop partnerships with corporations seeking ways to fulfill corporate social responsibility, and use the E-catalog in corporate email campaigns. The E-catalog would be sent to all employees at partner corporations during holidays such as Thanksgiving and Christmas with the aim of gaining bulk orders for Enjuba products. Position it as gift giving with a socially responsible message.

Scalability

Since Enjuba's business operations and its education arm are interlinked, scaling up business operations becomes crucial for the expansion of the social entrepreneurship education program. However, Enjuba should also partner with local Ugandan enterprises in its mission to cultivate social entrepreneurship. A mutually beneficial collaboration with private

businesses will be a necessary component for Enjuba's rapid growth in Uganda. We recommend a set of six action steps to fuel growth in the business and social models.

Business

1. Expand scope of operations
 - a. Expand product designs and product lines: Add more designs to the line of leather bags. Use volunteer services from design schools.
 - b. Expand sales channels and geographical scope. Add retail boutiques in North America to the distribution space to allow consumers to push sales. Direct sales and marketing efforts can be undertaken in new markets to expand customer reach
2. Brand building through establishing E-communities: Enjuba needs to continually expand on ways that the consumer can connect with artisans and students since this serves as the crucial differentiating factor from competitors. The company should invest in its website to transform it into a collaborative online community of consumers, artisans, students and Ugandan businesses. Rather than a simple sales portal, the website should provide a range of tools to build relationships. We provide some guiding examples:
 - a. Online accounts where consumers could log in to receive personal message and updates from an artisan or student that they have chosen as an "E-pal"
 - b. Daily diary blog entries with anecdotes and events from the lives of artisans and students
 - c. Monthly e-newsletter service with updates on new products and on new businesses financed through the AGE initiative
 - d. Volunteer development programs set up such that students and professionals from any part of the world could visit Uganda and gain first-hand experience in working on a grass roots social enterprise in areas such as product design, business management and sales

Education program

3. Build partnership with private businesses in Uganda. The collaboration should focus on the following projects
 - a. Real world leadership – Bring in leaders from Ugandan businesses into Enjuba target schools to discuss their professional experience and path to success. Speakers could also lead workshops or provide guidance to students on entrepreneurial ventures.
 - b. Mentorship and internships –Develop opportunities for students to engage in internship within local businesses as a means of building business skills and engage in mentor-mentee relationships with local businessmen.
4. Expand education program to a network of schools: This would follow from the scaling up of business operations and the subsequent increased revenue stream.
5. Utilize the talent of students who would have already graduated from Enjuba's education program. Train these students to teach and facilitate similar modules to students within a network of local schools. This would also minimize teaching and training costs, while efficiently using the developed talent.
6. Expand the education modules to include a microfinance component so promising student ventures can have a chance to become full-fledged business operations.

Timeframe

BUSINESS ACTION ITEMS	WHEN
Short Term	
Expand product design	12/07 – 01/08
Medium Term	
Develop website into E-community portal	01/08 – Ongoing
Introduce efficiency and effectiveness measures for all business operations	01/08 – Ongoing
Long Term	
Business: Expand product line	06/08 - 06/09
Expand channel sales	01/08 – Ongoing
Expand to International Markets	01/09 – Ongoing
SOCIAL ACTION ITEMS	WHEN
Short Term	
Build private sector partnerships, recruit volunteer leaders from Ugandan businesses	06/08 – Ongoing
Medium Term	
Set up real world leadership module	01/09 – Ongoing
Set up mentorship module for students and business leaders	01/09 – Ongoing
Long Term	
Develop education program further to include microfinance components	01/10– Ongoing
Identify target schools for expansion of education program	12/09 – Ongoing
Train students to be teachers and facilitators	01/10 – Ongoing
Expand program to 5 more schools	06/10 – Ongoing
Expand program to 10 more schools	12/11 – Ongoing
Expand program to the next 10 schools	06/12 – Ongoing
Introduce effectiveness measurement tools to gauge success	06/10 - Ongoing

Financial Projections

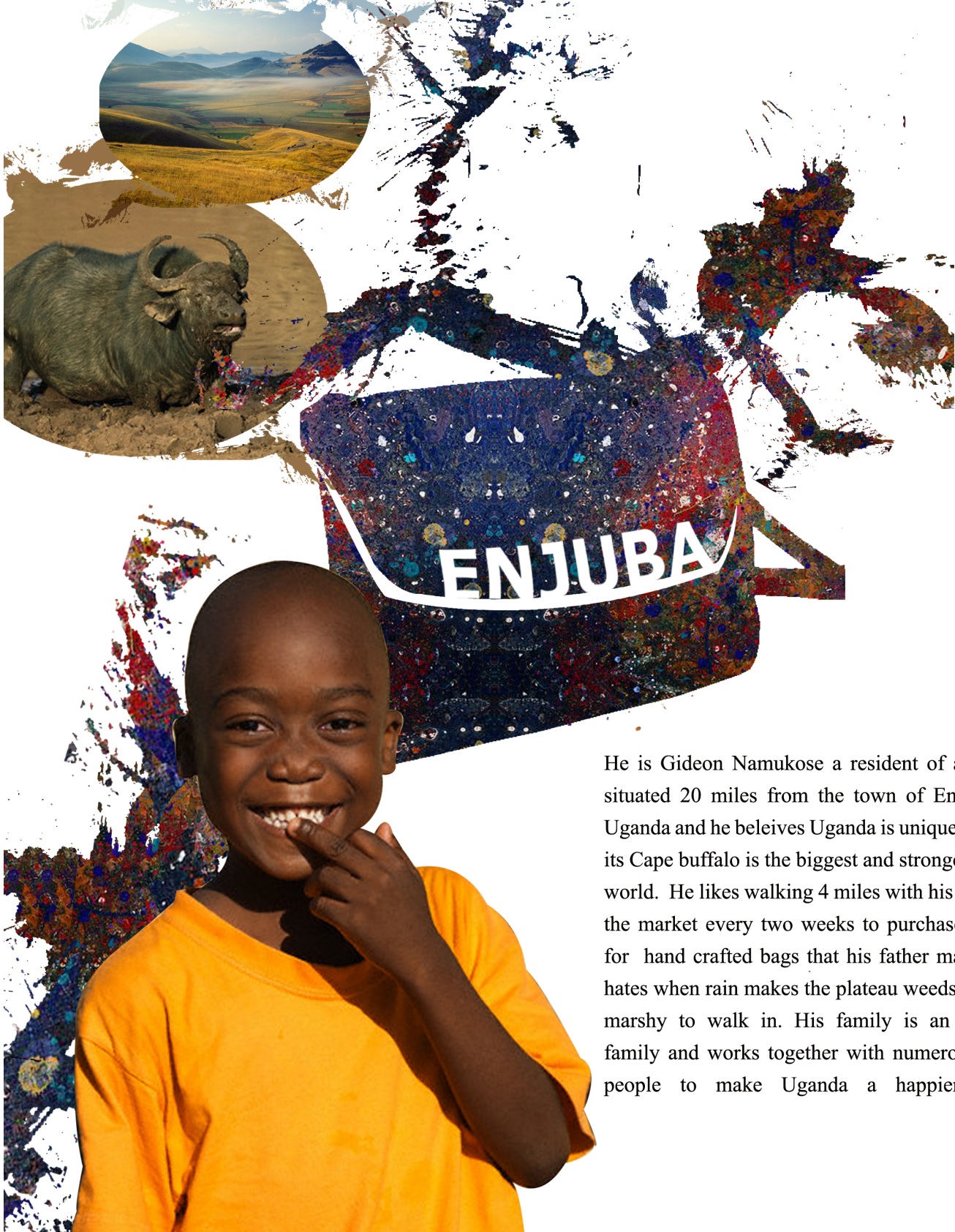
Our financial projections (please refer to chart on page 7) indicate that, with the proposed strategic plan, Enjuba would break even during 2011 and would make a profit of \$43,600 that year. By the year 2013, Enjuba is projected to have sales of close to 25,400 bags and profits greater than \$1.1 million. Given the resources currently needed for an effective marketing and business development strategy, we recommend that the SIP, AGE and 501c3 contributions be slightly reduced for the period 2008 - 2010 (\$3, \$3, \$9 respectively). While this is a difficult decision, it is crucial to direct necessary funds towards developing a sustainable business in the immediate term. The artisans will benefit from a stronger business operations and increased SIP and AGE contributions in the long term.

<i>All amount in US\$</i>	2008	2009	2010	2011	2012	2013
Revenue	60,000	120,000	240,000	528,000	1,267,200	3,041,280
<i>Growth Rate (%)</i>	150%	100%	100%	120%	140%	140%
<i>Sales #</i>	500	1,000	2,000	4,400	10,560	25,344
Cost of Sales	32,000	58,000	116,000	268,400	665,280	1,596,672
COG for one bag <i>(including shipping)</i>	64	58	58	61	63	63
<i>Material Cost</i>	30	27	25	25	24	22
<i>Artisan's Share</i>	10	10	10	10	10	10
<i>Shipping</i>	9	6	6	6	6	5
<i>Social Causes - SIP</i>						
<i>SIP</i>	3	3	4	4	5	6
<i>AGE</i>	3	3	3	4	5	6
<i>501c3</i>	9	9	10	12	13	14
Advertising and Related Costs						
Website / E Catalogue	1,500	1,000	1,000	1,000	1,000	1,000
GOOGLE	3,650	7,300	7,300	10,000	10,000	15,000
Flyer	3,000	2,500	1,000			
Other Advertising Costs	4,000	4,000	4,000	4,000	4,000	4,000
Administrative and Legal Fees	10,000	6,000	6,000	6,000	6,000	6,000
Insurance	2,500	2,500	2,500	2,500	2,500	2,500
Salaries						
Uganda Manager's	5,000	10,000	10,000	20,000	30,000	30,000
Development Team	30,000	80,000	80,000	120,000	180,000	180,000
Bank	500	500	500	500	500	500
Product Design	10,000	15,000	20,000	30,000	40,000	50,000
Machinery Upgrades	10,000	10,000	15,000	17,000	20,000	20,000
Training	2,000	3,000	5,000	5,000	5,000	8,000
Leather Inventory	20,000	-	-	-	-	-
Enjuba Trademark	4,000	-	-	-	-	-
Operating Costs	106,150	141,800	152,300	216,000	299,000	317,000
Net (Loss) / Profit	(78,150)	(79,800)	(28,300)	43,600	302,920	1,127,608
	US\$					
Price	120					
Sales in 2007	200					
Contribution to Social Causes						
<i>SIP</i>	1,500	3,000	8,000	17,600	52,800	152,064
<i>AGE</i>	1,500	3,000	6,000	17,600	52,800	152,064
<i>501c3</i>	4,500	9,000	20,000	52,800	137,280	354,816

Conclusion

The growth of Enjuba's business and social model depends on a creative marketing strategy and innovative collaborations such as those with private businesses within Uganda. The **Unique Uganda** approach recommended in this report will leverage both domestic and international markets to help Enjuba push the boundaries of social entrepreneurship and initiate real change in Uganda.

UNIQUE UGANDA



He is Gideon Namukose a resident of a village situated 20 miles from the town of Entebbe in Uganda and he beleives Uganda is unique because its Cape buffalo is the biggest and strongest in the world. He likes walking 4 miles with his father to the market every two weeks to purchase leather for hand crafted bags that his father makes and hates when rain makes the plateau weeds wet and marshy to walk in. His family is an **Enjuba** family and works together with numerous other people to make Uganda a happier place.

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Background:

Enjuba is an early stage social enterprise with a mission to empower artisans and students to become social innovators within their communities. The activities developed to reach these goals are primarily funded by selling products that are handmade in Uganda by artisans who are part of the Enjuba community.

This report aims to articulate Enjuba's unique market offering and suggest areas to focus its future growth plans. First, we have identified a target market and created an immediate strategy to increase the visibility and sales from this market. Second, we explore options for future growth once Enjuba has solidified its brand and customer following.

Target Market:

Currently, Enjuba's primary product line consists of two leather bags - an "over-the-shoulder" handbag, which would be targeted at women, and a "messenger" bag targeted at men and women. We believe these products are differentiated from competing products in the following ways:

- The social mission behind the bags - economic and educational development in Uganda
- The personal story of each bag – a Ugandan artist part of the Enjuba community
- The uniqueness of each bag - genuine leather bags that are "one of a kind" and 100% hand-made

These characteristics can be used to strategically position the products in the marketplace. Anecdotal data suggests that most buyers would purchase the bags primarily to be associated with the social cause. These buyers can be segmented into two primary categories:

- Customers who buy based on their values to support a social cause. This segment derives immense personal satisfaction from the social contribution, but most likely will not publicly "advertise" their purchases
- Customers who are also driven by the social cause, but who are publicly vocal about it. These customers are proud of their association with the cause, and will want to discuss it in social circles

Further developing and identifying this market, it consists of people like Sara and Omar:

Sara and Omar both live and work in Bigcity, USA. Sara is 25 years old and works in a large advertising firm, but desperately wants to establish a career as a writer. She was actively involved in social issues during and after college, including the recent campaign she started in her community to raise money to help the victims of the earthquake in Peru. She buys Enjuba products because she enjoys feeling connected to the artisans and as though she is contributing to society, and also loves the look of the over-the-shoulder bag. Omar, on the other hand, is 31 but has never really participated in social programs, unless you count the \$20 that he donated to his girlfriend's fundraiser. However, after reading about the issues in Darfur and the book *A Long Way Gone*, he feels as though he should be doing more. His job at a large bank does not give him much extra time, but he is making a conscious effort to help in any way that he can. Omar has a reputation for being fashionable so when he sees the Enjuba bag he instantly loves the style, but he also is excited to know more about the artisan and the education program, and feels good about contributing to the social cause.

We are recommending Enjuba target both of these segments (and additional markets that the social cause resonates with) and leverage these customers to further their growth.

Enjuba's Challenges:

With limited human and capital resources, Enjuba encounters two main challenges in building their brand and driving sales:

- Limited advertising resources to tell the Enjuba story and get people to purchase products for the first time
- Difficulty going directly to retail stores due to the challenges of maintaining an inventory, a lack of existing brand awareness, the absence of effective forecasting, and an uncertain distribution system

Immediate Marketing Strategy Recommendations:

In order to address these challenges and to leverage the key competitive advantage that Enjuba has in terms of its product offerings, it is recommended that the company adopt the following marketing strategies in the short term to create a unique Enjuba experience that connects the economic and social impact of the company (the “story”) to each customer interaction with its products:

1. Enjuba Lounge:

An important component of building the Enjuba experience is the creation of Enjuba Lounge, a new member's only section of the website requiring an Enjuba purchase to access. It will be an online community for Enjuba's customers that will be an exclusive meeting place for them to interact with each other, the artisans, and the company. Artisan and student stories will come to life (through video, audio and photos) and contribute to each customers' understanding of how their purchases have had a positive economic and social impact. To further the connection with Enjuba, there will be a constant effort made to include the members in new design ideas and company decisions, for example, having a vote on different styles as Enjuba is planning a new product release, or asking them to volunteer with Enjuba activities.

To reinforce the “one of a kind” nature of the product, Enjuba should interact with its customers (just once via email) while their bag is being made (we are recommending moving to a two-week delivery timeline), to update them on the status and inform them of the artisan that is making their bag. This will not only reiterate the uniqueness of the bag but also further connect the customer and the artisan.

An important part of ensuring that the members return to the site regularly is to provide them with a sense of community and value-added information. This will be established by providing news and information that is tailored to the demographic, as well as a message forum/blog to discuss upcoming events, initiatives, and Enjuba artisans and products (see attached jpeg for sample). This online community resonates with the target demographic as they want to feel like they are involved with the company's goals, and not just buying a bag.

To gain momentum and build the online community in its early stages, we are recommending Enjuba leverage existing social networks to raise awareness. This can be done by providing links for commonly used sites like Facebook and MySpace and sending out an e-newsletter to members of the community (creating an Enjuba database is obviously a prerequisite).

2. Grassroots Campaign:

To augment the online community and further bring the story to life, we are recommending Enjuba conduct a grassroots marketing campaign to interact with people one-on-one. This will create an opportunity for people to experience the Enjuba products and culture first hand. We believe that many people will be inspired by the Enjuba story, inspired not only to buy a bag, but also to spread the word. One way to encourage this is by further linking the individual artisan story with each bag, for example by inserting an artisan story and picture in each bag, and/or branding the inside of the bag with a unique artisan marking. Enjuba staff or volunteers can also carry photos and video of the artisans and school program with them as they interact with people.

At first, to build up the community, Enjuba will need to take the story “on the road,” participating in events (see examples¹) that attract large numbers of the target market. Acknowledging the significant time and resource commitment of this effort, the objective is to quickly (within 9 months) build up a strong enough base of Enjuba “advocates” (volunteers) that will be responsible for passing the story on to their own communities. When critical mass is reached, it is recommended that Enjuba hold its own events and social gatherings (locally, nationally and in Uganda), to reinforce the company culture of teamwork and collaboration. Artisans and students from Uganda can participate in the events in the US, and further bridge the gap between customers and beneficiaries. This method of organic growth and brand building has been successful for some of the leading social brands like Ben & Jerry’s, Nantucket Nectars, Clif Bar and Life is Good.

3. Bag Branding:

To create brand distinction, Enjuba should brand individual bags with their own names. The Enjuba name currently represents the bags, some accessories, artisan development programs, and school programs. While it is very important to continue the link between the for-profit and non-profit sides of the company, preparations should be made now for the expansion of the product line by branding the bags themselves with other Luganda names such as Endasi and Amaanyi. These names were chosen because they maintain a link to the Luganda language and the spirit of the Artisans. They help to provide a distinction between the company Enjuba and its products.

Additional marketing considerations:

Tie-ups with organizations with similar causes can also help drive traffic and sales revenue – advertising the Enjuba URL on the websites of organizations with similar philosophies and values (like Private Education Development Network <http://www.pedn.org/>; Schwab Foundation for Social Entrepreneurship <http://www.schwabfound.org/> and Skoll Foundation <http://www.skoll.org/>) will help promote Enjuba’s brand further. To enter into such a partnership, Enjuba can consider paying a small share on every bag bought via the partner website.

¹ African Music Festival – Miami, FL
MerleFest – Wilkesboro, North Carolina
Bele Chere – Asheville, North Carolina

New Orleans Jazz & Heritage Festival — New Orleans, Louisiana
Bonnaroo Music & Arts Festival — Manchester, Tennessee
Sierra Nevada World Music Festival - Boonville, California

[illegible]

Welcome Back Tim

Enjuba Lounge



Lets See Your Style! Which Bag Do We Release Next?

We are letting you choose our next release! Choose one of the three and see which bag your friends chose. Have a better idea? We want your feedback

Global News and Events

A Healthier World for Everyone

In the Oct. 1 issue of *Newsweek*, Bill Gates discusses his belief that global health solutions are within our reach and invites questions from readers. Visit *Newsweek's* Web site to read more.



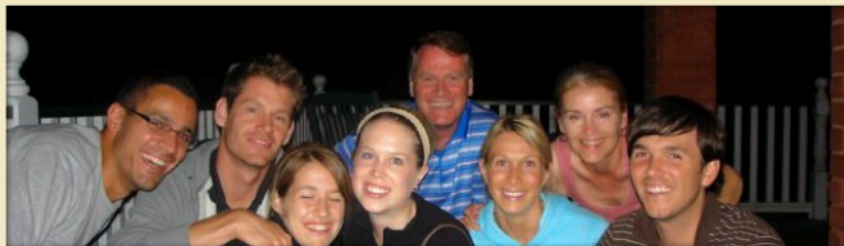
Save The Children Works to Assist Ugandan Families During Flooding

Record Temperatures in Arctic Heatwave Fires Global Warming Debate

Fair Trade Conference be Held in Nairobi

Have Any Jealous Friends That Want Their Own Amaanyi or Endasi?

The per capita income in Uganda is less than \$1 per day. Your purchase has allowed an Artisan to take his family above the poverty line. Continue to support your Artisan by referring your friends to Enjuba.



Message Board



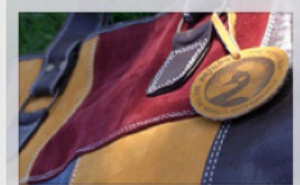
Connect With Enjuba
Members Around the World

Meet Your Artisan



Watch the latest YouTube
video updating the life of
your Artisan

Shop Enjuba



See Our Latest Styles

Tim's Friends

Lisa **NEW POST**
Mike
Omari

Jobs & Volunteering

Project Pyramid Submission

University of Chicago, Graduate School of Business

Ali Baqri

Nelson Santosh

Sidharth Bhadani

Sowmya Mandanapu

Oct 6, 2007

Objectives: Achieve the sales targets projected by Enjuba. Increase the brand recognition

Assumptions: The quality, style and range of the products will be able to cater to tastes of upscale customer. Large retailers cannot be won over and reliably supplied. There will be a number of issues with the supply chain in first few years. The US costs need to be minimized. The brand recall will be low initially.

Target customers: The target customers are young and professional women with high disposable incomes.

Channel: Initial focus will be on small boutiques/retailers. They provide a higher average price point of \$350 (Source: Study of online handbag retailers). Opportunities abound to co-market handbags with apparels and accessories and complement them. It will facilitate the creation of upscale brand. If the pitch at one boutique fails, move on to the next one. Lesser need for standardization and mass-production

Reach out to large retailers starting 2009. By then the brand will be relatively well established. Negotiations will be from a position of strength as compared to 2008. Higher prices are possible. Supply chain will be fleshed out and the delivery of products and after sales services will be smooth

Continue building online channel. However build it to provide customer support and to direct customers to partner boutiques. Sell the products at the same price.

Test and roll-out: Stagger all the elements of execution to test various processes and capabilities. It is critical to not create bad reputation in the market, or to limit the damage.

Marketing: Organize various competitions in NY universities and schools to generate buzz. Utilize posters, pamphlets and other standard marketing tools to promote the brand.

Design: Leverage low cost student designers to design new handbags. Organize a competition annually to recreate handbag portfolios. Engage the winners of the competition to generate new designs on a monthly basis

Customer Service Standards: Implement 30 day no strings attached return policy. Give 1 year warranty against all manufacturing defects. Initially be liberal in returns and exchanges. Have a person man a customer service number for 3 days a week for 8 hours. Bear the cost of shipping for returns and warranty servicing.

Geography: Initial focus will be on New York. It has good flight and direct connectivity which will bring down travel costs to \$250 per flight per person (Source: Sidestep.com listing of flights from Nashville to New York). Dense public transportation costs will reduce the monetary and time cost of high frequency intra-city travel. \$76 is required for a monthly unlimited access metro-card. Low cost accommodation is available at locations with good train connectivity to the city. Number and density of boutiques is high in Manhattan (Source: <http://www.citidex.com/110.htm>). Large universities such as New York University, Columbia University, and New School University within the city will provide a ready supply of volunteers within easy distance from boutiques, a ripe market and fertile ground to create buzz. There is a large and concentrated customer base in New York with high disposable income. There are 1.3M women between ages of 25-44 in New York. Their average income is \$54K as compared to national average of

\$35K. (Source: <http://www.gothamgazette.com/article/demographics/20070320/5/2126/>).

Sales pitch: Enjuba principals will go with volunteers and later on with fulltime employees to pitch to boutiques with a glossy and well-laid out catalogue. The key elements of the pitch will be the appeal of being handmade, support to Ugandan artisans, high quality, ruggedness and finish of the products and significant after sales service including standard and easy return policy and liberal and easy replacement and warranty policy

Logistics: Bags will be shipped via DHL from Uganda to a central warehouse in US. Bags will be shipped via USPS/low cost shipper to retailers within US.

Execution plan:

1. Nov 2007 onwards: Engage a leather industry expert to design optimum production flow. Organize a leather bag design competition to create a product portfolio of 20-30 handbags to compete with product portfolios of competitors which have 60-150 different handbags. Design the delivery model. The model encapsulates the processes and infrastructure to support production, shipments, customer service, returns and replacements. Start identifying artisan prospects with a view to enlarge teams
2. Dec 2007 onwards: Test run and refine the delivery model. Publish first run of catalogs and samples. Engage NYC universities in "Critique the catalog and samples" competition. This will create buzz around Enjuba.
3. Jan 2008 onwards: Organize a logo and tag-line design competition for Enjuba. Specifically target NYC colleges and universities. This will create buzz around Enjuba. Organize an art competition at upscale NYC elementary schools and distribute small souvenirs in an effort to reach out to working mothers. This will create buzz around Enjuba. Test run and refine the delivery model. Refine the catalog and samples
4. Feb 2008 onwards: Approach NYC universities for volunteers and part-timers. 1st pitch fortnight - approach retailers with the support of volunteers focusing on 50 dominated by small sized or low end boutiques
5. Mar 2008 onwards: Actively engage the retailers and improve and refine delivery process to suit the real business situation
6. Apr 2008 onwards: 2nd pitch fortnight - approach retailers with the support of volunteers focusing on 50 dominated by medium sized or medium end boutiques
7. May 2008 onwards: Actively engage the retailers and improve and refine delivery process to suit the real business situation
8. Jun 2008 onwards: 3rd pitch fortnight - approach retailers with the support of volunteers focusing on 50 dominated by large sized or high end boutiques

9. July 2008 onwards: Actively engage the retailers and improve and refine delivery process to suit the real business situation
10. Aug 2008 onwards: Continue pitching to NYC based boutiques
11. Oct 2008 onwards: Begin pitching to large retailers

Financial analysis:

The growth in first year will be fueled by boutiques in New York. We estimated that 10 out of 158 boutiques can be persuaded to carry our product. Progressively the number of boutiques will reach 30 boutiques in 2010. The revenue will increase from \$210K in 2008 to \$630K in 2011. This corresponds to annual handbag volume of 600 in 2008 and 7.6K in 2011.

We are assuming the production and processes will be good enough to support a large retailer in 2009. We assume one large retail outlet can support revenue of \$180K. Success at one location can help Enjuba increase to 8 outlets and \$1.4M in 2011.

However we assume that handbags will be returned due to customer dissatisfaction or warranty servicing. We have estimated the return rate of 10% (conservative as compared to apparel industry average of 7%) in 2008. The situation is expected to improve to 5% in 2009. The write-down due to returns is expected to be \$42K in 2008 and \$207K in 2011.

Commissions to boutiques and retailers for high end handbags are around 50% of the sale price per an industry insider. As a result we expect to pay \$84K in 2008 and \$931K in 2011 as commissions.

We estimate that shipping costs including international shipping and domestic shipping to service the retailers and warranty to increase from \$3.5K in 2008 to \$31K in 2011.

We will leverage volunteers in 2008 from the universities. We expect it to cost \$22.5K. We expect to ramp-up the US headcount from 1 in last half of 2008 to 4 in 2011. It will cost us \$22.5K in 2008 and \$180K in 2011.

The Ugandan employee count is expected to ramp up from 1 to 3 and costs from \$3.6K to \$10.8K from 2008 to 2011.

We expect that a fulltime artisan will spend 24 hours in creating one bag. Later scale and efficiency will cut the time down to 8 hours. As a result we expect to employ 9 artisans in 2008 and 38 in 2011. The cost is expected to ramp up from \$5.4K to \$22.9K.

We expect raw material costs to ramp up from \$6K in 2009 to \$76K in 2011 at the rate of \$10 per bag.

Advertising and promotion costs are expected to consume 20% of the revenue in the beginning and 15% on an ongoing basis. Therefore the costs will ramp up from \$42K in 2008 to \$95K in 2011.

We expect to invest \$10K per annum in designing new products.

Office overheads are expected to ramp up from \$36K to \$70K during 2008-2011 period.

Travel costs are expected to come down from \$52K in 2008 to \$40K in 2011.

Net-net the company is expected to break even in 2010. We expect the 5 year NPV of the net profits to be a positive \$258K.

Detailed spread-sheet is available for reference on request.



PROJECT PYRAMID
Changing the World From the Bottom Up



Challenge Question Response

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Enjuba has developed a promising business model and products but will have to work hard to gain customer acceptance and develop a self-sustaining business.

Introduction:

Enjuba markets high quality leather bags made by Ugandan artisans, offering Ugandans an opportunity to better their lives by developing new skills and businesses. It also teaches entrepreneurship, promotes financial education and savings, reinvesting profits in the artisans' community. This document will outline their current strengths and weaknesses as well as a marketing strategy for their products.

Target market:

We recommend that Enjuba target the 18-30 year old female market with a range of high quality leather bags. This segment is fashion and technology aware and is inclined to support cultural and social objectives. Enjuba must emphasize both quality of workmanship and design as well as the socially conscious personality of its products in order to differentiate it and justify its price. We believe that neither of these alone will be sufficient.

Gross revenues for the handbag market in the United States was \$6.5B in 2006 rate and are growing at 11% per year. Fair trade bags are expected to represent 0.5% to 5% (\$32.5M to \$325M). The average annual spend on handbags is \$143 with the average price \$122 and a mean of \$69. This is therefore a logical market for Enjuba and fits with the skills and experience of its artisans in a way that the highly competitive textile clothing market does not.

A number of fair trade groups already sell leather handbags but the majority are not of the same quality and functionality (see table below). We feel that the only bag that competes on quality, size, and functionality is Ganesha which has bags for around 55 pounds or \$110. We

believe that Enjuba's premium product quality differentiates it from the conventional "fair trade" market and they should therefore be targeted to retail at around \$115.

Company	Website	Item	Price	Enjuba comparable item	Notes
Habanahaba	www.habanahaba.com	Woven and leather beach bag	\$84.00	Leather Bags	Enjuba higher quality
Ten Thousand Villages	www.tenthousandvillages.com	Suede Purse	\$58.00	Leather Bags	Similar quality but smaller
Hatti Trading	www.hattitrading.co.uk	Leather bags from Nepal	\$30-50	Leather Bags	Lower Quality, versatility and size
Ganesha	www.ganesha.co.uk	Leather bags	\$115.00	Messenger bags	Only real equivalent bags

Product development:

The current designs are functional and fashionable as well as high quality but for Enjuba to remain a premium product in an ever changing, innovative design is vital. A full time designer is likely to be prohibitively expensive so Enjuba should leverage its "socially conscious" image to encourage designers to provide designs at little or no cost. Design competitions at universities and design schools should be complemented by approaching designers directly. Campaigns of this kind will be key to raising the profile of Enjuba as well as refreshing designs. Once the brand and products start to gain momentum Enjuba should seek to expand into a larger variety of leather bags and into adjacent products (leather sandals, belts) while maintaining its product and competency focus.

Enjuba should leverage the community of artisans to ensure quality by allowing them to examine one other's work for defects and errors and make the group financially responsible for defects. This reduces the cost of returns, empower the group to take ownership of the product (and their own success) and free some of Aaron's time to focus on other areas including accounting, training and program development. This self-monitoring model has been successfully implemented by Ganesha (see above).

Enjuba must set a return policy on their products to manage customer expectations and demonstrate its commitment to quality and develop an infrastructure to manage returns. As direct delivery of internet orders is expected to be a major channel “no quibble” returns should be considered (within 30 days) as well as returns for defects (for 90 or more days).

Distribution Channels

Enjuba should pursue a three pronged strategy targeting fringe retailers, online customers and wholesalers. Fringe retailers targeting socially conscious customers tend to be willing to take on unproven suppliers and may offer advance or preferential payment terms while customers are less price sensitive and are a good source of feedback. These retailers can be approached directly without the need for a sales team and can be identified through free trade press and local contacts. Local opportunities should be sought out first to minimize cost.

The website should also be improved. Customers want to know what the product is, how it is made, the story behind it, the prices and the ability to buy the product on the web as well as the social background to the artisan. The website is currently skewed to the last of these. Good examples include www.tarsian.com, www.worldofgood.com, and www.handbagexpressions.net.

Thirdly, after developing designs and perfecting product quality, Enjuba should enter the wholesale market. This market promises greater volume but requires greater certainty of consistency of product quality and ability to deliver which will take Enjuba time to develop. Trade shows and showrooms (such as Chicago’s Merchandise Mart) which focus on fair trade, quality leather goods and accessories should be targeted. This channel is expensive due to both the direct cost of participating (about \$1000 plus travel costs for shows and more for showrooms as well as the cost of providing free samples) but also because these customers will seek lower

prices and more advantageous terms of trade as well as geographical exclusivity. Experience of the market for Enjuba's products as well as sales and negotiation experience will be required.

Direct sales efforts must be complemented by a public relations strategy focused on demonstrating the quality and social benefits of Enjuba's products. Trade press focused on fair trade should be targeted as well as personal endorsements (Oprah Winfrey's interest in African development should be a prime target) will all help to publicize Enjuba's products.

Penetration into all of these channels will benefit from membership of the Fair Trade Federation which lends credibility to Enjuba's social mission justification for its price and reduces the due diligence required by potential customers without detracting from the perception of quality of the goods themselves. This should be pursued as a matter of high priority.

Conclusion and financial implications

The market for Enjuba's product is promising but challenging. Enjuba lacks the scale, structure and experience (both in manufacturing and marketing) to capitalize on it. The projections set out below represent a more realistic target for development of demand and the cost of market penetration. Enjuba will continue to require funding and will not be able to contribute significantly to its associated social programs until it reaches market acceptance. However, commercial experience and development of transferrable skills are themselves social goods which should not be discounted.

SUMMARY FINANCIAL PROJECTIONS							
	2008	2009	2010	2011	2012	2013	
Bags sold	500	1,000	2,000	2,500	3,000	3,500	
Revenue	55	110	220	275	330	385	Price assumed to be \$115 per bag
Direct costs	(28)	(40)	(80)	(88)	(105)	(105)	Per Enjuba assumptions
Fixed costs	(44)	(31)	(36)	(37)	(38)	(38)	Reduced in line with lower level of production
Marketing	(21)	(28)	(28)	(28)	(29)	(28)	Includes samples and returns
Development	(30)	(45)	(60)	(75)	(90)	(90)	Reduced in line with lower level of production
Net profit	(67)	(34)	17	48	69	124	
Net cash	(73)	(111)	(111)	(68)	(21)	99	Assumes net working capital is 3 months of direct costs

N.B. all financial forecasts in \$'000

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Considering the brand that Enjuba has created, how should it begin to market its products and scale up its model for social and economic growth?

The Challenges for Enjuba

Enjuba succeeds when Uganda's entrepreneurs succeed. To date, Enjuba has built a promising social enterprise that seeks both to develop a robust distribution channel for Ugandan fair trade products in the US, while using revenue on such products to build a multifaceted entrepreneurship education and microfinance program in targeted Ugandan communities.

The challenges Enjuba faces are significant. This early stage enterprise has an anemic "friends and family" distribution channel for its products, a homogenous product pipeline with quality concerns, primarily part-time staff both domestically and in Uganda, insufficient linkages to existing entrepreneur capital, and a vision for entrepreneur education weakened by its breadth and need for pedagogical expertise.

We intend to focus on three opportunities Enjuba has to strengthen its capacity to access and capitalize on the US market, and build an integrated and scalable credit and educational program.

- First, Enjuba's small staff must move quickly to identify and secure established distribution channels for fair trade goods in the US if it is to rely on product revenue to drive its entrepreneurship education model.
- Second, given short-term product revenue projections are limited, Enjuba must take advantage of existing Ugandan microfinance and artisan credit organizations to advance short-term design and product quality improvement.
- Finally, an integrated operational model must be established for Enjuba's extensive artisan and youth entrepreneurship training programs. Overlapping and

loosely defined goals threaten the success of Enjuba's educational mission.

Our Recommendation

Production Distribution and Access to Credit

We recommend that Enjuba expand distribution of its product to fair trade wholesalers who can connect Ugandan artisans with a larger network of socially-minded customers and provide the volume of sales needed in order to sustain Enjuba's social mission.

While the wholesaler channel will serve as a medium for distributing Enjuba's proven products, the online channel will be retained as a testing ground for Enjuba's new products and as a medium to engage customers interested in Enjuba's mission.

Wholesaler agreements will provide Ugandan artisans with a guaranteed channel through which to distribute their products and access to information on the preferences of the U.S. market in order to adapt their products as U.S. tastes evolve. We recommend that Enjuba start developing this channel by working with one fair trade wholesaler in 2008, and then expand to a new wholesaler each year eventually growing to serve 6 wholesalers by year 2013.

Of the many fair trade wholesalers to start with, we recommend that Enjuba align themselves with Ten Thousand Villages (TTV) first because it already sources products from other socially-minded artisan groups in Uganda including Uganda Crafts 2000 and NAWOU, and because there is no overlap between the products currently carried by TTV and the products sold by Enjuba. Last year TTV purchased over \$4 million in handicrafts from various artisan communities, with 9% of that being from Africa¹. We believe that Enjuba can easily secure 20% of TTV's total African purchases by differentiating itself on the basis of quality, production capacity, and product diversity. Once Enjuba has

¹ Ten Thousand Villages Annual Report 2006

proven it can develop products which meet the quantity and quality requirements of a fair trade wholesaler, it can expand to other wholesalers. Assuming a 20% market share of the wholesaler market in Africa and expansion to 6 wholesalers by 2013, Enjuba would be able to sell just over 30,000 bags in 6 years².

Serving the wholesaler market will require Enjuba to make 3 changes in its organization:

1. Organize its artisans into producer groups so that they have the capacity to meet wholesaler demand, products are standardized to meet needs of wholesalers, and raw material costs are lower
2. Partner with microfinance institution Ecologic to provide artisan groups with access to credit for bulk raw material purchases using wholesaler contracts as collateral
3. Provide training for new artisans to join the producer groups to scale up as new wholesalers are introduced into the distribution channel

As before, 5% of the mark-up on products sold will be put into the artisan groups' AGE account. Unlike before, the group will collectively re-invest a portion of the money from the AGE account into the purchase of new raw materials for the next production cycle.

Whatever raw material cost cannot be met with the AGE account and savings of individual artisans will be satisfied with a line of credit from the microfinance partner, Ecologic. Over time the revenue that the artisans generate from product sales will reduce their dependence on outside credit and enable artisans to save enough money to invest in themselves and their communities.

Alignment with Social Mission

² Using Ten Thousand Villages purchases in Africa in 2006 as a proxy for the average wholesaler

One problem that was identified with the model is a lack of cohesion in the social arm of the project. The existing programs within this arm include the program within the public school, the artisan classes, AGE and SIP. Rather than having these as disjointed pieces, we would propose a 3-phased educational program, which begins with the Youth Empowerment Course and concludes with an Artisan trade school. The Youth Empowerment Course would operate as before teaching children in the US equivalent of grade 10 basic life and entrepreneurship skills. Graduates of this program and current artisans would then have the option of enrolling in a Business Course which teaches the tools needed to start or grow a business such as budgeting and accounting. Following the Business Course, youngsters would have two options. One would be to enroll in the Artisan Trade School and become a member of the Enjuba artisan cooperative and the second would be to start a different business using a portion of the AGE fund allocated for new venture ideas.

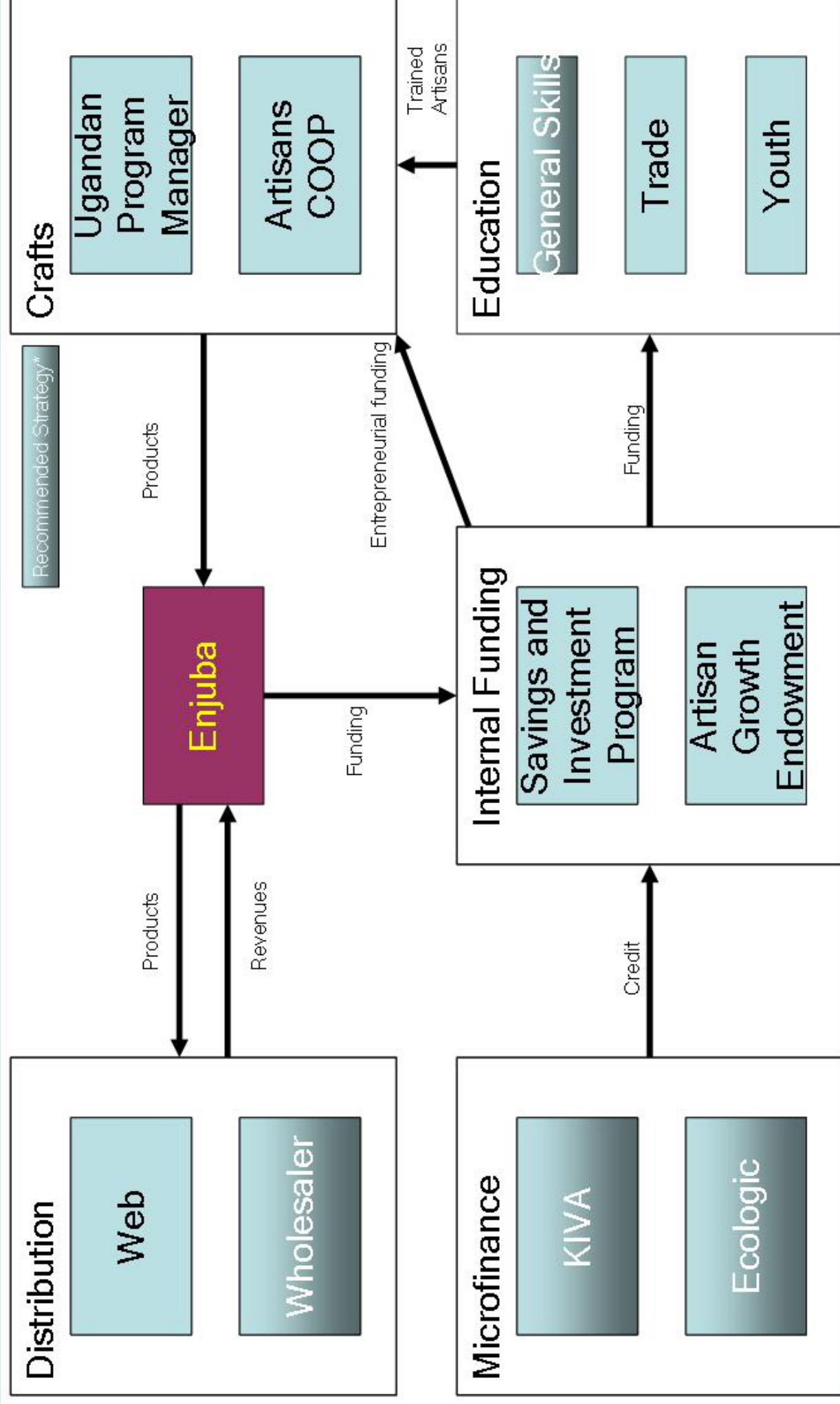
This trajectory through the series of phases of education will not only assist in the issues of quality control, but will also provide metrics with which to measure the success of the program.

		2008	2009	2010	2011	2012	2013
Revenue		\$ 60,000	\$ 189,163	\$ 387,488	\$ 706,848	\$ 1,233,695	\$ 2,110,678
	Bags Sold	500	2,153	4,958	9,781	18,062	32,178
	Retail Bags Sold	500	1,000	1,500	2,000	2,500	3,000
	Wholesale Bags Sold	-	1,153	3,458	7,781	15,562	29,178
	Retail Price/Bag	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00	\$ 120.00
	Wholesale Price/Bag	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00	\$ 60.00
	Retail Revenue	\$ 60,000	\$ 120,000	\$ 180,000	\$ 240,000	\$ 300,000	\$ 360,000
	Wholesale Revenue	\$ -	\$ 69,163	\$ 207,488	\$ 466,848	\$ 933,695	\$ 1,750,678
Cost of Goods Sold		\$ 27,500	\$ 75,345	\$ 148,744	\$ 244,520	\$ 361,232	\$ 643,559
	Retail Bags	\$ 55.00	\$ 35.00	\$ 30.00	\$ 25.00	\$ 20.00	\$ 20.00
	Wholesales Bags	\$ 55.00	\$ 35.00	\$ 30.00	\$ 25.00	\$ 20.00	\$ 20.00
	3% IP Licensing Fee	\$ -	\$ 567	\$ 2,325	\$ 8,482	\$ 18,505	\$ 31,660
	% of Bags Sold via License	0%	10%	20%	40%	50%	50%
		69,162.6	82,995.1	99,594.1	119,513.0	143,415.6	172,098.7
Gross Margin		\$ 32,500	\$ 113,250	\$ 236,419	\$ 453,846	\$ 853,958	\$ 1,435,459
% Margin		54%	60%	61%	64%	69%	68%
	Retail Bags	\$ 32,500	\$ 84,736	\$ 134,297	\$ 188,266	\$ 247,439	\$ 297,048
	Wholesales Bags	\$ -	\$ 28,514	\$ 102,122	\$ 265,580	\$ 606,519	\$ 1,138,410
Operating Expenses		\$ 102,500	\$ 117,000	\$ 168,500	\$ 252,000	\$ 391,500	\$ 649,000
Personel		\$ 35,000	\$ 60,000	\$ 100,000	\$ 182,000	\$ 320,000	\$ 576,000
	Development Team	\$ 30,000	\$ 40,000	\$ 60,000	\$ 70,000	\$ 80,000	\$ 90,000
	Avg Salary	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
	Members	3	4	6	7	8	9
	Ugandan Managers	\$ 5,000	\$ 20,000	\$ 40,000	\$ 112,000	\$ 240,000	\$ 486,000
	Avg Salary	\$ 5,000	\$ 5,000	\$ 5,000	\$ 7,000	\$ 8,000	\$ 9,000
	Members	1	4	8	16	30	54
	Artisans needed	15	54	124	245	452	804
Administrative		\$ 25,500	\$ 22,000	\$ 23,500	\$ 25,000	\$ 26,500	\$ 28,000
	Website	\$ 1,000	\$ 1,500	\$ 2,000	\$ 2,500	\$ 3,000	\$ 3,500
	Banking Fees	\$ 500	\$ 1,000	\$ 1,500	\$ 2,000	\$ 2,500	\$ 3,000
	Legal Fees/Licenses	\$ 11,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500
	Trademark/Copywriting	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
	Insurance	\$ 2,500	\$ 3,000	\$ 3,500	\$ 4,000	\$ 4,500	\$ 5,000
Production/Design		\$ 22,000	\$ 25,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000
	Product Design	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
	Machinery Upgrades	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
	Artisan Training	\$ 2,000	\$ 5,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Inventory		\$ 20,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
	Materials	\$ 20,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
	Storage	\$ -	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Operating Margin		\$ (70,000)	\$ (3,750)	\$ 67,919	\$ 201,846	\$ 462,458	\$ 786,459
% Margin		-117%	-2%	18%	29%	37%	37%
Project Investment		\$ 7,500	\$ 32,291	\$ 74,372	\$ 146,712	\$ 270,924	\$ 482,670
	SIP	\$ 1,500	\$ 6,458	\$ 14,874	\$ 29,342	\$ 54,185	\$ 96,534
	Savings/Bag	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
	AGE	\$ 1,500	\$ 6,458	\$ 14,874	\$ 29,342	\$ 54,185	\$ 96,534
	501c3	\$ 4,500	\$ 19,374	\$ 44,623	\$ 88,027	\$ 162,554	\$ 289,602
	Donation/Bag	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00
Retained Operating Margin		\$ (77,500)	\$ (36,040)	\$ (6,453)	\$ 55,134	\$ 191,534	\$ 303,789
% Margin		-129%	-19%	-2%	8%	16%	14%
Taxes	Tax Obligation	0.4 \$ (31,000)	\$ (14,416)	\$ (2,581)	\$ 22,053	\$ 76,614	\$ 121,516
	Taxes Paid	\$ -	\$ -	\$ (47,997)	\$ 22,053	\$ 76,614	\$ 121,516
Net Income		\$ (77,500)	\$ (36,040)	\$ 41,544	\$ 33,080	\$ 114,921	\$ 182,273
% Margin		-129%	-19%	11%	5%	9%	9%
Cumulative Net Income		\$ (77,500)	\$ (113,540)	\$ (71,996)	\$ (38,916)	\$ 76,005	\$ 258,278
Cumulative Project Investment		\$ 7,500	\$ 40,358	\$ 117,055	\$ 272,249	\$ 561,678	\$ 1,076,008

Figure 1 - Financial Implications

Enjuba Strategy

Integration of Microcredit & Entrepreneurial Funding



Introduction of microfinancing will spur entrepreneurial growth, increased product production and increased education funds

DUQUESNE UNIVERSITY

Project Pyramid Case

Competition

“Considering the brand that Enjuba has created, how should it begin to market its products and scale up its model for social and economic growth?”

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10/6/2007

Kathryn Anastos, a noted U.S. physician once said; “Our responsibility as privileged human beings is to pay back for the opportunities we’ve received.”¹ Enjuba is a company that embodies this principle in both its business practices and its perspective on social responsibility. As a result it seems only fitting that products under the Enjuba brand symbolize the positive social impacts that can ensue from the building of artisan/patron relationships. This is our vision of Enjuba.

Our Understanding: Enjuba is a company with a two-pronged business structure, with one end focused on retail and the other on education and empowerment. After careful research on product sales and costs, Co-founders Wilson Keenan and Henry Manice are currently focusing on marketing and promoting leather tote and messenger bags. These bags are created by individual artisans within the Ugandan communities of Kampala and Jinja. The target market for these bags is 18-25 year old girls living in the United States. Currently, Enjuba’s artisans have the capacity to make fifty bags in one month. In order for Enjuba to reach their goal of making 200 bags per month they would need to finance a system for artisan training as well as have an ample demand for their product. Once the artisan training system has been financed, it will take only three months for the production rate to rise to this desired level, thereby leaving only demand for the product as a possible issue. Our marketing plan is centered on a timeline of three years. Within this time frame, the Enjuba brand name will be popularized, giving the artisans, as well as Keenan and Manice, the opportunity to explore other products and designs. These new products would keep the Enjuba brand fresh and distinctive.

5 Step Action Plan: Based on our assumptions and understanding of the product and the overall brand image that founders Wil and Henry have identified, we believe that the most beneficial way for Enjuba to market its product is to focus on a target market within the east and west coast regions; more specifically,

¹ ¹ Kathryn Anastos (b. 1950), U.S. physician. As quoted in New York magazine, p. 90 (December 21-28, 1992).

within metropolitan areas such as L.A. and New York. Metropolitan cities are dense in population and cater to high end boutiques. In addition, most growing cultural trends are mainly concentrated within these areas. We have identified that the most current cultural trend includes an increased interest in the social benefits associated with different products, including how those products impact either the environment or society as a whole. In the case of Enjuba, this is an advantage because their business appeals to those trend setters with a make-a-difference attitude or those that are interested in the feel-good-factor of their purchases. With these factors in mind we have designed a 5 Step Action Plan which is as follows;

- I. One of the most unique and culturally attractive aspects of the Enjuba product is the fact that each bag is handcrafted by a Ugandan artisan and no two bags are exactly alike. In an effort to capitalize on this attribute, we feel that each Enjuba bag should be accompanied by a “Certificate of Authenticity” (COA). Enjuba already sells high quality, unique and fashionable items. What they have not yet benefited from is the story of empowerment, inspiration, and innovation behind each artisan. This is our goal with the COA. We propose that each COA be individual to the artisan and include the artisan’s signature.
 - II. The next step for marketing executives should be to speak with small and fashionable boutiques about picking up the product. Executives should be selective when reviewing potential boutiques in order to maintain the exclusive nature of the product. The Enjuba bag is unique in nature and should be viewed as a work of art as opposed to just another bag in a corner boutique. We also recommend that Enjuba remains an individual brand as opposed to partnering with another brand image to market the product. As the Enjuba brand is established, it makes room for exploring ways to create a uniquely Enjuba style in all the products it designs (this style will be sought after in a way that Gucci or Prada bags are, based on their unique identification). Also, if Enjuba chooses to partner with another brand, we feel that this action would take away from the socially responsible and artistic nature of the bag.
-

- III. In order for the brand image to become recognized, potential customers must first become aware of it. Consequently, the most cost efficient and effective way to lure high end customers is through a fashion press release or a highly publicized event. Trends revolve around the fashion statements made by celebrities. We recommend capitalizing on this opportunity by holding a social awareness event. Based on the educational opportunities that Enjuba provides to underprivileged areas, this event would be attended by high profile individuals such as socially conscious celebrities and personalities. Sponsorships for this event can be obtained from social activist groups and corporate sponsors looking for a way to include corporate social responsibility efforts into their company profile.
- IV. Based on the exposure of the bag that Enjuba will enjoy from celebrity use and indirect promotion, the Enjuba brand now caters to their target demographic base. This is grounded on the assumption that 18-25 year old females are highly interested and influenced by the fashion trends of celebrities. Word of mouth is the strongest marketing as well as most cost efficient tool which plays into the limited budget that Enjuba currently has. While we feel that their revenues will increase dramatically shortly after implementation of this marketing plan, we also understand that much of the profits will be reinvested into the growth of the company and we wish to minimize any and all costs possible.
- V. The final and possibly the most important step in the promotion of the Enjuba entity is follow through. As Enjuba has stated in their Company Overview, their goal is to “create an exciting relationship between the people it is impacting and its customers”. Relationships need to be nurtured and maintained and we feel that those that receive or purchase an Enjuba bag should be encouraged to foster that relationship. Not only is it essential that customers remain satisfied with their bags, but we want to keep them updated on new trends in the product line as well as new developments within the Ugandan educational programs. We suggest that Enjuba develop an “Enjuba Members Exclusive” program. Not only does this foster brand loyalty but it provides
-

accountability on the part of Enjuba to maintain contact with their customers as well as continue the development of new and unique products and product lines

Financial Implications: refer to attached Excel spreadsheet

Reaching the world through Enjuba's expansion is not without its costs. The new financial projection represents the financial impact of our marketing plan. Based on this plan we expect the time frame for the implementation process to be three years. Once the product is in local boutiques, sales will increase simply by providing interested customers with another avenue in which to purchase the bags. This added avenue however, will result in higher bag costs in 2008-2009 because of the increased shipments to the United States. However, this increase in costs will only be temporary as the increased sales and brand recognition in the future will provide Enjuba with bargaining leverage to cut supplier costs. By 2010, the cut in supplier costs will be reflected in the financials as higher gross profit margins. Additionally, the social awareness event may include a steep increase under "fixed costs", but this will pay dividends in the future as brand awareness of Enjuba's products increase. Overall Enjuba, through this new strategy, can expect an increase in sales for 2008-2011, followed by a flattening out in the subsequent years.

Present Projections

2008		<u>Ratios</u>
Bags Sold	500	
Revenue	50000	0.45 Gross Profit Margin
Bag Costs	27500	N/A
Fixed Costs	97000	% Change in Sales
Profit	-74500	
2009		<u>Ratios</u>
Bags Sold	4000	
Revenue	400000	0.6 Gross Profit Margin
Bag Costs	160000	
Fixed Costs	128500	700.00% % Change in Sales
Profit	111500	0.324742 % Chg Fixed Costs
2010		<u>Ratios</u>
Bags Sold	6000	
Revenue	600000	0.6 Gross Profit Margin
Bag Costs	240000	
Fixed Costs	155500	50.00% % Change in Sales
Profit	204500	0.210117 % Chg Fixed Costs

2011		<u>Ratios</u>
Bags Sold	10000	
Revenue	1000000	0.65 Gross Profit Margin
Bag Costs	350000	
Fixed Costs	215500	66.67% % Change in Sales
Profit	434500	-0.27842 % Chg Fixed Costs

2012		<u>Ratios</u>
Bags Sold	15000	
Revenue	1500000	0.65 Gross Profit Margin
Bag Costs	525000	
Fixed Costs	295500	50.00% % Change in Sales
Profit	679500	0.37123 % Chg Fixed Costs

2013		<u>Ratios</u>
Bags Sold	20000	
Revenue	2000000	0.7 Gross Profit Margin
Bag Costs	600000	
Fixed Costs	325500	33.33% % Change in Sales
Profit	1074500	0.10152 % Chg Fixed Costs

Definitions:

Gross Profit Margin - The relationship between net sales revenue and cost of goods sold.

A high gross profit margin indicates that a business can make a reasonable profit on sales, as long as it keeps overhead cost in control.

Efficiency Ratio - Expenses as a percentage of revenue. The lower the percentage the better, meaning expenses are low compared to the revenue.

New Financial Projection

2008		<u>Ratios</u>
Bags Sold	800	
Revenue	80000	0.55 Gross Profit Margin
Bag Costs	36000	N/A
Fixed Costs	125000	% Change in Sales
Profit	-81000	% Chg Fixed Costs
2009		<u>Ratios</u>
Bags Sold	6500	
Revenue	650000	0.569231 Gross Profit Margin
Bag Costs	280000	712.50% % Change in Sales
Fixed Costs	188500	50.80% % Chg Fixed Costs
Profit	181500	
2010		<u>Ratios</u>
Bags Sold	12000	
Revenue	1200000	0.8 Gross Profit Margin
Bag Costs	240000	84.62% % Change in Sales
Fixed Costs	170500	-9.55% % Chg Fixed Costs
Profit	789500	

2011		<u>Ratios</u>
Bags Sold	17000	
Revenue	1700000	0.7 Gross Profit Margin
Bag Costs	510000	41.67% % Change in Sales
Fixed Costs	230000	34.90% % Chg Fixed Costs
Profit	960000	

2012		<u>Ratios</u>
Bags Sold	19000	
Revenue	1900000	0.75 Gross Profit Margin
Bag Costs	475000	11.76% % Change in Sales
Fixed Costs	295500	28.48% % Chg Fixed Costs
Profit	1129500	

2013		<u>Ratios</u>
Bags Sold	21000	
Revenue	2100000	0.75 Gross Profit Margin
Bag Costs	525000	10.53% % Change in Sales
Fixed Costs	325500	10.15% % Chg Fixed Costs
Profit	1249500	

Definitions:

Gross Profit Margin - The relationship between net sales revenue and cost of goods sold.

A high gross profit margin indicates that a business can make a reasonable profit on sales, as long as it keeps overhead cost in control.

Enjuba

Carry Your World

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**Georgia
Tech**



Enjuba has the potential, passion, and talent to realize its goals of leveraging social entrepreneurship to bring about lasting improvements in Uganda and Africa at large. To bring about these changes, Enjuba has selected an appropriate industry – the handbag market in the U.S. alone is worth \$500,000,000 in sales. To capture a share of this addressable market, Enjuba offers a two pronged value proposition: the customer receives a high-quality, robust product and an intimate connection with the artisans that produce the products by hand. Enjuba is selling more than handbags; it is selling the idea that socially responsible business can change the world. In the words of Gucci CEO Robert Polet, customers purchase handbags because of an “emotional desire which comes from the strength of the brand and the power of the dream.”

The stated goal of Enjuba is to solidify its brand through expanded and refined marketing, while extending its development model to other parts of Uganda and Africa. To address these goals, we propose an aggressive plan to finance the company with socially responsible private equity, split the product lines to target high-end and value oriented customers, expand the business operations of the company within Uganda and into other areas of Africa to increase production capacity, and maximize the efficiencies of Enjuba’s existing and future supply chain. For a depiction of this plan, see Appendix A.

Procure Socially Responsible Financing - To fulfill its goals, Enjuba must first obtain financing to begin its growth campaign. Fortunately, there exists a growing market of socially responsible private equity funds which invest in such organizations. We recommend soliciting a seed investment of \$500,000 to enhance operations and logistics within Uganda and begin the first stage of marketing enhancements. Once Enjuba has achieved a seamless supply chain and can deliver a repeatable product, it can begin a second phase of private equity financing to vastly expand its operations in Africa, as proposed in the Operations section below.

Diversify Enjuba’s Target Markets and Product Lines - There are two distinct markets Enjuba should target. The first product line targets high-end, boutique distribution channels. This market is characterized by customers willing to pay a premium for an intimate connection with the African artisans who create their handbags. The differentiating features of the product line addressing this market will be a

booklet tag explaining the Enjuba mission and social responsibility model, an insert with the artisan's picture and biographical story, a unique serial number for the handbag complete with the artisan's initials stamped on the interior of the bag, and distinctive branding elements on the exterior of the bag. This product line will be characterized by a low-volume, high-margin marketing model emphasizing exclusivity and maximum social impact in Uganda.

The second product line will target a broader market, with distribution channels through large retailers. These products will feature the same booklet tag, but less branding, a lower cost structure due to different mass production manufacturing techniques, and a less intimate connection with the artisans than the premium model discussed above. The value proposition for this line is a quality handbag at a reasonable price point which is made ethically in Africa. This product line will be characterized by a high-volume, lower margin model which seeks broad market penetration through a lower cost structure.

Expand Enjuba's Marketing Campaign - Our strategy to enhance Enjuba's marketing campaign is built on a combination of a grass roots campaign, strategic placement of advertisements in all media within the entrance geographies, and cementing the brand identity. Our marketing campaign begins with a fundamental website redesign in conjunction with a guerilla marketing campaign to enhance the 'street credibility' of the brand.

Overhaul the Enjuba Website - We recommend a fundamental split of the objectives of the Enjuba site into two categories – an online marketing and direct sales site, and a community site connecting Enjuba's customers with the mission of the company and the artisans who produce the products. The purpose of the split is to avoid diluting the purpose of the site while reinforcing the brand.

The first website will be focused on selling Enjuba's products through a direct online sales and marketing model. The second website will engage the customer with the social mission of the company, and will include a 'community' portion where the African artisans can participate in a blog with Enjuba's customers

and post about their lives, work, and day to day life experiences. Each portion of the site will strengthen the brand by building a community around the company's social, entrepreneurial and non-profit activities.

An ancillary benefit of the community website is that it will greatly increase the index rankings of Enjuba in search engines. The majority of web traffic to sites is the result of user searches rather than click through from other sites. For more recommendations regarding website enhancements, refer to Appendix C.

Pursue Multiple Marketing Channels - By engaging in a guerilla marketing campaign, Enjuba can cost effectively penetrate a viable market segment – the socially conscious American Gen X/Yers. This market is typified by a suspicion of mainstream marketing campaigns, an interest in sustainable and socially responsible business practices, and a heightened sense of design.

To engage in this campaign, we recommend that Enjuba focus on smaller, more intimate marketing efforts, such as sponsoring socially responsible events in initial entrance markets, placing products and promotional materials in coffee shops and other venues appropriate to the target market.

Once brand integrity has been established, Enjuba can expand its marketing efforts through a traditional marketing strategy including advertisement placement in a variety of media and securing celebrity endorsement. This marketing channel has the ability to broadcast the Enjuba message to millions in a cost effective manner.

Promote Enjuba Products through Branding - Enjuba can exploit the value of its brand and message through proper branding of its products. As mentioned earlier, Enjuba's products are defined by the sense that the customer is carrying a 'cultural artifact' handmade for them by an artisan with a unique story. Branding plays a pivotal role in reinforcing this sensation. Creating a strong visual identity through branding elements connects the product with the community that created it. See the attached JPG, "Enjuba_logos.jpg," for examples of branding elements.

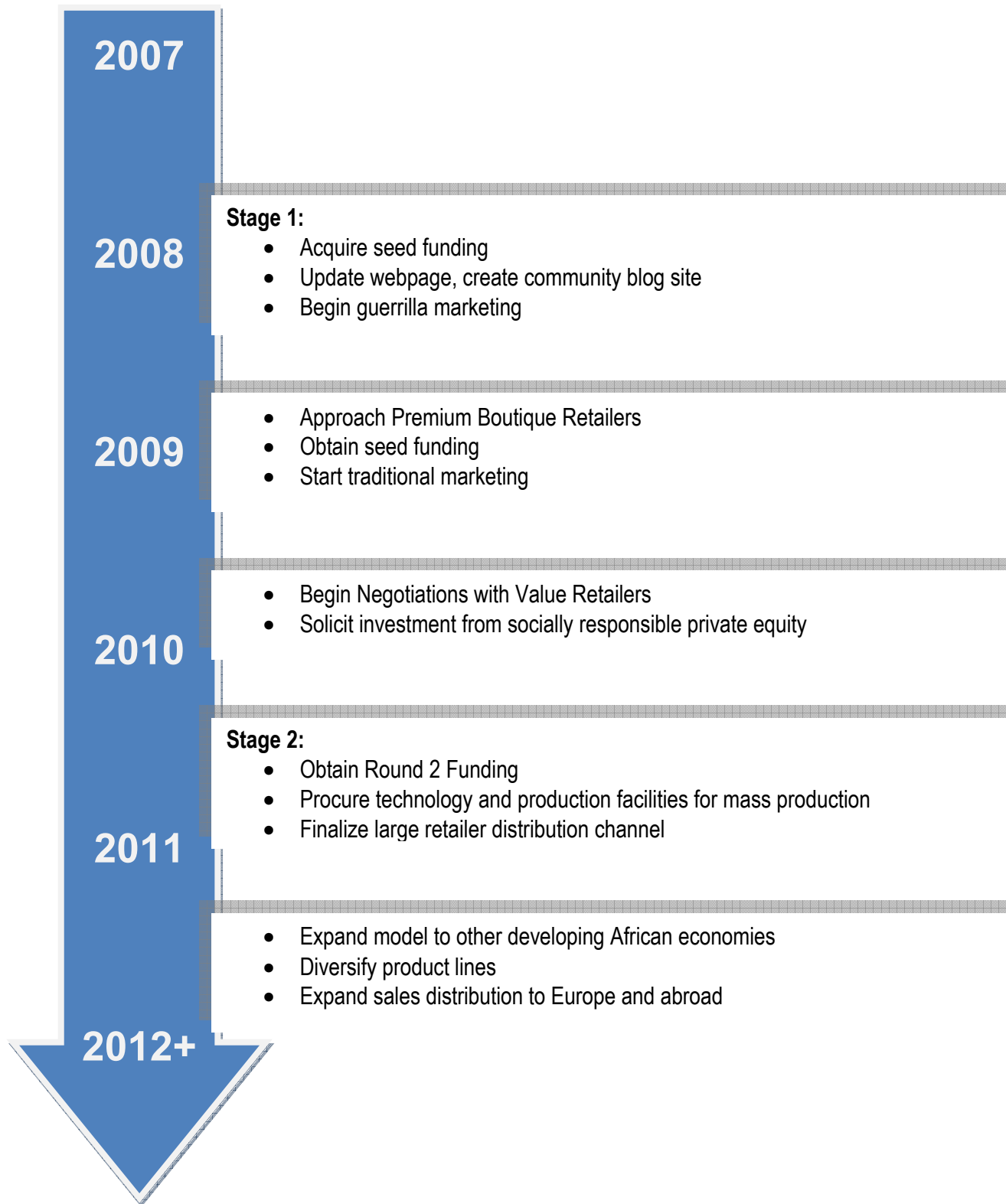
Secure Retail Distribution Channels - The direct internet sales model that Enjuba currently uses neglects an important aspect of marketing apparel – the ability of a customer to touch and feel the

products. Establishing a retail distribution channel will greatly enhance market penetration and sales volume. The two product lines discussed above are uniquely suited to different retail distribution channels. The premium line is well suited to boutique retailers like Anthropologie (see Appendix D), while the value line will exploit the growing demand for socially conscious products sold by large retailers such as Target or World Market. Securing a major retailer for both markets is fundamental to the success of the Enjuba business model.

Expanding African Business Operations - In order to broaden the social impact of Enjuba's business model, it is imperative that Enjuba expand its operations into other areas of Africa which can sustain increased production capacity and reduce logistics costs. Presently, the Enjuba business model – handmade products shipped by air freight – is not scalable. By locating a value product line plant in a more favorable African economy, Enjuba can realize reduced production costs through incorporation of technology such as pattern cutting machines and machine tools to produce metal parts, maximize economies of scale by incorporating mass production, and place its production facilities near shipping ports which facilitate bulk shipping. These elements, if incorporated ethically, will allow Enjuba to scale its operations while providing equitable employment to a larger work force in Africa. In order to remain true to its mission, we advise Enjuba to continue fostering organic growth of its premium line by continuing to sell products produced in Uganda solely by local artisans.

Future Growth - The strategies given above will allow Enjuba to cement its brand identity and scale its operations, while remaining true to the objectives of its founders. Success of these efforts will be measured by the heightened awareness of the culture and mission of the Enjuba company in developed countries, and through increased access to equitable wages and working conditions for workers in developing countries.

Appendix A: Engagement Strategy



Appendix B: Socially Responsible Private Equity Funds

Brokers

Sustainable World Capital

A brokerage firm connecting private equity social responsibility and sustainability funds to entrepreneurs. SWC was brokered \$18 million in investments to sustainable and socially responsible companies since 2007.

www.sustainableworldcapital.com

Shawn Lesser

3455 Peachtree Rd NE Suite 500

30326 Atlanta, Georgia

1 404-257-3382 phone

shawn.lessner@sworldcap.com

Angel Investors

Investors' Circle

A network of angel investors which have funded \$111 million in socially responsible and sustainable start-up ventures since 1992.

www.investorscircle.net

165 - 11th Street

San Francisco, CA 94103

415-255-6844 phone

415-863-1356 fax

inbox@investorscircle.net

Funds

VINIS

VINIS is an Austrian private equity firm that invests in sustainable and SRI (socially responsible investments) companies, both established and start-up firms. They currently manage over €620 million in assets.

www.vinis.at

Wolfgang Pinner

Petersplatz 4

A-1010 Wien

Austria

wolfgang.pinner@vinis.at

Appendix C: Website Design Recommendations

Design should not be underestimated to any degree, especially when it comes to e-commerce. A well designed page is the difference between someone staying on a page for 10 seconds and staying to buy something. There is viable research into customer behavior, and user reaction in regards to website design and human computer interface. For example, the use of negative space around the picture of a product instills a certain level of professionalism and "high class" in the product and the site. These design aspects lend to a sites general desirability and therefore to the amount of trust that a visitor has in the site. For more information see publications such as [Don't Make Me Think: A Common Sense Approach to Web Usability](#), by Steve Krug, and [Designing Web Usability : The Practice of Simplicity](#) by Jakob Nielsen.

The separate sales site/community site increases the effectiveness of search engines in finding the Enjuba website. The blog model for websites is a tactic to increase the amount of hits and links to a website, and is known to increase the search rankings on popular search engines such as Google.

Appendix D: Retailer Recommendations

We suggest Anthropologie because it has 95 stores throughout the nation and features rare and unique products. Anthropology takes pride in traveling the globe to select 'products with an eye for craftsmanship, the smallest details, and that makes each item in [the] store and website more than novelty but a personal discovery." Athropologie's vision aligns perfectly with Enjuba.

Enjuba will not be a mass production company in the near future, but will be able to produce a few thousand bags a year. A nationwide chain such as Anthropologie will allow for the brand to be seen throughout the country. Furthermore, it is one customer who has the power to make large orders, versus trying to acquire multiple customers who are only willing to make small orders. The ultimate goal is to end up in a large chain like Target which operates more than 1,500 stores throughout the world.

Appendix E: Financing Strategy

Procuring Seed Funding

For the initial stages of our strategy, we recommend that Enjuba procure seed funding in the amount of \$500,000 to begin the guerilla marketing campaign, updates to the website, and enhancements to the business operations of the premium line in Uganda. This funding will also allow Enjuba to market its products directly to boutique retailers.

Procuring Second State Funding

For second stage funding, we recommend acquiring \$5 million in equity sales to a socially responsible private equity fund, such as those listed in Appendix B. Using these funds, Enjuba will be able to initiate the second phase of our operations plan by acquiring production space in a favorable African economy and begin the second phase of our marketing strategy – acquiring mainstream marketing channels. With the increased capacity afforded by the second state operations strategy, Enjuba will be able to finalize a retail deal with a large, national retail chain.

Appendix F: Operations Strategy

Our operations strategy is defined according to the two unique product lines – the premium line and the value line. The premium line is based on a value proposition emphasizing handmade, personal products, while the value line is characterized products produced ethically but using mass production techniques to maximize efficiencies.

Scaling the Premium Line – Build the Guild

For Enjuba to meet the demand for their premium product line, they will have to increase the number of artisans they have employed. We recommend that Enjuba develop an organic growth model based on multi-level marketing models used throughout the developed world. This ‘multi-level artisan’ approach involves training a master artisan in both the skills he or she needs to make a product as well as the skill

set required to train others to produce products. The master artisan will be responsible for quality control of the artisans working underneath him or her, and will share in the profits generated by those artisans. As the entry-level artisans become more skilled, they are given the opportunity to create their own businesses and increase the capacity of Enjuba's premium product line. Eventually, these networks of artisans will become consolidated into a guild, and will be able to share the knowledgebase and intellectual capital they generate with each other. In order to maximize the logistics efficiency of the premium line, we recommend one of two methods. Either the products can be queued for shipment in Uganda until sufficient numbers justify a bulk air freight shipment, or each individual handbag could be drop-shipped from Uganda to the customer.

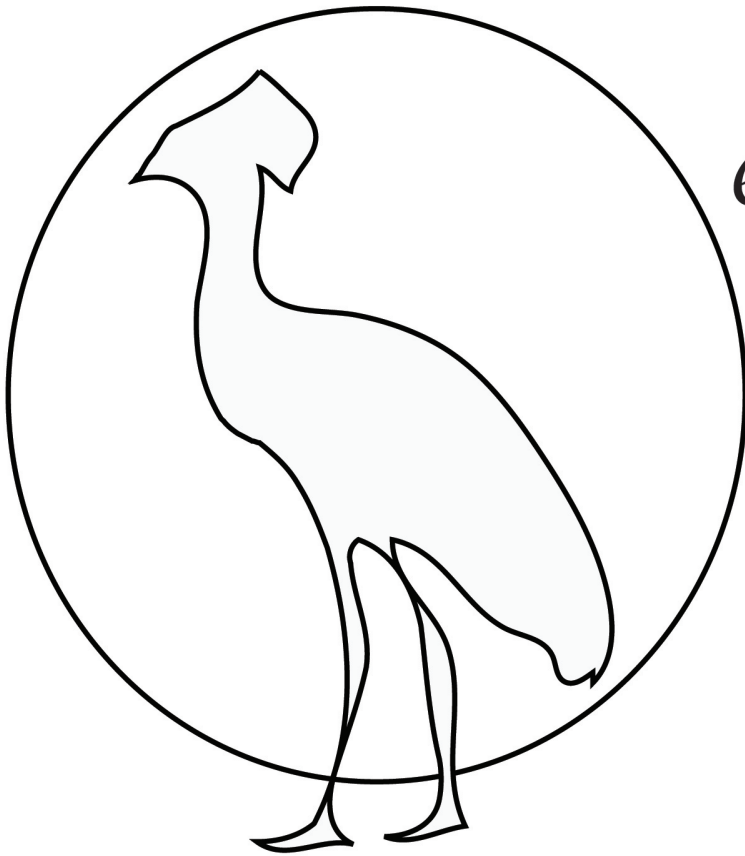
Scaling the Value Line – Maximize Efficiencies of Scale

For the value line, we recommend that Enjuba investigate more favorable production markets in other African countries. In particular, countries on the west coast of Africa like Ghana and Sierra Leone boast favorable labor rates, an educated, English speaking work force, better developed transportation infrastructure, fairly stable political and economical environments, and access to ports for bulk shipping.

We recommend that Enjuba secure production facilities in one or more of these emerging economies and implement mass production techniques to build capacity for their high-volume, low-margin lines. In this way, Enjuba can increase the societal impact of its model by providing more Africans with equitable working conditions and wages while increasing the delivery capacity for its large retail clients abroad. Additionally, with its African production facilities, Enjuba can provide African sourcing options for ancillary product parts, such as metal buckles, for use in Enjuba's premium or value lines. The value product line production facilities will be characterized by:

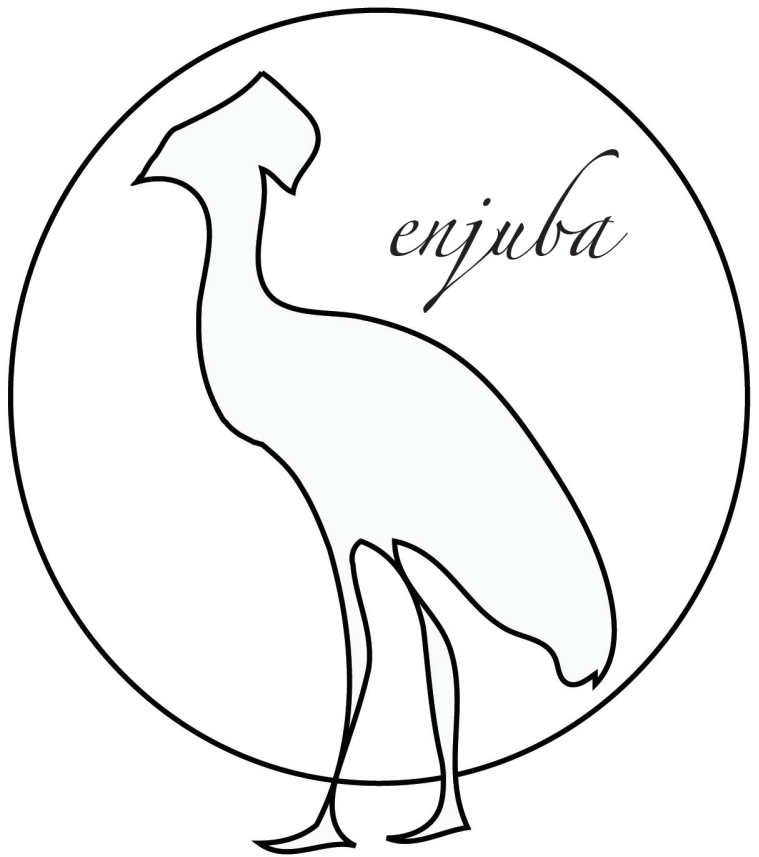
- Large funding requirements – stage two or three funding (\$5 to 10 million)
- Large production facility incorporating efficiency technology (pattern cutting machines, quality control equipment)
- Assembly line processes
- Access to bulk shipping – roll on, roll off preferred
- Access to Intra-African transportation infrastructure
- Equitable working environment and wages

APPENDIX F:



enjuba

This is an example of a iconic logo that could be easily reproduced in stitching or as a stamp on leather. The following are varios versions of the logo. These could be used in varios settings, and are here to demonstrate the importance of a flexible but easily identified iconic brand. The outline used here is of the Ugandan state bird standing infont of the rising sun ·



carry the world.



carry the world is an example of a tag line. tag lines can be very effective in reinforcing brand identity. Here the idea of bags and social responsibility is tied together in a simple message.



“Express Enjuba”

***Shoulder Bags as a Vessel
for Educational Empowerment***

Net Impact Project Pyramid Case Competition 2007

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Introduction. One simple idea drives *Enjuba*: an interpersonal paradigm shift can shed light on and fuel monumental educational change. Creative and collaborative exchanges can replace Ugandan school days where figureheads dictate preconceived concepts from on high. The new exchange raises confident, resilient, free-thinking, educated Ugandan children, paired with Ugandan artisans who take pride in their work, earn a living wage, and look forward to a financially secure future.

The seeds of this change lie in hand-crafted shoulder bags from Uganda; those seeds need nourishment and the idea needs a marketing plan. Trunk shows and robust internet channels will drive both socially responsible and fashion conscious buyers alike to purchase the satchels. The community conscious buyer will hear the story of a Ugandan artist earning a living wage, saving for the future, and fostering educational transformation. The trend setting buyer will see the hand-made, one-of-a-kind, wearable art form. Both buyers will connect with Uganda, and foster the educational and societal revolution. *Express Enjuba – Let the sun shine on everyone.*

Express Enjuba through two customer profiles.

Enjuba is an idea that needs a voice. The marketing plan must consider the bag's utility as a book bag, quality as hand-sewn leather bag, the \$120 price point, and most important, enjuba's mission to transform the Ugandan educational system. Two U.S. customer profiles emerge as the target market: the socially conscious and the fashion conscious consumer.

The socially conscious consumer makes purchases due in large part to the product's "social responsibility" (i.e., the product's environmental, community, and personal cost and benefits). Consumers are seeking brands and products that provide a "deeper experience"; consumers want to know what brands and retailers are doing to protect the environment and their own health. These consumers are seeking more information than ever before on the origin of products. Marketing programs are exploding as sourcing, materials, trade practices and social causes become a part of the consumer brand experience, along with the willingness to pay the 20% premium. Socially conscious women, ages 20-40, care about where, how and under what conditions the product was made. They make "thinking" decisions about every purchase, and would not buy a product on impulse. Enjuba should target these buyers, relay the story behind the Enjuba bag, and connect the consumer emotionally with the Ugandan artisan.

The fashion conscious consumer is a woman between 18-35 years of age, earns at least \$70,000 per year, and shops for premium handbags. Enjuba can capture these buyers because, all else being equal in terms of design, quality, and craftsmanship, these women will choose the "socially responsible" bag over all others. She will cleave to the powerful story behind the bag. She is part of the young, creative class who considers the end use of her dollars, after her desire for high-fashion is met, to satisfy an emotional need to "do good." Traditional elements such as hand craftsmanship,

organic or natural materials, and societal influence will drive her secondary motivations to purchase.

Express Enjuba through two paths.

Five factors should form the basis for Enjuba's marketing strategy:

1. The artisan's identity and Enjuba's mission must not be lost in the value chain.
2. Upfront costs of the marketing plan should not be high.
3. The initiative should have extremely low risk.
4. Regulating the rate of growth should be under control to ensure that demand and supplies are kept in balance.
5. The customer's emotional buy-in is crucial to the program's success.

Three options emerged from this foundation:

1. Consider a multi-level (network) marketing option to market and distribute the product. The network would grow with the involvement of friends and family. The option would require high customer involvement and will not be able to attract a broad customer base. The option would require high corporate involvement to ensure that the mission is not diluted through the value chain.
2. Consider print and electronic media advertising. Note that this option entails high initial investments and would be riskier to the business, and therefore not suitable.
3. Consider pitching the product for shelf space to big retailers. However, with the existing profit structure of the company and the short history of success of the product, it will be a difficult option to pursue.

Two prongs should form the marketing strategy:

1. Trunk Shows should occur in cities that contain a high density of the target customers.
2. Enjuba's mission and vision should be promoted through websites and social network e-channels channels (that are trendy and not yet capital intensive).

The "Trunk Show" network:

A trunk show is a special event within the fashion world in which an artist or designer puts on a special display of his or her work for review by a select group. They are referred to as "trunk shows" because a designer or sales rep will literally show up with a trunk of merchandise to display. Trunk shows are common in boutiques and boutique divisions of department stores. It is quite common for trunk show attendees to have the opportunity to purchase or order items during the event.

Because trunk shows are not capital intensive, this strategy aligns with Enjuba's budgetary and feasibility concerns. The trunk show will provide the opportunity to highlight the artisans who made the bags. These trunk shows will also give Enjuba the opportunity to test with clients in new markets and get their feedback, before deciding to scale up the production of the order. If these trunk shows are successful and the customers connect to and purchase the products, then Enjuba can confidently scale up its orders. If the trunk show does not go well, it will provide as a channel for Enjuba to improve its products and/or reevaluate its customer base.

For every bag that is sold during the trunk show, a card should be included with each bag that details the life story of the artisan and photos of him/her making the bag. Again, give the bag purchaser the option via a postcard in the bag to sign up for alerts about the artisan and his/her products.

Online marketing strategy:

Since Enjuba will have minimal financial resources in the beginning it is important to promote the Enjuba brand name utilizing web resources and engaging in public relation efforts. First, a section on the website must be devoted to the stories of the artisans. Information should be as personal and detailed as possible and specific examples of how Enjuba has enriched their life should be given. Use the website to allow customers to become members and to receive email notification on the products made by the artisans. Also a blogging feature should be included to represent the artisans, the company, and the socially responsible customer who could be touting the victories of Enjuba. The blogs will help build rapport with customers, encourage them to make additional purchases, and involve them in the growth of Enjuba as a company dedicated to a positive mission.

Express Enjuba through clear communication to both consumers and retailers.

Communication is the key to maintaining contact and engaging both customers and potential customers in Enjuba's mission. For people interested in Enjuba's product and its educational efforts in Uganda, a monthly e-newsletter should be implemented. This would require adding an e-mail signup feature on the homepage of the website. Also, because word-of-mouth advertising is both valuable and free, a tell-your-friend feature could be added to the purchase process whereby the customer can submit up to 10 names and e-mail addresses of friends and family that would be interested in hearing about Enjuba. These strategies involve minimal time and monetary investment. These outlets already have a built-in customer base, so minimal marketing costs will be associated as well.

Premium bag buyers will be significantly more timely and costly to reach. These shoppers should be targeted through boutique-style retail outlets where one-of-a-kind, high-quality goods are sold and, therefore, worth the premium price. Accessing this channel will be difficult, and require travel to the cities in which the bags will be sold. Trade shows and fashion events in New York and LA are one way to target these boutique owners. Finding and targeting these stores is another option. Without a well-recognized brand, networking and relationship building is of the utmost importance. Establishing contact with boutique owners and persistently following up and presenting samples of the handbags will be necessary to convince the boutiques to carry the line.

In the future, Enjuba can increase brand recognition through endorsement from US designers and/or celebrities. Again, this is primarily a networking/relationship building task and will take persistence over a long period of time. These individuals can serve two purposes. Celebrity endorsement will create a "buzz" and generate media coverage with little effort. Less work will need to be done to show the quality and "fashionability" of

the bags because of this endorsement. Drew Barrymore and Cameron Diaz are two such celebrities that are socially responsible and garner respect from the public, therefore minimizing the risk of negative association with Enjuba product. A US designer will not only create this “buzz,” but can also serve as a mentor for the Ugandan artisans. Have the designer travel to Uganda to advise and give training on fashion trends and production techniques.

Express Enjuba by assessing financial implications, risks, and new ideas.

The financial estimates for marketing campaign for the first year (2008) can be seen in Exhibit 1. The estimates are based on personal judgment of this case team.

Assumptions

- The design of the product will improve based on latest trends in US bag industry
- The bag has quality and design that will compete well with the high-end bags in the market.
- We are assuming that in the first year (2008) there will be 5 trunk shows each selling 100 bag.

Risks

- Availability of the bags
- Timely delivery of the bags
- Quality in line with the \$120 premium price point
- Changing customer tastes and motivations

Timelines

- The timelines for the project can be seen in Exhibit 2.

Additional suggestions

- Improve designs to align with US trends.
- Add more leather products to the line to give more options to the customer.
- Consider using a Ugandan micro-finance organization to run the AGE program. Uganda Microfinance Ltd is a company with over a decade of experience in Uganda, and should be considered as a potential partner.
- Contact a program at DHL run by Chris Weeks, Director for Humanitarian Affairs, at the DHL World-wide Network in Brussels, Belgium. This program has given free or subsidized ship-ping to projects similar to Enjuba's. Cutting out costs of shipping can allow for expanded resources and perhaps another full time project manager in Uganda.

Enjuba is a socially proactive design company whose mission is to transform education. This mission will resonate with the socially responsible consumer. Enjuba's products are unique bags, which will resonate with the fashion conscious consumer. Together, these two customers will express Enjuba.

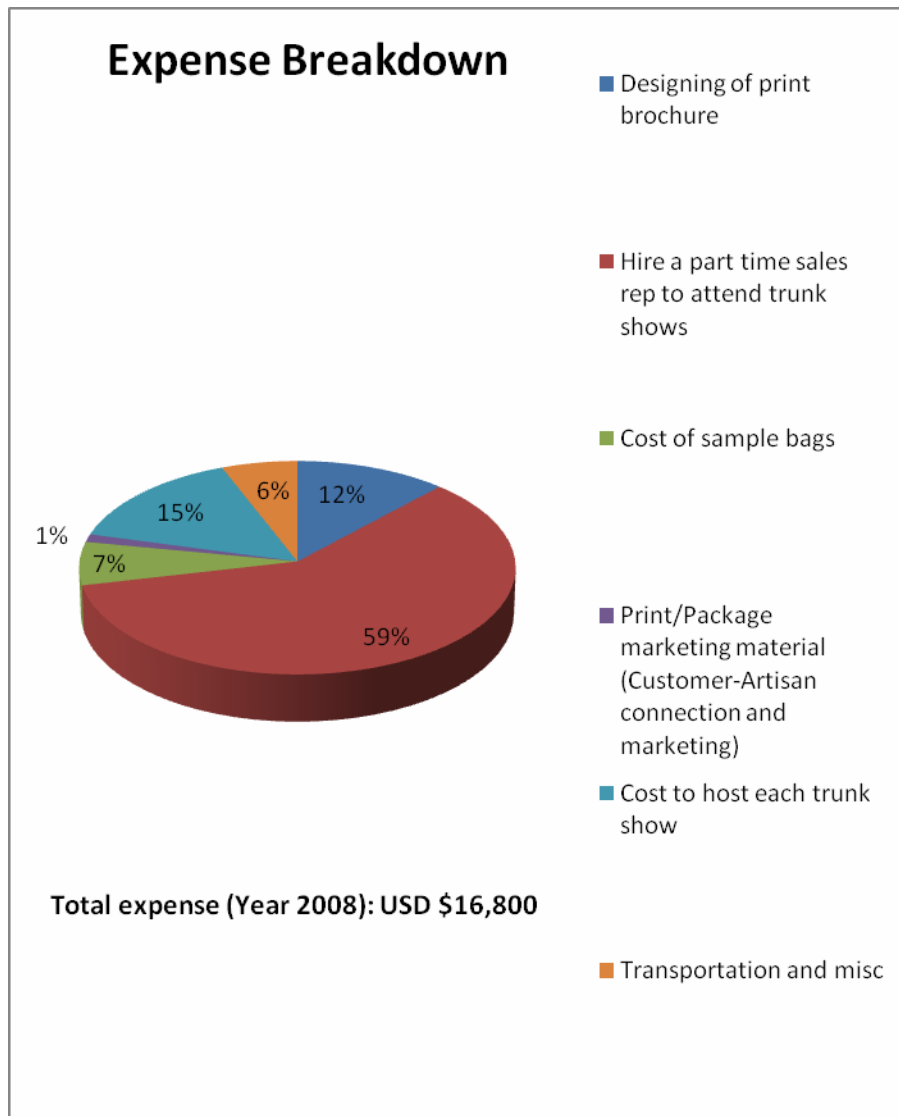


Exhibit 1

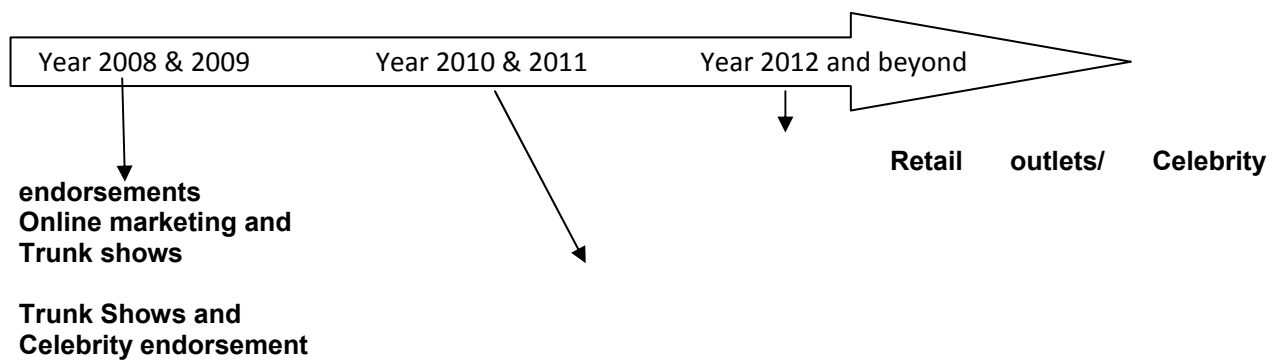


Exhibit 2

Michigan State University

Project Pyramid Case Competition

Topic: Enjuba

Project Pyramid Case Competition

Starving Artists

Shavin Shahnawaz, Jeffrey DeMaria, Yannick Ondji, Madhu Krishnamoorthy

Our Understanding

Enjuba – The Company and its mission

To empower artisans using savings and investment mechanisms, to empower youth through our social entrepreneurship program with the tools to become social innovators in all industries, and to create engaged customers who care about the growth of the company and actively become part of our brand.

To positively impact the lives of Ugandan artisans and students through its mutually supporting two arms, a retail company that sells fashionable products hand made by Ugandan artisans around the world and provides artisans and their families an opportunity to invest in their businesses and an education program in Ugandan secondary schools that uses social entrepreneurship as a platform for social change.

Marketing Objective

Market the high quality leather bags hand made by Ugandan artisans around the world and scale up its model for social and economic growth thereby creating a sustainable model for social change.

Enjuba's Target Market

Enjuba manufactures high quality products, which caters to the needs of women between the ages of 18 and 35, who are socially conscious. These customers are above the primary needs in Maslow's hierarchy pyramid and have entered the stage of self-actualization. This customer base is consumed by the type of people we believe are willing to pay more for a socio economic status.

Marketing Strategies and Implementation Phases

We have decided on 3 different phases in Enjuba's growth. First, we wanted to make sure that Enjuba could sell up to 50 bags per month in 2008 and have suggested how they may be able to accomplish this goal. Our second stage of the plan is spread over the years 2009 and 2010, because the volume of product are related to manufacturing capacity and need to be handled differently, and we can add flexibility to the product. The third phase is for the period 2011 through 2013, which is when we plan Enjuba can target the retail stores in the United States and achieve economies of scale, while continuing online sales.

Phase 1 – 2008

Recommendations

- Search Engine Optimization (Read SEO for Dummies). It will give the founders a great idea of what Search Engines look for in websites.
- Add freebies to the product to attract customers and increase brand equity
 - 5 wristbands with every bag. These are for customer's to gift their friends.
 - Personalized note to thank the customer
 - Leaflet telling the consumer the story behind the Enjuba
- Build customer Relationship Equity
 - Satisfy the need for Self –Actualization; recognize customers who promote further sales by having their names on the website
 - Create a club of all Enjuba Customers – they can communicate with each other, have the opportunity for continued giving, child sponsorship, donation center, or give information to donate their time and help at the Uganda schools.

Search Engine Optimization

Enjuba has a very nice website. But there are a few characteristic that help individuals find Enjuba online. The three most important concepts concerning SEO are:

- Back links to your home page. Develop a web presents by working with other websites to have them point to yours. There are many websites that have to do with African Bags; develop a partnership with the people that operate these websites and give them a cut of the commission.
- Enjuba's website is built in a frame and search engines don't like that, which mean they are not searching for the content on your website. You should try and have www.periscope-inc.com drop your website into your root directory.
- Even if they dropped the website into the root directory, the page title, description, keywords, and content are not utilized to promote the education program or the retail.

Add freebies to the product which would increase brand equity

Every sale that Enjuba makes is an opportunity to spread brand equity. We recommend that Enjuba spends a very small portion of the \$51 for brand growth on the following three add-ons to the product.

- The first year will be the most expensive with economies of scale, but we did some research and found that \$700 would be needed to buy 2200 silicone wristbands, which could be used to be able to help increase brand awareness. 5 wristbands should be given with every bag. Customers can pass these to other individuals, who in turn might purchase another bag and create a domino effect spreading across the customer's social network.
- Personalized note with picture of artisans thanking the customer for supporting Uganda and Enjuba. We hope that individuals will possibly put the thank you note on their refrigerators; however, we know that it's very unlikely, but it will put a face with the product.

- Lastly, we would like to have a leaflet that will tell the story of Enjuba, explain the purpose of the wristbands and reiterate the story of artisans who made the product.

Build Customer Relationship Equity

Enjuba's customers do not satisfy their physical need by purchasing the bag for \$120. They believe they are making a difference to the life of the artisans in Uganda by using the bag. We plan to develop the Enjuba Club to recognize these customers while and give them further opportunities to partake in the development of the society.

- We feel it is important to maintain contact with customers. On the shopping cart we would like to add a code or name of the person that referred the new customer to the site and we would like to post the name of anybody that was the referral. These customers could be recognized basis the number of referrals.
- Enjuba should tie-up with the websites of other non –profit organizations to market the product. This would give access to new customers. The products can be featured on the websites of these organizations. Enjuba should donate a part of it mark-up to these organizations. This could be about 3% to 5%.

The projected earnings for 2008 are:

Selling Price	\$120
Cost of bag	55
Product Margin	\$65
Current monthly sales volume	20
Monthly earnings	\$1,300
Cost of freebies & leaflet	1.75
New Margin	\$63.25
Profit sharing with other websites @ 4%	\$5
Margin for such a sale	\$58.25
Expected qty sold thru Enjuba site	40
Sales thru other sites	20
Net Earnings	\$3,695
Annual expected earnings	\$44,340

Phase 2 2009-2010

- Strategy/Recommendations
 - Increase production capacity to achieve the target sales
 - Add customization on our products: add name tags
 - Expand product portfolio to include leather belts, wallet, sandals and purses
 - Portfolio to gain access to new customers
 - Develop core competency – “High quality leather goods to change life and society”
 - Improve quality for better Price margin realization
 - Loyalty programs for existing customers

- i. Special preference on new products to existing customers say, offer first 10 units of any new product to loyal customers
- ii. Customized products for loyal customers – a customer who buys more than 5 Enjuba products gets a free product with her name engraved on it.
- iii. Organize contests for the “most loyal customer” – one who brings in most new customers.

➤ Financials

- Sales: 4,000 to 6,000 bags per year
- Production capacity: 300 to 500 per month
- Upgrade machinery + customization cost: \$ 10,000
- 2% of the bag cost for the service

Phase 3 2011 – 2013

Recommended Strategies:

➤ Economies of scale

- Sales in excess of 1000 bags a month from 2011, the figure doubling by 2013
- Cost advantage – lower shipping costs, raw material costs and overheads
- Costs would be down to a third of phase 1 costs

Requirements

- Investments to ramp up production
- Adequate training to artisans
- Get more artisans into the fold of Enjuba
- More storage facility at the US and manpower for operations

➤ Expand to new distribution channels – lifestyle stores and boutiques like American Eagle, Outfitters etc.

- Better visibility and brand image
- Access to customers outside the reach of online business
- Low overheads and selling expenses

Requirements

- Scale up production
- Cater to the store margins
- Ability to offer credit

➤ Major threat in going to retail stores – lose brand equity and be a commodity

- The Enjuba story and mission are to be preserved.
- Retail stores may not educate customers about Enjuba’s vision and values.
- Lose the vision of Social uplift and catering to self-actualization

➤ Way out

- Invest in promotion – POS material depicting the values of Enjuba
- Loyal customers promoting Enjuba products, through advertisements
- Invest in in-store display - indigenously made by the artisans with an ethnic look

Financials projected - 2013

Selling Price	\$120
Cost of bag	35
Retailer Margin @ 30%	\$36
Profit sharing with other websites @ 4%	\$5
Monthly sale thru Enjuba website	500
Sales thru other sites	300
Retail Sales	1200
Enjuba margin - own website	\$85
Enjuba margin - other sites	\$80
Enjuba margin - retail sales	\$49
Net Earnings	\$125,300
Annual Earnings	\$1,503,600

- “Enjuba Club” to make the education program financially independent of the retail firm
 - Organize training programs by professionals for students and artisans in Uganda
 - Fund schools and education programs for a larger number of students in Uganda.
 - Form a team of “Enjuba’s ambassadors for change” to coordinate the activities.
 - Own a community in Uganda and involve itself as an agent for change

Requirements

- Increased sales of products – \$12 per bag - 24000 bags annual - \$288,000
- “Enjuba Club” to have a membership of about 8000 to 1000
- Membership fee - \$25 per individual – approximately \$200,000 annual
- Different ways to raise funds – tie-up with celebrities, funds raised from individual members, other businesses

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CREATING AN EDUCATIONAL BRAND

A Strategic Plan for Enjuba's Market Expansion

Education as the Differentiator

The true differentiator for Enjuba's products does not lie in the products themselves. The most powerful aspect of Enjuba's marketing is in fact the commitment to education that forms the foundation for how the products are made. While the stylish and trendy bags and other products are certainly marketable, the product in itself is not what is unique about Enjuba. Education should be the centerpiece of the Enjuba brand.

As a designer product company, Enjuba would have a number of very powerful competitors with low cost production facilities. Enjuba should avoid the cost pressures of competing directly with a Gucci or Kate Spade on product brand. A focus on education will allow customers to buy into an idea and not just the latest trend. Enjuba should continue to make trendy items that will be popular but it will not be the main focus of the overall Enjuba brand.

The focus on education rather than specific products also creates a more scalable model. Through creating a brand around education based manufacturing, Enjuba is not tied to a single product. This will allow more flexibility for future expansion. If Enjuba expands into new developing countries, a new type of product can be produced that may be a better fit for that new production market. The detachment of the brand from a specific product also allows for expansion into new products in Uganda if supply of bags proves slower than needed.

Bringing the Educational Mission to the United States

The new EYE initiative (Enjuba Youth Entrepreneurs) will help students "*see the world differently*" while continuing to build Enjuba's unique educational brand. Enjuba can connect their educational mission back to its home market, the United States. This can be done through creating an English language EYE curriculum that teaches similar entrepreneurship and creativity skills emphasized through its Ugandan educational programs. The curriculum would connect U.S. classrooms with specific Enjuba artisans and students. This curriculum development model has many benefits:

- Potential for additional revenue from sale of curriculum
- Expands educational brand image of Enjuba
- Scalable model can expand to more schools and countries
- Potential secondary market for products in parents

The new curriculum will not replace the existing Enjuba scaling up plan. It will supplement the new brand and add some sales to the Enjuba projections.

Teaching Entrepreneurship and Creativity

There is a growing concern in the United States around the lack of financial literacy and responsibility among children and young adults. Recent financial crises show the need for more financial education is ever present. The sub-prime mortgage crises, mounting credit card debt and Americans' low savings rate all point to lack of understanding of financial responsibility. Furthermore, in a very consumption oriented economy, children are focused on spending and consumption and do not understand the value of money and how something is actually produced.

Creativity is also a growing concern for economic development in the United States and other developed nations. As the U.S. economy becomes less and less focused on manufacturing, it is creative skills that enable a dynamic service based economy. Richard Florida has argued in his book *The Rise of the Creative Class* that creativity is the key to competitive urban economies in today's global environment.

These current trends support a demand for a curriculum that can teach young adults financial responsibility, entrepreneurship and creativity. The existing Enjuba program and production method embodies all of these qualities and can be used as the basis for a new dynamic curriculum. Enjuba would charge schools a fee to purchase the curriculum and connect with an Enjuba artisan.

EYE Curriculum Details

Enjuba would hire experienced educational professionals to develop the formal EYE curriculum. The broad components of the curriculum would include:

- Connection to a specific artisan and students in Uganda
 - Profile of artisan and mini-business plan of how artisan operates
 - Ability to communicate with artisans and students (facilitated by Enjuba)
 - Understanding impact of single product sold on the artisan and community
 - Existing Enjuba educational programs in Africa train youth facilitators on the ground to manage parts of the relationship
- Understanding a small business plan
 - Start up costs
 - Production process
 - Expansion plans/capital investment
 - Speaking with small business people near school
- Understanding the creative process
 - Learn about process of designing a new product
 - Exercise for class to develop a new product with their artisan
- Distribute information about artisan
 - Encourage new sales for assigned artisan
 - Specific target to family and friends
 - Curriculum includes post cards with information about artisan and how to purchase from artisan online
 - Work to find local retailers that could carry the Enjuba line of products

The curriculum would not have a specific time frame but due to time constraints in today's classroom, the recommendation would be that the curriculum is integrated into classroom activity through the course of a single academic year. The initial target price for the curriculum would be \$495 for a class of 20-30. Each year, a school will need to repurchase the curriculum materials. Enjuba would work with schools to secure corporate sponsorship for EYE curriculum purchase. The target age for the curriculum will be 7th-9th grades (ages 12-15). Additional versions may be developed for other age groups in the future.

Rollout of Curriculum Model

The rollout of the curriculum to schools in the United States should not be rushed. Time needs to be allotted to develop a quality curriculum that schools will value. A preliminary timeline is outlined below.

<u>Timeframe</u>	<u>Action</u>
1Q/2Q 2008	Development of curriculum materials by educational consultants
1Q 2008	Marketing to schools to purchase curriculum for start of school year in fall 2008. Offer 50% discount for schools using curriculum in first year.
2Q 2008	Testing of curriculum in limited volunteer classrooms
3Q 2008	Refinement of curriculum based on feedback from classrooms and other educational professionals
3Q 2008	Launch of curriculum in inaugural classrooms (target 50 classrooms for first year)
1Q 2009	Mid-year feedback from classrooms and marketing for next school year begins.
2Q 2009	Refine curriculum based on feedback from inaugural classrooms
3Q 2009	Second year of curriculum begins (target of 150 classrooms)

The following sales targets for classroom usage will be used to project growth in the U.S. curriculum:

<u>School Year</u>	<u>Number of Classrooms</u>
2008/2009	50
2009/2010	150
2010/2011	275
2011/2012	315
2012/2013	475

Financial Implications

In addition to the further development of Enjuba's educational brand, the curriculum model will have multiple financial implications. These include:

- Additional costs for Enjuba operations
- One time cost of curriculum development
- Revenue from sale of curriculum
- Revenue from product sales through students outreach to parents and others

Estimated Costs

The following costs will be associated with the launch and continuing support of the curriculum program

Development of Curriculum (consultant)	\$15,000
Updated to website to support linking to artisan	\$10,000
Ongoing Staff Cost (consultant)	\$5,000 per 50 classrooms
Production cost for curriculum package	\$200

Additional Revenue and Profit

The sale of the curriculum will be self sustaining after the initial investment for its creation and the website update. Income from these sales will be \$8,550 for the 2008/2009 academic year and rise to \$80,825 by the 2012/2013 academic year. There will also be some additional sales from the outreach done by students working in the EYE curriculum. Assuming 25 students per classroom and a conservative 5% of students generating a sale, the existing Enjuba sales projections will be supplemented ranging from 1.6% to 3.4% over the course of the first five years.

Future growth

As noted earlier, the educational brand and its related curriculum model leave many opportunities for future growth at Enjuba. Potential areas for growth include:

- Expansion of production to other developing countries beyond Uganda
De-emphasis of specific product brand gives more flexibility in selecting expansion sites and products.
- Expansion of curriculum program to other developed countries (beginning with English speaking countries)
Brings additional curriculum revenue and referral sales for linked artisans.
- Expansion of curriculum program for different age groups and audiences (elementary school, older teenagers, college, adult groups)

Enjuba can become a brand associated with innovative education around entrepreneurship and creativity. Both of these areas are becoming more important in the developed economies of the world and are important skill to teach young adults. This educational brand will be the differentiating factor that will allow sales of Enjuba's core products to grow into the future.

Project Pyramid Case Competition Submission

**New York University
Leonard N. Stern School of Business**

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To reach the goal of scalability, we recommend that Enjuba: 1) separate its social and artisan support activities from the marketing and sale of its bags, 2) create brand awareness, 3) expand its web presence, 4) expand its distribution channels, and 5) utilize a variety of financing methods to achieve these goals.

Structural Changes and Artisan Support

Enjuba should legally and financially separate all of its operations in Uganda from its non-profit division. Enjuba non-profit will then support the development of independent artisans' collectives throughout Uganda through training, support in micro-lending, its current savings programs, purchasing supplies, equipment and materials, and designing new products. This will allow Enjuba to fully promote the empowerment and independence of Ugandans to its customers abroad and its funders rather than including these operations as part of a for-profit division. Enjuba can then realistically scale up and raise non-profit funds needed to support daily operations during the next two years. This will also allow its non-profit social mission to grow without being dependent on the for-profit operation. The for-profit operation should be strictly focused on purchasing finished products from the Ugandan artisan collectives and selling these on the international market. The for-profit arm may also invest back in the non-profit arm of the company in the long-run.

Creating a Strong Brand

In order for Enjuba to grow into a successful, self-sustainable organization, it needs to create strong brand awareness. Strong brand recognition can result in additional revenue streams and additional partnering opportunities. In order to create this awareness, we suggest focusing most of the efforts on growing the artisan handbag business. We have classified the Enjuba handbag target market as U.S. citizens between the ages of 18 and 35 who are socially conscious (young professionals and/or students). We've deemed a socially conscious individual as a person who is culturally sensitive, cares about making a difference in society, and has the financial means to donate to worthy causes. The goal is to make such an impression sustainable and profitable with respect to the target demographic. Those in the 18-35 demographic we are trying to appeal to will most likely be well-adjusted, well-informed, and both socially

and fashionably conscious. In order to expand Enjuba's appeal with this customer segment, we recommend partnering with socially conscious fashion designers to help provide the artisans with creative direction, and create a style that is distinctly Enjuba's. The goal is not to override the artisan's creative freedom, but rather to facilitate the artisan's creative processes into making products that will have wide appeal. This creates a positive feedback loop whereby appealing to a larger audience, Enjuba will not only elevate brand awareness, but social awareness in line with Enjuba's mission and principles. We also believe it is important that Enjuba clearly communicates its cause through all of its marketing mediums. This creates avenues for people to learn more about Enjuba, its work in Ugandan communities and creates an opportunity for people to "care." We recommend Enjuba implement the following strategies to reach its target audience:

- (1) *"Enjubafy Your Life"* – Enjuba should establish a theme to capture the essence of the company's mission and products. The motto "Enjubafy Your Life" speaks to Enjuba customers by creating a notion of living a socially conscious life. When customers "Enjubafy" their life, they are educating themselves about youth empowerment while making a financial and social impact on the artisans in Uganda. This slogan would appear on all marketing outlets and handbags.
- (2) *You Tube Mini-Series* – Enjuba should develop a series of video clips featuring the work that is being done in Uganda. For example, there will be a three to five minute video clip about each core activity that is happening in Uganda – ranging from an overview of a day with the students in the youth empowerment program, to an overview of a day in the life of an artisan. These real-life video images will provide the customers with an in-depth view of how the handbags are made in Uganda, while educating them on the social mission and worthwhile cause of their purchase.
- (3) *Social Networking Portals* – Enjuba should consider expanding the marketing of their brand on social networking portals beyond MySpace to others like Facebook and JustMeans. Enjuba could create more partnerships with other socially conscious organizations within these portals. This will enable Enjuba to better tap into the millions of potential consumers who may be interested in the company's cause and products.

- (4) *Conferences and Conventions* – Enjuba should showcase its products at conferences and artisan cafes, specifically ones that carry a socially conscious message (e.g. Net Impact Conference and Pangea’s Artisan Café). Because most individuals who attend these events fall within the age range of 18 to 35, Enjuba will have the opportunity to directly market its handbags to the target audience. The audience is more likely to purchase the products and become interested in the Enjuba mission for artisan sustainability and Uganda youth empowerment.
- (5) *Advertisements and Features in Periodicals* – Enjuba should reach out to magazines (e.g. Good Magazine) and newspapers (e.g. New York Times) to inquire about a possible interview on their social business venture. This will help to create a buzz around the brand and product, so that more consumers will be keen on making future purchases.
- (6) *Cause Card* – Enjuba should create a ‘cause card’ to place inside of each handbag. Each card contains information on the artisan who created the handbag, the mission of Enjuba, and the website link. This will enable the customer to form a personal connection with the Enjuba artisan and visit the website for further details on the social cause.

Enjuba Website

The web will be a key vehicle in delivering Enjuba’s vision to the consumer. Enjuba’s target audience will be web-savvy individuals who place a premium on a good web experience. From a design standpoint, having a Macromedia-Flash enabled based website can help enhance the end-user experience, and tell Enjuba’s story in a slick, stylish, and memorable way (<http://www.vergerecords.org/> is a great example of good use of flash). In order to further capture the attention of the consumer, the website can function as a social networking portal by having artisan, teacher, and student blogs where they can share with Enjuba’s customers their daily lives (as we mentioned earlier, the cause card in each Enjuba bag will have a link to the artisan’s blog). For each blog Enjuba’s customers can leave the artisans, teachers, and students, comments as well, facilitating direct interaction between the two groups, and reinforcing the positive associations users make with the Enjuba brand. The website will also serve as a major distribution channel for Enjuba’s products. In order to minimize short term cost, payment structures such

as Paypal can be used before sufficient scale is achieved, at which time the switch can be made to a full-service ecommerce website.

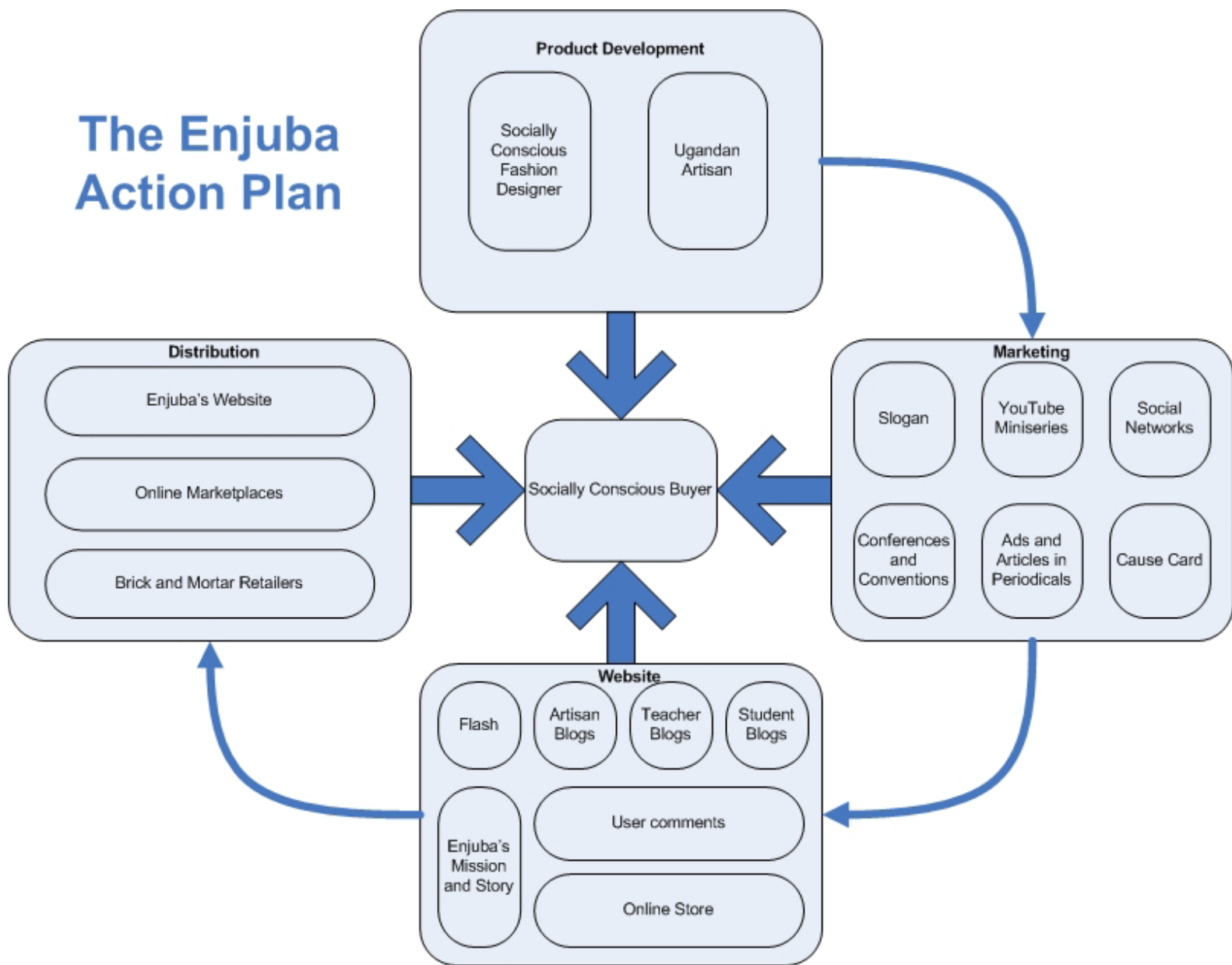
Distribution Channels

In terms of the marketing and sales of the product on the international market, Enjuba should focus on direct sales and sales to specialty retailers before seeking to obtain a major wholesale contract. This will allow Enjuba to focus its production goals on the number of quality bags it can realistically produce in 2008. Most major retailers selling products in the U.S. market have extremely high margins on their apparel and leather goods, and expect to pay no more than \$20 to \$30 per bag to their wholesalers, which is an impossible business model for both the artisans and Enjuba's for-profit aspirations. To increase other online distribution presence (outside of Enjuba's website), Enjuba can post its products on websites such as Bags.com, globalexchange.com, and Amazon.com. Enjuba can also begin reaching out to retail outlets whose brand image is aligned with the style of Enjuba's products and whose target demographic overlaps with Enjuba's. Examples of some retailers include Urban Outfitters and Anthropologie. Additionally, Enjuba can partner with companies such as Macy's that support social causes in their activities.

Financial Scaling Up

Enjuba should immediately begin seeking government, NGO, private, and foundation funding for its non-profit activities such as purchasing inventory, machinery, and paying training staff in Uganda. Raising funds in this way is completely feasible, but will require a separate business plan for the NGO detailing how many artisans it seeks to support and how many bags they will create in the next five years. In terms of its marketing activities in the United States and improvement of its website, most of the activities we have recommended are either no-cost or low cost and focus on creating an international "buzz" for Enjuba. Web development costs can be reduced by partnering with socially conscious web developers/designers looking for exposure and experience. Enjuba should create a separate business plan for its for-profit arm with a strong financial model and begin distributing this plan to venture capitalists and investment funds that are focused on funding double-bottom line social ventures.

The Enjuba Action Plan



Implementation Timeframe

ID	Task Name	Start	Finish	Duration	2008				
					Q4	Q1	Q2	Q3	Q4
1	Establish Designer/Artisan Collaboration	11/1/2007	2/29/2008	87d					
2	Create YouTube Miniseries	11/1/2007	2/29/2008	87d					
3	Establish Social Network Presence	11/1/2007	12/31/2007	43d					
4	Reach out to Conferences	11/1/2007	2/29/2008	87d					
5	Reach out to Periodicals	11/1/2007	2/29/2008	87d					
6	Create Cause Card	11/1/2007	2/29/2008	87d					
7	Scale Production	3/3/2008	10/31/2008	175d					
8	Scale Up Website	11/1/2007	10/31/2008	262d					
9	Scale Up Distribution Channels	2/1/2008	10/31/2008	196d					

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When analyzing how to improve the marketing of Enjuba products, it is essential to recognize why consumers would purchase an Enjuba bag: they are attractive, high quality bags and because they want to support individuals in a struggling country. In a market saturated with quality handbags, what differentiates an Enjuba bag is its story and its cause. Therefore, each of our recommendations facilitates the relationship between the Enjuba consumer and the story behind the artisan, the community, and the country. When an individual purchases an Enjuba bag, they are not merely making a fashion statement, but they are offering their support to a community attempting to strengthen itself. By changing the company's slogan, creating a connection between the artisans and consumers, harnessing media exposure, and expressing the economic and social benefits of Enjuba, we believe that Enjuba will be able to succeed at marketing, as they attempt to scale up for growth.

While we appreciate the name of the company as well as the current slogan, we believe that by utilizing a slogan that is more linked to the mission, the message of the brand will be conveyed more effectively. Thus, we recommend that the current slogan "see the world differently" be changed to "Bags for a Better Tomorrow", as this slogan identifies the product, while offering consumers an insight into Enjuba's true mission. In order to promote brand unity, we believe that the Internet domain name www.bagsforabettertomorrow.com should be purchased and that any person who goes to that website should be immediately redirected to www.Enjuba.com.

One aspect of properly marketing the Enjuba product is making the logo more prominent and conspicuous on its products. Currently, the branding offers much room for improvement, as the only noticeable logo is one that hangs from the bag's strap and is easily removed. Thus, if a consumer opts to remove this tag, there is no brand remaining on the bag. In order to address

this issue, we believe that the Enjuba logo should be branded on the bottom right hand corner of each bag. Furthermore, as a method to display the individuality and artistic nature of the product, each bag will be signed in the right hand corner by the artisan who made the bag. Such an effort would also reinforce the impact purchasing this bag will have on the artisan and his community.

The signature conveys to the consumers that he/she is aiding this individual artisan. But who are these artisans, and why should consumers care about or want to support them? When choosing between two bags of equal quality and appeal, a bag that possesses a compelling story has the competitive advantage over a bag from another high-end fashion retailer. In order to evoke compassion for Enjuba's mission and an eagerness to help, we believe that it is necessary to provide a link from the artisans to the consumers. This connection can be most effectively forged by offering insight into the lives of each artisan, by putting a face to the suffering. To achieve this end, every bag will contain a pamphlet explaining Enjuba's mission with a message and picture from the artisan. Additionally, this pamphlet will provide a link to the Enjuba website, where consumers can access a video message from each artisan for all online visitors. This message will appropriately capture the realities and hardships they endure as well as the positive effects this project has had on them and their community as a whole.

By purchasing an Enjuba bag, costumers are becoming part of the Enjuba Community, as Enjuba is not just a company but a cause. As a result, there will certainly be numerous individuals who hear about the company's great work and want to help further their success. Therefore, we recommend that the website and pamphlets contain a "Get Involved" link that will allow people to financial contribute to the cause as well as a "Recommend a Friend" link, where members of the community can send an e-mail to friends encouraging them to purchase a

product or make a financial donation. Furthermore, in an effort to keep the Enjuba Community informed about the project, the community should receive quarterly updates via e-mail informing them how Enjuba is doing, how many artisans it has trained, and the progress it has made. This update will also serve as a way for individuals to preview new merchandise and even send letters to pen-pals to English speaking Ugandans. We believe that by fostering these continuous interactions between the artisans, organization, and costumers, Enjuba will be successful at creating a community of caring individuals and not just clientele.

In order to highlight the media exposure Enjuba has received, Enjuba should create a section on its website called “In the News.” Positive media exposure and reviews serve as validation mechanisms to potential clientele. Additionally, the company should actively seek media attention with stories of Enjuba’s founding and how the project is making a difference in the lives of Ugandans. Enjuba would certainly experience great marketability and growth by utilizing morning and day talk shows.

Finally, we believe that it is imperative for Enjuba to advertise the effect of purchasing a bag has on the Ugandan community to complete the link between consumer and artisan. It is important for Enjuba to describe how the dollars that it donates, improves Ugandans lives. Solid metrics should be given so consumers can understand the percentage benefit and progress that Ugandans have received. This information should be included in print and online. Recent studies conducted by Dr. Jordan Grafman and numerous other scientists have shown that human beings often experience similar types of joy when being altruistic as they do when receiving a gift. If Enjuba can properly market their products so that they are inextricably linked to improving the lives of Ugandan people, then Enjuba has the ability to tap into these powerful emotions, as costumers buy a great product and contribute to a worthwhile cause.

Action	Purpose	Cost	Timeframe
Change company slogan	Solidify relationship b/w Enjuba brand and mission	None other than old material replacement	Immediately
Branding Bags	Add a differentiating look and create a connection b/w buyer and maker	\$100 for branding iron, \$.30 for labor costs/bag	Within 1 week
Video of artisans online	Conveys message of Ugandans and personalizes each artisan, so every buyer knows who is being helped	\$300 for video camera, 30 minutes per artisan to for raw video to edit	2 months (during next visit)
Domain creation and redirect	Builds brand around relevant motto and creates an easy to remember link to Enjuba's site	\$30/year domain fee	Immediately
Develop and print pamphlets	Immediate connection with artisan once bag is purchased, creates take away for buyer, becomes a form of advertising	\$400 for printing	2 months (during next visit) (then 1 month for develop and print)
"Get Involved" Link	Allow buyers and interested parties take next step. Gets the word out about the movement, which will then spill over to sales.	Negligible	Immediately
"In the News" Link	Benefits consumers by seeing the bigger picture. Also, increases search ranking by linking to meaningful sites	Negligible	Immediately
Real world effect description	Enjuba can describe how the purchase affects each person. Be very specific on how much \$5 would increase a Ugandan's daily income. Show comparisons of Enjuba's help	Negligible	Immediately

In conclusion, the actions listed below should be enacted to increase the brand image and increase the brand loyalty by customers. All of these improvements are implemented at low to little costs, but will have noticeable improvements.

2007 Project Pyramid Case Competition

Vanderbilt Owen Graduate School of Management

Sauder School of Business

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Market Products

The mission of Enjuba is to create engaged customers who care about the growth of the company and actively become part of the brand. An important facet of achieving this would be increasing customer awareness towards the Enjuba brand which is possible only if customers buy Enjuba products. Currently Enjuba is capable of making leather bags. The positioning of this product as a unique, social, good carry-bag at a price point of \$120 is going to be an issue. In a world where a young woman can buy a semi-disposable and relatively attractive purse / carry bag at Wal-Mart for \$10, the value proposition for an extra \$110 has to be more compelling. Also, if we look at Fair Trade shops like “Ten Thousand Villages”, it is evident that similar products are available for much less.

There may be a fundamental mismatch between the target market and the cost structure / price point. People willing to spend \$120 on a bag in which to carry their things might be among the least concerned with the world outside of themselves, and those most willing to spend money on good-conscience products frequently have only modest means to do so. One possible way of overcoming this might be to provide complimentary products for celebrity use to encourage buying at the higher price point, however this is very likely to be considered ‘off-brand’.

Production of smaller items with a lower price point might be more successful in reaching the target market on an economically efficient scale. Potential customers might be willing to spend \$40 or \$50 on a high-quality and unique product that they can purchase while feeling good about its impact on the developing world, and if you can capture substantially more of those customers than the few you would capture at the higher price point, the total profits would very likely be higher.

Creating a better Value Proposition:

(Refer to Appendix 1). It is evident that Enjuba products do not provide much value to the customer with respect to price as compared to other brands in the United States market. Though the quality component of the product comes close to other US brands, it is still not enough to compete against products created by precision machinery. The availability of the product, due to its dependency on human artisans, is currently low. This may lead to a yawning gap with the demand. Similarly, the variety of Enjuba products is also taking a hit against other brands. Finally, the Enjuba brand value is currently very low in comparison to other brands.

In the existing value curve, there is very little that can be changed immediately to create a positive impact for Enjuba. The primary reason is the complete nascent status of the company and its entrepreneurial nature. However, these drawbacks can be effectively offset by following a more strategic business model. (**Refer to Appendix 2**). Currently the product is quite pricy as compared to its competitors in the US market. If the product price is set at \$50, it is evident that the financial plan for Enjuba will be altered (*changed \$100 in cell E160 to \$50 in the Enjuba Growth Projections 2008-2013.xls worksheet provided*). This will definitely have an impact on the financials. However, with the lower price we can expect more sales as mentioned previously. After increasing the sales from 2009 to 2011 by 4000, the sales in 2012 by 5000, and the sales in 2013 by 10,000 we get a summary report which looks like **Appendix 3** (Modified Financials). The company will break even in the 5th year which is not bad compared to current trends.

Referring back to the proposed value curve in **Appendix 2**, notice that Enjuba can create a positive market perception by appealing to the “Sustainable Component” of its production. In the current age of sustainable development, a marketing campaign targeting the sustainable-minded mass would attain the required mileage. Another aspect that Enjuba can effectively harness in the near future would be to get into a “Strategic Alliance” with well known retailers in US on the basis of the Fair-Trade and Sustainability attributes of Enjuba products. Companies like Nordstrom (*currently the 2nd largest up-scale departmental store in the United States*) can become effective Strategic partners with an incentive to compete in the Fair Trade goods market.

As is visible from **Appendix 2**, the aspects of “Availability, Variety, and Brand Value” can be offset by effectively marketing the “Sustainability Component, Strategic Alliance and Fair Trade”.

Marketing Plan – Calendar:

The proposed marketing plan for Enjuba from Sept 2007 to Aug 2008 can be seen in **Appendix 4**. September 2007 should be utilized for planning and setting up for the year ahead. In October 2007, the company should carry out market surveys to get a feel for the pulse of the customer towards sustainable and fair-trade marked goods. Based on this research a marketing plan should be initiated in November 2007 to determine the target market. The plan should entail:

Product: Details from the research should be used to make a better product with regards to aesthetic look and utility. This should take about two months from Dec 2007 to Jan 2008.

Place: Starting Jan 2008 until the official launch in June 2008, the company should engage in putting together a proper distribution network. Enjuba could get in touch with “Ten Thousand Villages”, who are one of the largest distributors of Fair Trade and products made by sustainable means in US for this purpose.

Price: From Oct 2007 to Feb 2008, Enjuba should work towards setting up proper processes to upgrade the existing model in order for it to sustain a lowered price from \$120 to \$50. This should be done with minimum impact to the SIP and AGE processes that have already been set in place. A probable suggestion would be to ask for contribution from the artisans in way of lower wages to support the company until it breaks even in the next 4 years.

Promotion: Starting Oct 2007 until the launch in June 2008, Enjuba should indulge in promotional activities to alleviate its brand name. Some effective methods would be to strike partnerships with upscale departmental stores like Nordstrom. This is bound to lead to coverage by the media that will help the cause. Also, there should be efforts towards getting the print media (magazines and news papers) to feature columns on Enjuba thus propagating the brand and its mission to every household.

Enjuba products should be launched in June 2008 followed by a consumer survey in 2008 to obtain customer feedback regarding the products.

Model for Social and Economic growth:

The focus thus far has been on education and savings. There is much more to social and economic growth than school and bank accounts. Enjuba might consider building new communities with their artisans at the centre. If the new wealth coming in can trickle down and multiply to surrounding villagers, the artisan project can create a whole new social structure and economy within these villages.

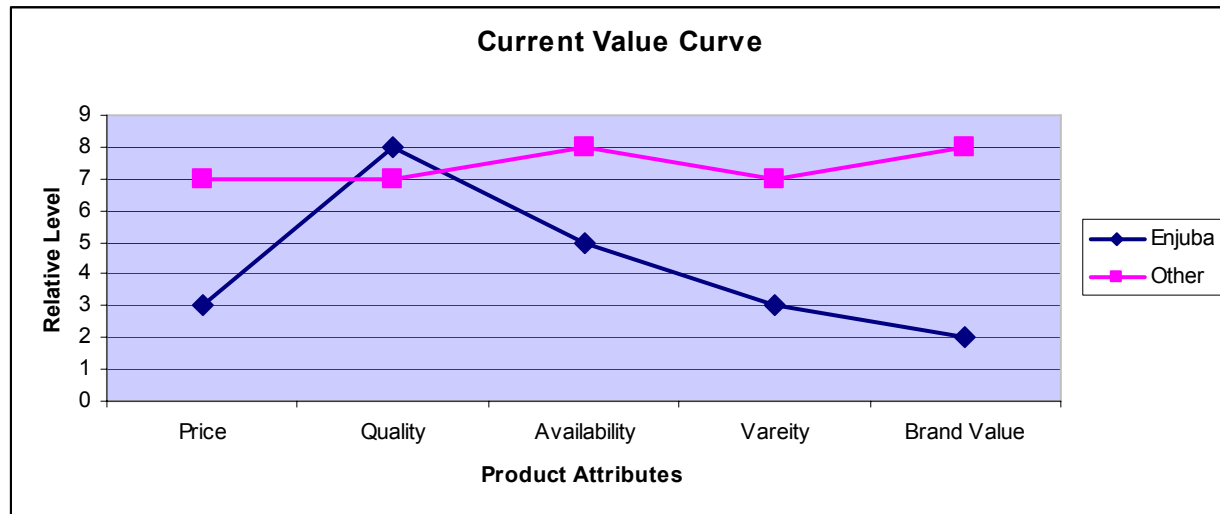
As the company develops a need for additional products, it can seek artisans with different skill sets and thus spread this modest new wealth to additional persons within the village. As the additional resources become available to more people within a given village, the village economy can continue to grow exponentially, and because the supply of the money is being tightly controlled for long-term growth the social development will be able to steadily continue.

Assumptions:

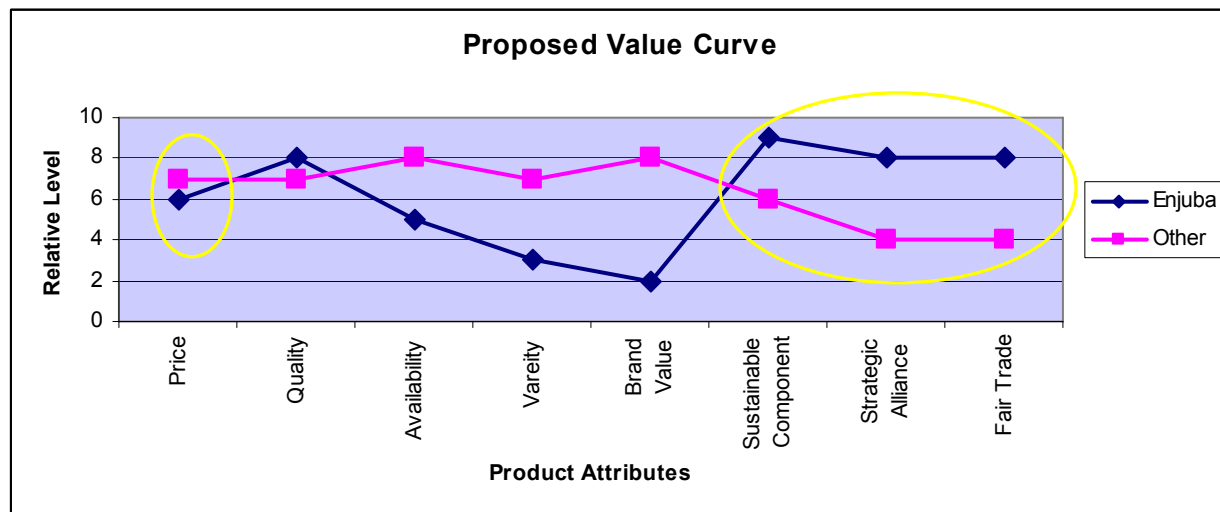
The value curve parameter values have been assumed based on basic data available from websites like www.Walmart.com, Nordstrom.com and information provided on the Enjuba overview about its products.

Appendix:

1. Value Curve – Current



2. Value Curve – Proposed



3. Modified Financials

Summary			
	<u>revenue</u>	<u>costs</u>	<u>profit</u>
2008	\$25,000	\$124,500	-\$99,500
2009	\$400,000	\$448,500	-\$48,500
2010	\$500,000	\$555,500	-\$55,500
2011	\$700,000	\$705,500	-\$5,500
2012	\$1,000,000	\$995,500	\$4,500
2013	\$1,500,000	\$1,225,500	\$274,500

4. Marketing Calendar

[illegible]

Project Pyramid: Case Enjuba

First submission, October 6, 2007

Team Northern Future

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“Quality that makes a change”

For Enjuba to be successful, it has to focus on a specific target group and execute a number of marketing initiatives. In what follows we provide a mix of marketing tools – some tried and tested, some new – that will take Enjuba to the next level. We also suggest measures that will help the organisation handle the business expansion, but first a few notes on African business and Enjuba’s competitors.

Doing business in Uganda – a word of caution

It is not an easy feat to enter a foreign market, especially one as different from one’s home market as Uganda. To pull it off, it takes more than a trip to the country and gut feeling. Uganda is a high-risk country socially, with lots of refugees and displaced persons, and the political transparency, which also means the ease to do business, is extremely low. The economy seems to be recovering, however, and with a national mean age of 15 there are many prospective workers in the pipe. It is not an ethnically homogenous country, far from it, and that has to be understood at every step of the expansion process – no pre-perceived truths are to be taken for granted.

Competitors

Right now, Enjuba has not found its market, but the potential is there. In an interview, Enjuba’s founders mentioned three competitors, all distinctly different. The Thousand Villages is a well-established company, working with self-employed artisans around the world, producing a broad range of products. Mercado Global is a non-profit outfit that works closely with various NGO:s. The third, Coach, is an American company producing high-end, quality leather products. It follows that Enjuba has to choose its market carefully, and the focus of its operations has to be clearly communicated to the customers to avoid confusion with the competitors.

Marketing

Our marketing strategy is focused on keeping costs low, while getting the largest coverage possible

The target group

Since the target group is not specified in the case, we have concluded that it consists of young adults (18-35 years) that are conscious consumers who are concerned about quality, interested in knowing the source of the product and feel the need to buy themselves a good conscience. With reference to the Product Diffusion Curve Theory, we expect that after the so-called pioneer stage we will eventually reach bigger market shares (i.e ordinary people).

Brand story- “The Good old days”

The idea is to create a story that corresponds with the brand core values. We also want to create a distinctive personality for the brand, which contributes to the differentiation from other similar brands. The following story would be put on the first page of Enjuba's webpage:

"Before, every village had their own tailor that everybody knew. They knew it was John who had manufactured the bag with his very own hands. Nowadays it is practically impossible to find out the story behind the product or even harder to know who has done the bag you buy and under which circumstances the production takes place. Enjuba offers a different solution! The bags are made by Mr. Kalungi and his colleagues. Enjuba guarantees that the bags are made under good circumstances, are of good quality and that the artisan gets a proper salary for his contribution. The Fair Trade Certificate is a proof for this. Enjuba also invests in the Ugandan society and well-being of the people in the small rural communities. We have an education program in place that is a long-term investment in improving the lives of the Ugandan students by giving them tools for making their future brighter."

By clicking the story or the logo, the potential costumer can access videos, other visual material and links to find out more. Through this story, we want to highlight the brand image of Enjuba that stands for hand made quality products with a known background. The brand also stands for a long-term contribution to improve both the life of the individual artisans as well as the community. Finally, it is important to make the consumers aware of their power of choice: you can make a difference, by making an ethical choice.

To support this strategy, we suggest a new slogan: *"Quality that makes a change"*. We did not want to focus explicitly on Africa or give any indication of charity work. Instead, we focus on quality. The quality conscious customer will naturally want to buy Enjuba's products, and be doing so he or she makes a difference in the lives of the artisans and their villiages – but not the other way around.

Our Marketing Strategy

For the time being Enjuba does not have a projected marketing budget. The aim of our marketing strategy is to increase the knowledge, coverage and visibility of the Enjuba brand by using the most channels possible at the lowest price. The marketing strategy is aiming for the snowball effect. By using the following marketing mix, we believe that our goal will be met:

1. *The Enjuba webpage.* The Enjuba web page remains the main marketing tool. However, the brand with its values as well as the ethics need to stand out more and have to be introduced compactly on the first page.
2. *Ads with links* on selected websites that are in line with Enjuba's values, like charity organisation's and fair trade boutiques' web pages. The advertisement would increase the spread of the brand awareness among people with same interests as Enjuba.
3. *Word-on-line*, in other words Word-of-mouth on the Internet. To increase word of mouth on the Internet we would target selected social forums and start

discussions about Enjuba's products. The discussions would not be started in the name of Enjuba, instead they would look like posts from fellow customers. The starting of discussions stimulates present customers to spread the word and "recruit" new potential customers.

4. *Marketing messengers.* The task of the marketing messengers is to tell their friends and market the Enjuba products to their entourage. The messenger functions as an opinion leader who discusses the Enjuba products by for example start discussions on discussion forums where likeminded people meet. In order to entice marketing messengers for Enjuba we would offer discounts or free products.
5. *Celebrity endorsement.* To further increase the visibility of the Enjuba brand we would give freebies to celebrities that we think represent the values of Enjuba. Celebrities are chosen with care and ensured that their way of thinking and actions are in line with the company's mission and vision; e.g. Angelina Jolie.
6. *Documentary.* We try to sell the idea of doing a documentary about Enjuba to a globally, known and respected broadcast company, e.g. BBC. This way we could reach a great amount of conscious people who are eager to contribute for a better world by buying Enjuba's products. BBC has a television channel, BBC world, that covers the Western world. Their popular webpage bbc.news also includes videos and stories. For a person that is online it is a small step to further click on the link at the end of the article/story and finally end up on Enjuba's web page. This would result in a maximisation of coverage, an ideal situation with visibility on both TV as well as the web.
7. *Certificates.* Certificates are a good way of marketing the message and story behind the products as well as the ethics of the brand. It increases the credibility of the brand and the product and will draw attention of new conscious consumers. The Fair Trade Certificate (either a local or global) could easily be achieved by Enjuba. In fact, Enjuba already fulfils all the International Fair Trade Association's (www.ifat.org) criteria for gaining the Fair Trade Certificate.
8. *Fair trade Boutiques.* When scaling up the sales for Enjuba we would start selling the products in boutiques with a similar message as the brand. By selling the products in global fair trade shops, we would reach a larger scale of customers.

Scaling up

Before the marketing strategy is implemented, Enjuba has to expand its range of products, which it apparently aims to do. Bags are just not enough to get a visible profile on the Internet. After scaling up the product range and implementing the marketing mix above, the next challenge is to handle the sudden onset of orders from

new customers that follows. We suggest two areas of improvement: logistics and clustering.

Logistics

As the Enjuba company is internally handling all the logistics, the company suffers from high logistical costs, as well as poorer logistical quality control, which mean that the end-user price is affected negatively due to the high logistical costs.

However, our suggestion would not be to change the locations of the manufacturing, since they already are located in the two major business centres of Uganda. Instead we strongly recommend that Enjuba enters a union of other manufacturers of similar products. A co-operation with other manufacturers would benefit Enjuba by ensuring the reliability of the whole supply chain, cost reduction and a stronger negotiation position with logistical service providers.

Clustering and recruitment

Since Enjuba is active within the fashion and design sector, innovation plays a crucial role for the company's success and further expansion. In order to facilitate the transfer of tacit knowledge between the artisans, they should be working together in the same space. This kind of agglomeration would create an innovative climate and stimulate learning. In addition, the artisans would be encouraged to cooperate and thus develop a deeper trust in one another. As the artisans are the owners of Enjuba it is important that they can collaborate and have a common vision and ideology. Furthermore, geographical concentration of the artisans would reduce transaction costs.

From the limited information at hand, we conclude that Enjuba's recruitment strategy is based on inclusiveness rather than strategic recruitment, and if that is the wishes of the founders, then so be it. To make any further recommendations, we would need details about artisan productivity and clarity about the goal of employment: full-time for a few, periodical or part-time.

**Enjuba: See Business Differently
A Team Enterprise Proposal**

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Enjuba: See Business Differently

A Team Enterprise Proposal



Overview

Enjuba's goals are lofty: a for-profit company trading goods from Uganda that in turn funds a new model for education. The stakes are high: creating a culture that prizes social entrepreneurship. The resources, however, are few: a current net worth of \$7,025 and anticipated losses of \$82,000 in 2008. Many world changing ideas have started with less. Enjuba has already established a network of people and resources from Uganda to the United States. Shipping, inputs, labor, and management are all in place. The missing component is a thorough, realistic marketing and operations plan that carries Enjuba into the future. We hope to provide this plan in the following pages.

Enjuba's development team needs to get creative to market their products, continue their mission of social change through the Youth and Artisan Empowerment Programs, and generate the cash and other resources needed to continue operation, all while maintaining the culture and values that make Enjuba what it is. We will begin with a discussion of recommended changes to Enjuba's growth projections, followed by a plan for marketing its products. Finally, we suggest strategies for scaling up Enjuba's models for education and artisan training. In each category, we emphasize the importance of forging connections between the artisans, students, and American consumers that will set Enjuba apart from the competition.

New Growth Projections

Enjuba's current finances are in a difficult position and the company needs working capital quickly. We believe that Enjuba's current projections, while vision-oriented and ambitious, are unrealistic given the current state of the organization. In the Financial Projections included with this document, we develop a revised budget for the next three years that represent attainable goals that can position Enjuba to achieve significant growth without burdening the organization with excessive debt in the short term.

In Enjuba's current position, equity financing is not a wise option since the amount needed, even in the revised budget, would result in the owners to losing control of their company. Bank loans may be another source of cash, an option which can be considered after the second year. The development team presently should consider other options, including loans from friends and family, non-equity fundraising drives, and personal contributions through outside work. As shown in the attached projections, \$20,000 in additional working capital is needed for 2008 in order to maintain cash reserves.

The main difference between our projections and the original projections is a reduction in the number of bags sold in years two and three. We believe that a slower rate of growth in during the first few years will allow Enjuba to grow at a sustainable pace. Also, the development team will not receive any salary from the company for the first two years and should secure outside means of personal support. Enjuba should take advantage of its close ties to the university by recruiting design students and MBA interns to support its cause.

In order to appropriately scale up the business, Enjuba will need to invest in inventory, machinery, training, and other assets to ensure the company's longevity. Over the three years of our financial projections, incremental increases are made to add to these assets, including the Artisan Intern program, machinery and input upgrades, training and teambuilding, and inventories

Enjuba: See Business Differently **A Team Enterprise Proposal**



of leather in Uganda and bags in the United States. By continuing this gradual build-up of assets, Enjuba will ensure its growth as well as its sustainability. Our projections also begin with a smaller number of artisans who can meet the modest demand during the first few years as the groundwork is laid for a larger demand for their bags. Finally, each year we include a small budget specifically for marketing. The uses of the marketing budget will be discussed below.

Marketing

While Enjuba's overall goal is to change the consumer habits of Americans, in the immediate future the focus should be on the existing environmental and socially aware consumer. This market is called LOHAS, which stands for Lifestyles of Health and Sustainability. This market represents a \$208 billion market and approximately 35 million people. It is important to continue to market to this group because the most likely to purchase these products; this enables Enjuba to build its credibility and authenticity. Enjuba needs to join fair trade associations in the US. Membership links the company to an association of retailers, wholesalers and producers who are committed to the ethics and practices of Fair Trade. It also signifies to the consumer that Enjuba has been third party certified as a legitimate, ethical company. Two nationally recognized associations are Co-op America and the Fair Trade Federation (FTF). Annual membership in these two associations would be \$300 annually, for the next three years.

Enjuba needs uniform branding between the items, company and artisans. This will help Enjuba differentiate itself from other companies' products, as well as lend an authentic voice to the item. Branding is based on a logo, but further consideration must be given to consistent font, voice, and tagline. This can be achieved by imprinting the logo outside each bag and creating a sales tag that includes the Enjuba logo, a short background on the bag, and the UPC code. Consistent branding will allow Enjuba to create a marketing kit: a folder including an overview of the company, founders, artisans, products, social and financial programming, and a sample of the product. One use for this kit is to send to both traditional and non-traditional media. The top five green sites¹ receive a combined 120,000 visitors daily. Editorial placement on these sites spreads through the online community rapidly and at no additional cost. Another cost-effective marketing idea is to place videos on youtube.com. Interest in organic and fair trade videos is growing on such video-sharing sites, as evidenced by the emergence of urth.tv and viral success of the Meatrix. Online presence will be the foundation of Enjuba's sales.

Enjuba should capitalize on its strong connection to the university by partnering with clubs that are dedicated to public service and local charities. These clubs could sell Enjuba product to fundraise; in exchange, Enjuba would receive a smaller profit but great exposure on campuses. Concurrently, Enjuba should allocate \$600 for week-long ads in these college newspapers. This partnership with other schools would open the door to a prime retail location – student bookstores. Placement in college bookstores would be a perfect avenue into larger retail spaces, without having to compete too heavily with other products from the same field. With successful sales in this retail location, the incentive for larger retail markets to work with Enjuba increase.

Before moving on to larger retailers, Enjuba should partner with retail locations that are members of the FTF. With multiple locations in 36 states, FTF certified retailers already attract the

¹ treehugger.com, autobloggreen.com, inhabitat.com, theoil drum.com and worldchanging.com

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type of consumer Enjuba is targeting. Additionally, while items at lower price points would take advantage of a college-aged audience, higher end retail locations would allow Enjuba to sell their leather bags at \$120. Another highly visual location for placement is in the marketplaces of environmental fairs. For example, 2007's Greenfestival in Chicago attracted a record 31,133 to its product driven marketplace. This captive audience is not only primed to purchase products in line with their ethics, but are open to learning about Enjuba and its mission. Membership in Co-op America includes an invitation to participate at the four annual Greenfestivals and listing in their green business directory.

	Year 2008		Year 2009		Year 2010	
	1st Jan - 30th June	1st July - 31st Dec	1st Jan - 30th June	1st July - 31st Dec	1st Jan - 30th June	1st July - 31st Dec
FT Registration	X		X		X	
Press Kit		X	X		X	
FT Retail		X	X	X	X	X
Product Development	X	X	X	X	X	X

Youth Empowerment Program **Program Development**

While offering the social entrepreneurship course at a local school, Enjuba can take steps to integrate the educational program with the artisans. Enjuba should consider offering a program that will allow students to become Artisan Interns and work directly with the Enjuba artisans. This will expose them to the practical side of business and may cause some students to consider learning the trade to work as artisans for Enjuba. This interaction will provide an additional connection between Enjuba's business and social development arms. In exchange, the advising artisan will be paid a small amount for their extra effort (\$100 per intern). For this initial stage of the program, costs should be kept low and feedback gathered in order to improve the class for the following year. The second year of the Youth Empowerment Program should incorporate evaluations from the first year and the number of Artisan Interns can be increased to four. In addition, committed students should be considered to lead programs in the future years at other schools. Doing so will ensure a sustainable model for program growth. In the third year, Enjuba should consider expanding the program to two other schools, as well as assigning one manager to running the program full-time. Graduates from previous clubs would be ideal candidates to run the programs, since they have demonstrated commitment to Enjuba's vision.

Financial Outlook

At a cost of \$4500 for the next two years (Enjuba Growth Projections), Enjuba's social entrepreneurship program cannot rely on sufficient profits from the company to cover operating expenses. Instead, Enjuba's best option for the first year will be to raise funds for the class through charity events and other non-profit funding techniques. For the second year, Enjuba has the option to either divert company profits to the 501c3 or continue non-profit fundraising until the for-profit arm is stable enough to support the Youth Empowerment Program. In the third year, a combination of company profits and fundraising should be used to ensure the smooth transition between the



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two schemas. By raising \$7500 and directing \$7500 from company profits, Enjuba will be able to support the program's expansion and realize the financial model that it ultimately hopes for.

Artisan Empowerment Program

Program Development

It is vital to ensure that all artisans have the skills required to meet the high quality standards expected by US consumers. While the new quality control system and the success of the founders to shore up support for the company's vision will be beneficial, we believe that this is only part of a larger problem. Therefore, we propose that all current artisans undergo an intensive retraining in a standardized method for bag production and quality control criteria. The intention of this training is not to stifle the creativity of the artisans but rather to provide them with a solid framework within which to operate.

While we have recommended decreasing the number of new artisans hired during the first three years, Enjuba's will still require innovative management methods to ensure cohesion and quality. To maintain Enjuba's horizontal structure, we recommend the following organization: as new artisans join, they should be divided into groups of no more than 10 based on location. Each group elects two team leaders every other year to serve as representatives at quarterly meetings with leaders from all of the other groups. These meetings will be organized and led by Aaron to discuss business and technical issues, provide a forum for sharing successes and struggles, and participate in team-building activities.

The SIP and AGE offer powerful incentives for artisans and give them a stake in the success of Enjuba. Since SIP accounts are handled by a commercial bank, increasing the number of accounts will be relatively simple. However, in-house management of the AGE will necessitate standardization of loan disbursement and repayment. Even a modest increase to 20 artisans by the end of 5 years will place a larger burden on the endowment. Therefore, we suggest requiring an application as well as an interview for artisans to request funding, ensuring that all artisans understand the gravity of incurring financial liabilities. Also, we suggest charging a token interest rate of 1-2% per month and adopting repayment schedules of no longer than 3 months. This serves the purpose of providing an invaluable education in financial management while reinforcing that the AGE is to be used for productive investments and not for consumption.

Financial Outlook

These recommendations will have a minimal impact on Enjuba's financial projections. For 2008, we have allotted \$3000 for Training and Teambuilding, \$1500 of which will be used for quality training of current artisans, \$1000 for training new artisans, and \$500 for travel and administrative costs associated with the meetings required for the new structure described above. Interest generated from AGE loans will be minimal and can be reinvested in the fund.

Conclusion

Enjuba requires a clear focus and strict discipline during its first few years of operation to ensure its survival and growth. Our recommendations for lower sales projections, increased marketing, and an emphasis on creating connections between producers, consumers, and beneficiaries will provide Enjuba both with a solid financial footing and a recognizable brand that invites all involved seeing the world, and business, differently.

Enjuba Financial Projections

2008

Revenue (assumes 95% of bags sellable)	\$	57,000
Operating Expenses:		
Uganda		
Cost of Goods Sold	\$	27,500
Manager Salary (1)	\$	5,000
Leather Inventory	\$	3,750
Upgrade Machinery and Inputs	\$	1,500
Training and Teambuilding	\$	3,000
Artisan Internship Program (2 students)	\$	200
United States		
Website Fees	\$	1,500
Bank Fees	\$	500
Administrative and Legal Fees, and Licenses	\$	11,500
Travel Costs (2 people, 1 trip each)	\$	10,000
Enjuba Trademark	\$	4,000
Insurance	\$	2,500
Product Design	\$	-
Bag Inventory (0 addt'l bags)		
Sales and Marketing	\$	5,000
Development Team Stipends	\$	-
Total Operating Expenses	\$	75,950
Operating Income	\$	(18,950)
Other Investment Income (private funding)	\$	20,000
Net Income (loss)	\$	1,050

Bags sold **500**

Per bag:		
Bag Price	\$	120.00
Matls Cost	\$	30.00
Labor	\$	18.00
Shipping	\$	7.00

Capabilities (end of yr)		
Artisans		4
Bags/mo/art.		20
Total bags/mo		80
Total bags/yr		960

2009

Revenue (assumes 95% of bags sellable)	\$	118,750
Operating Expenses:		
Uganda		
Cost of Goods Sold	\$	49,000
Manager Salaries (2)	\$	10,500
Leather Inventory	\$	3,750
Upgrade Machinery and Inputs	\$	6,000
Training and Teambuilding	\$	3,000
Artisan Internship Program (4 students)	\$	400
United States		
Website Fees	\$	2,000
Bank Fees	\$	500
Administrative and Legal Fees, and Licenses	\$	6,500
Travel Costs (2 people, 1 trip each)	\$	10,000
Insurance	\$	2,500
Product Design	\$	5,000
Bag Inventory (100 addt'l bags)	\$	2,200
Sales and Marketing	\$	10,000
Development Team Stipends	\$	-
Total Operating Expenses	\$	111,350
Operating Income	\$	7,400
Other Investment Income	\$	-
Net Income (loss)	\$	7,400

Bags sold **1000**

Per bag:		
Bag Price	\$	125.00
Matls Cost	\$	27.00
Labor	\$	16.00
Shipping	\$	6.00

Capabilities (end of yr)		
Artisans		6
Bags/mo/art.		25
Total bags/mo		150
Total bags/yr		1800

2010

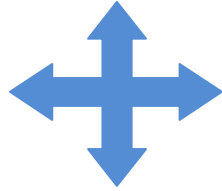
Revenue (assumes 95% of bags sellable)	\$	247,000
Operating Expenses:		
Uganda		
Cost of Goods Sold	\$	90,000
Manager Salaries (4)	\$	21,000
Leather Inventory	\$	5,000
Upgrade Machinery and Inputs	\$	10,000
Training and Teambuilding	\$	4,000
Artisan Internship Program (6 students)	\$	600
United States		
Website Fees	\$	2,000
Bank Fees	\$	500
Administrative and Legal Fees, and Licenses	\$	6,500
Travel Costs (3 people, 1 trips each)	\$	15,000
Insurance	\$	2,500
Product Design	\$	7,500
Bag Inventory (150 addt'l bags)	\$	3,000
Sales and Marketing	\$	15,000
Development Team Salaries (2)	\$	50,000
Total Operating Expenses	\$	232,600
Operating Income	\$	14,400
Other Investment Income	\$	-
Net Income (loss)	\$	14,400

Bags sold **2000**

Per bag:		
Bag Price	\$	130.00
Matls Cost	\$	25.00
Labor	\$	14.00
Shipping	\$	6.00

Capabilities (end of yr)		
Artisans		9
Bags/mo/art.		25
Total bags/mo		225
Total bags/yr		2700

TEAM PATHWAYS



Enjuba's Pathway to Market Leadership

Project Pyramid Case Competition



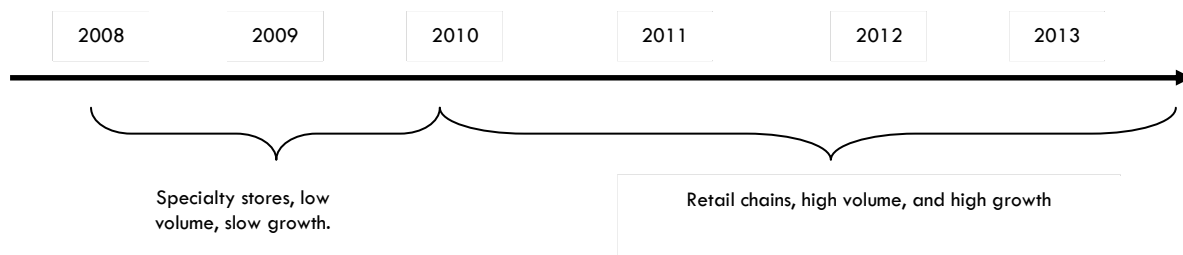
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EXECUTIVE SUMMARY

Enjuba has created a unique brand that Team Pathways proposes to leverage in a multi-faceted marketing approach. We propose an initial two-year period of slower sales during which Enjuba should position itself as a provider of high quality, specialty leather good in stores that exemplify Enjuba's brand. We propose the management seek niche markets like museum stores, art and boutique stores to seek customers wanting to distinguish themselves with unique fashion items. We also propose that during the two year period Enjuba strengthen their team, increasing production capacity with new and upgraded equipment purchases, fundraise for the nonprofit organization, and increase their efforts to find a high volume distribution channel and retail chain.

In the later three-year period we propose that Enjuba engage in partnerships with existing distributors, retail stores, and product designers. Their online website should also be developed to include purchase options, shopping carts, gift wrapping and donations to the nonprofit.



MARKET ANALYSIS

3.8% of all luxury goods sold comprised of leather goods of which a major component comprised of women's handbags and purses. We see this market as an entry point for Enjuba and propose they position themselves to target educated adult women (18+), with some potential for men of the hip, "metro-sexual" variety. Your products will appeal to those concerned with sustainability, global affairs and individual self-expression. These people live in metropolitan areas and concentrated on the East and West coasts of the US. New York City has the largest market for handbags in the country and San Francisco is another ideal market. Alternatively, LOHAS (Lifestyles of health and sustainability) market segment is another small but compelling target market fit for Enjuba.

To increase market share, we propose Enjuba expand their product portfolio to include other leather based products, like wallet's, shoes, cell phone cases, iPod cases, etc. This will allow Enjuba to target a wider market segment and position themselves as a provider of a wide variety of leather goods.

COMPETITIVE ANALYSIS

The global apparel, accessories, and luxury goods industry is dominated by retailers like Christian Dior (1.7%), VF (0.6%), Sara Lee (0.6%), Jones Apparel Group Inc. (0.5%) and others (96.7%). Coach and Louis Vuitton dominate luxury handbag sales. We think your competitive advantage is your story, although you are not unique in this business model, this comes the closest to describing how you can set yourself apart. To emphasize this, Enjuba should sell each bag with a quality color insert or tag describing who made the bag, your nonprofit, including a photo, and your logo.

Your competitors could end up being your partners, so the next two years should be spent seeking some kind of partnership that you can put in place when production capacity is expanded.

MARKETING PLAN

Given the unique nature of the Enjuba bags, we suggest that a first step is placing the bags in retail shops that cater to a customer looking for hand-crafted or unique products. Attending gift shows is the best way to expose the company to a wide range of potential shops, specifically the gift show segment that is targeted toward socially responsible consumers at the fair. Museums often source their products from gift fairs, which is a prime venue for Enjuba's bags to be placed. People who buy goods at a museum often feel they are buying quality products that are pieces of culture. They are already inclined to support artists or be interested in artistic goods. There are approximately 100 museums in the United States with African collections. This is an ideal place to position the Enjuba bags while simultaneously generating awareness about the nonprofit.

Pricing and Product Line

We think you could potentially charge more than \$100 per bag (up to \$215), and may have to if you are planning to sell at wholesale rates and have positive cash flows. However, we suggest expanding your offerings to include goods such as a handbag and wallet at varying price points to make them more affordable as gifts. They may also have higher profit margins. Creating a leather diaper bag would give you access to another lucrative market – baby products.

Latest news articles on the economy in Africa indicate an expected increase in the availability of high quality leather. The influx of new processed leather could potentially push prices higher and squelch imports from other countries, or it could provide better access to quality leather at similar or lower prices than the imported Kenyan leather currently used in the producing the products, but it is something to keep in mind.

Guerilla Marketing: Museum Store Market (Year 1 and 2)

Buyers at museum gift shops acquire their merchandise primarily through gift fairs, two of which are held in the United States in the months of Dec-Feb. We recommend that Enjuba attend both The San Francisco International Gift Fair in late January and The New York International Gift Fair in early February. There is a separate showing area specifically for Museum Gift Shop buyers, which is visited by over 600 representatives from museums around the world.

An initial investment in marketing materials and booth display materials is required prior to attending the gift fairs. Buyers tend to place initial orders of 12-24 items. Inventory in the US would need to be stocked to fill these orders. Avoid back orders as most buyers are averse to them and are not likely to purchase from Enjuba in the future. We expect 20 gift shops to place orders from Enjuba in the first year with sales between 700 – 1200 per year. Museum gift shops do not cater to foot traffic alone, most offer an online store to reach more customers interested in museum quality products such as those created by Enjuba. Additionally, Enjuba can join the GLM network "Sustainability: Design for a Better World", which is a project that distributes special displays and spotlights gift suppliers at the shows whose materials or production processes are socially and environmentally friendly. Enjuba should apply to the "handmade showcase", a competition for free booth space at the fair. This is a juried division of the NYIGF, which automatically enters Enjuba into competition with the potential of winning and gaining huge recognition. The application deadline is October 30, 2007, for this year's event.

To minimize advertising expenses, we propose Enjuba use free online media exposure like youtube, and other video, picture hosting websites to increase their presence on the Internet, increase awareness of their products and reach a wider target audience. Magazine BW 1-inch one time advertisement costs anywhere between \$3000 and \$4000. To reduce costs we do not propose this channel of advertising. However, we suggest Enjuba find small, targeted, publications such as the Museum Store Association newsletter and post on ebay and etsy.

Major Distribution (Year 3 – 5)

You currently lack the production capacity to distribute to large retailers. We propose Enjuba start out on a smaller scale to ensure that they can produce high-quality products. Once established in a niche market Enjuba must expand by engaging new artisans, increase leather inventory and other materials they need to meet increased demand. We propose that while increasing quality and meeting short term sales volumes Enjuba pursue longer-term strategies for sharp sales growth. The following suggestions are low cost, but labor intensive and can be pursued simultaneously.

1. Partner with high end designers that are willing to design bags and co-brand with you. Most likely this would be a philanthropic act by the designer, but also beneficial for the designer as they get the publicity of emphasizing social conscience in fashion.
2. Seek celebrity endorsement (Oprah, Leonardo DiCaprio, Angelina Jolie, Bono, etc.) While this has a low probability of success it also could have the biggest payoff, avoiding the need for retail distribution if you can drive people to your website directly.
3. Pursue major retailers that might be willing to carry your line (Macy's, Cost Plus, Coach, etc.)

MANAGEMENT AND COMPANY GROWTH PLAN

In the immediate two year timeline (2008, 2009) we recommend that the founders split the responsibilities of marketing and production between them. A strong, energetic and focused sales and marketing team in the US is essential for the success of the proposed marketing strategy. To ensure quality standards, improve the production process, manage the activities in Uganda—both the educational activities and the artist/production activities a strong and consistent staff presence is essential. We anticipate that at least 1 full-time staff member is needed to implement the marketing plan, network with new potential buyers and investors and oversee the day-to-day business activities. As business activities increase and the company gains momentum an increase in resources dedicated to sales, marketing, and the nonprofit business side is required. Specifically, the owners may want to consider bringing in a staff person skilled in development and fundraising to pursue grant funding and individual donations. This will provide additional revenue for the education component and it will also increase awareness about Enjuba's mission, which ultimately will provide another avenue to tell the story of the artisans and promote the bags.

FINANCIAL PLAN

The financial plan is developed to include additional costs incurred by the proposed marketing strategy. Projections are made for a 5 year period and the required investment is calculated for the 5 year period.

Assumptions		2006
Annual luxury products growth rate	4.5%	
Total luxury goods sold in the US		\$ 236,796,000
% of leather bags	3.8%	\$ 8,998,248
Annual growth rate of consumers buying from specialty stores	14.0%	
Enjuba's expected market share in 2008		0.5%
% sales from museum stores, boutiques, galleries	5.0%	
Online sales	40.0%	
Special orders	35.0%	
Tax rate	30%	
Cash maintained as a percent of sales	10%	
AR as a percent of sales	10%	
Finished goods inventory as a percent of sales	60%	
Leather Inventory as a percent of sales	24%	
Loans Receivable as a percent of sales	4%	
AP as a percent of sales	10%	
SIP as a percent of revenue	7%	
AGE as a percent of revenue	7%	
SOLC3 as a percent of revenue	22%	
Retained earnings as a percent of revenue	63%	
Marketing as % of sales	60%	
Depredation rate (5 year straight line)	20%	

	2008	2009	2010	2011	2012	2013
Income Statement						
Net Sales	\$62,731	\$74,732	\$89,028	\$106,059	\$126,348	\$150,518
COGS total	\$31,916	\$23,544	\$22,807	\$19,586	\$21,118	\$21,553
Gross Profit	\$30,816	\$51,187	\$66,221	\$86,473	\$105,230	\$128,966
\$G&A total	\$30,415	\$32,333	\$71,023	\$83,036	\$95,435	\$108,292
EBIT	\$401	\$18,854	-\$4,802	\$3,436	\$9,795	\$20,674
Interest Expense	\$500	\$500	\$500	\$500	\$500	\$500
Tax	\$120	\$5,656	\$0	\$1,031	\$2,938	\$6,202
Net Income	-\$220	\$12,698	-\$5,302	\$1,905	\$6,356	\$13,972

	2008	2009	2010	2011	2012	2013
Balance Sheet						
Assets						
Total Current Assets	\$72,694	\$80,798	\$96,249	\$114,661	\$136,596	\$162,727
Net Fixed Assets	\$54,488	\$148,590	\$248,872	\$379,098	\$553,278	\$712,623
Total Assets	\$127,182	\$229,384	\$345,121	\$493,759	\$689,874	\$875,350

Liabilities and Owner's Equity						
Total Current liabilities	\$6,273	\$7,473	\$8,908	\$10,606	\$12,635	\$15,052
LTD	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Owner's Equity	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
Retained Earnings	\$0	\$8,000	\$4,659	\$5,859	\$9,864	\$18,666
Total Liabilities and Owner's Equity	\$31,273	\$40,473	\$38,562	\$41,465	\$47,499	\$58,718

External Funding Needed	\$95,909	\$188,911	\$306,560	\$452,294	\$642,376	\$816,632
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Discount rate	1.00	1.40	1.96	2.74	3.84	5.38
DCF	\$95,909	\$ 134,936	\$ 156,408	\$ 4,830	\$ 167,216	\$ 151,840
NPV	\$871,139					

Operating Cash Inflows	\$61,724	\$73,532	\$87,598	\$104,356	\$124,319	\$148,101
Operating Cash Outflows	\$68,374	\$60,804	\$99,816	\$112,301	\$130,237	\$149,568
Net Operating Cash Flow	-\$6,651	\$12,728	-\$12,218	-\$7,946	-\$5,918	-\$1,467
Total priority outflows	\$500	\$500	\$500	\$500	\$500	\$500
Total Discretionary Outflows	\$53,921	\$109,571	\$128,091	\$180,686	\$252,288	\$275,030
Total financial flows	\$95,909	\$188,911	\$306,560	\$452,294	\$642,376	\$816,632
Beginning Cash	-\$11,876	\$22,961	\$114,529	\$280,279	\$543,442	\$927,111
Ending Cash	\$22,961	\$114,529	\$280,279	\$543,442	\$927,111	\$1,466,746

APPENDIX (NOT PART OF 4 PAGE LIMIT): SOURCES AND REFERENCES

Market Structure

Lifestyles of Health and Sustainability website	www.lohas.com
Industry Profile	www.datamonitor.com
Coach's growth & market share	http://www.investors.com/editorial/IBDArticles.asp?artsec=7&issue=20071002
SF International Gift Fair	www.sfigf.com
NY International Gift Fair	www.nyigf.com
Leather Industry in Uganda	http://allafrica.com/stories/200709171160.html
How to broadcast your cause online	http://youtube.com/nonprofits
Leather diaper bags	http://www.blissliving.com/stbadiba.html?gclid=CJnk4oS1-Y4CFQpGhgodLI1QuA

Retail/Distribution Partners

Potential site for selling your bags	www.etsy.com
Museum Store Association	http://www.museumdistrict.com/

Competitors/Partners

Similar business model to Enjuba	www.worldofgood.org
Hand made Ethiopian leather goods	www.taytu.com

Brand Recognition/Strengthening

Fair Trade Certification	www.transfairusa.org
Fair Trade Handicrafts	www.tenthousandvillages.com/catalog/artisan.php
Investors/Funding sources	
Potential nonprofit funding source	www.skollfoundation.org

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Enjuba

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First Round Submission: October 6, 2007

Situational Analysis: Currently, Enjuba is trying to market small-quantities of an inconsistent product to an overseas market with which the producers are not well-acquainted. This is not easily scalable. To create a model that has the potential to be scaled, it is important to be able to: 1) Ensure a high-quality, consistent product that meets customer preference and 2) Deliver high quantities of such products. Exporting to an overseas audience is a difficult, and expensive, means to achieving these two imperatives. For this reason, Enjuba should revise its current strategy to initially focus on the high-end consumers in the local market. Focusing, initially, on high-income locals, tourists and expats enables Enjuba to take a more integrated approach to: A) Testing product designs, B) Entering market with a lower Price, C) Increasing scale-up gradually. Together, these improvements will create more efficient operations and marketing practices that will allow Enjuba eventually consider foreign markets.

Target Market:

High-income locals, tourists, and expats in Uganda. By selling in the local market, artisans will better able to understand their target customer and their customer preferences and by targeting foreigners, artisans will gain key insights into international trends and preferences.

Product:

Initially, the artisans should sell the two bags in the local markets to gauge interest and demand. Within a year's time frame, once a consistent product that meets customer expectations is being produced and operations are improved, other products such as belts, coin purses, and wallets using similar raw materials should be introduced. As artisans gain a greater understanding of the preferences of high-income locals, tourists, and expats, they will be able to design their products accordingly.

Channel:

To target local markets, Enjuba must develop a distribution and placement strategy that will allow them access to a sustainable market. Enjuba should continue to target a higher-end market (those who will pay \$50 and up for a leather bag) and sell locally at:

- **Fairs:** Local fairs and markets that serve as tourist destinations and that are frequented by high-income locals or ex-pats are an excellent, low-cost, opportunity for Enjuba to immediately begin to assess their market potential and to better gauge desirable product qualities. Based on product volumes and best-sellers, Enjuba could then adjust production and design.
- **Tourist Destinations:** Initially, Enjuba should establish relationships with higher-end store operators at Ugandan tourist destinations to supply these stores with their current goods. As production, product lines, quality and revenues increase, Enjuba should later consider owning and operating their own store at these same destinations.
- **Tourism Operators:** Tourism operators provide an excellent partnering opportunity for Enjuba. Price sensitivity is low for the end-customer, and thus, establishing an agreement with an operator to provide a high-end, distinctly designed bag with a safari theme (given the current tourism focus in Uganda) for both employees (as free advertising) and for tourists (as a free souvenir of their Ugandan experience) could provide a steady source of income and an excellent opportunity to showcase wares.

- **Hotels:** Again, as quality, produce lines, and production increases, Enjuba should establish a retail location in the lobby of a main thoroughfare for international travelers. Ideally, the hotel should cater to both tourist and business travelers.
- **Airport:** Airports provide the last opportunity for many travelers to purchase that last gift for friends and relatives and thus should be another target market for Enjuba goods. Since retail space in airport locations is often rather expensive, we recommend that Enjuba initially establish a relationship with a current airport retailer.

Advertising:

Enjuba should adopt a “marketing with a mission” approach, focusing their efforts on showcasing the artisans and students who benefit from the purchase of each product. This should be accomplished by:

- **Mission-oriented Retail Tags:** All products should have a tag attached that provides a brief, engaging paragraph on Enjuba’s mission.
- **Mission-oriented In-store Advertising:** All products in retail locations should be showcased with a wall-poster that pictures the artisans at work and the students learning and provides a more detailed description of the company. Pictures serve as a way of allowing the customer to relate to individuals positively affected by each purchase. Flyers should be positioned at checkout that provides the most detail regarding the organization and that also showcases the products available through Enjuba. Contact information should be supplied in case the flyer recipient wishes to purchase more.
- **Enjuba Tours:** Again, as Enjuba scales up, it should consider offering tours to its production locations. This is an effective method for providing tourists with a glimpse into the lives of the local people but also an excellent venue for Enjuba to sell more wares.

Operations:

Enjuba currently employs a few individuals scattered throughout a particular region. Although in the initial phases of entering the Ugandan market, this set-up may continue to allow Enjuba to meet customer demand, as Enjuba wishes to grow and expand, it will require more centralized operations and more formal management. This is for not only training purposes of the local artisans, but also to enable specialization.

First, Enjuba should create a three-tiered management structure. The current manager, or COO, employed by Enjuba who monitors overall operations and is responsible for establishing new markets. He will also need to participate in developing marketing efforts. Under the manager should be the master artisans. These artisans are the 3 individuals whose products have been found appealing by foreign audiences both by their design and quality. Underneath these artisans will be the artisan apprentices who will work with the master artisans to expand production. These artisans, however, will not initially be able to produce on their own until it is deemed they have reached a certain level of skill.

Second, Enjuba must establish an artisan training program. The three successful artisans in Enjuba’s current work force should lead a full-day training session for the other 15 artisans on:

- 1- Understanding the target market. Scratches on leather, although seemingly minor to a low-income worker, can mean the difference between a sale and a brief glance.
- 2 – Product Design. Designs that have already been well-received by foreign audiences should be showcased and the

skilled artisans should educate the artisan “apprentices” on exact measurements, specifications, etc. on that particular design. These apprentices should then have the opportunity, under the supervision of the skilled workers, to produce an identical product.

After this initial training session is complete, the apprentices can continue to produce for Enjuba but only under the supervision of the master designers.

As the COO begins to expand market penetration of Enjuba products, production will need to increase. Thus, Enjuba should centralize their production around one of the master artisans. At this point, a second round of training will commence to allow specialization in one aspect of production. This will decrease the time required to produce a particular bag and increase total output. Certain times should be established for these production sessions according to demand.

While these training and production revamps are taking place, the COO should also explore opportunities to lower supply costs. The leather is currently being imported from Kenya. Enjuba should investigate opportunities to source locally. It should also explore opportunities to procure leather from other buyers in Uganda who might be purchasing in larger quantities – thus reducing the overall price.

Education:

Currently, the education arm of Enjuba has an unclear correlation with artisan sales. The artisan sales support the education arm; however, the education arm doesn’t necessarily support the artisan business. There are significant opportunities to create a synergistic relationship by correlating these two arms.

First, Enjuba needs to treat the education arm as an investment. Young, energetic, entrepreneurial-minded students are a great resource for a nascent business like Enjuba. In addition, Enjuba offers students an excellent, hands-on learning opportunity. There are a number of ways in which these students can work with Enjuba in a mutually beneficial way under our proposed business model:

1. When Enjuba opens local stores, students graduating from the entrepreneur program should work at these stores. This provides a cheaper form of labor for Enjuba and brings in young, energetic store clerks. In addition, customers will be in direct contact with the beneficiaries of the store’s sales (the students), which is a unique form of promotion. Young, entrepreneurial students would also likely add an air of innovation to the overall store and project.

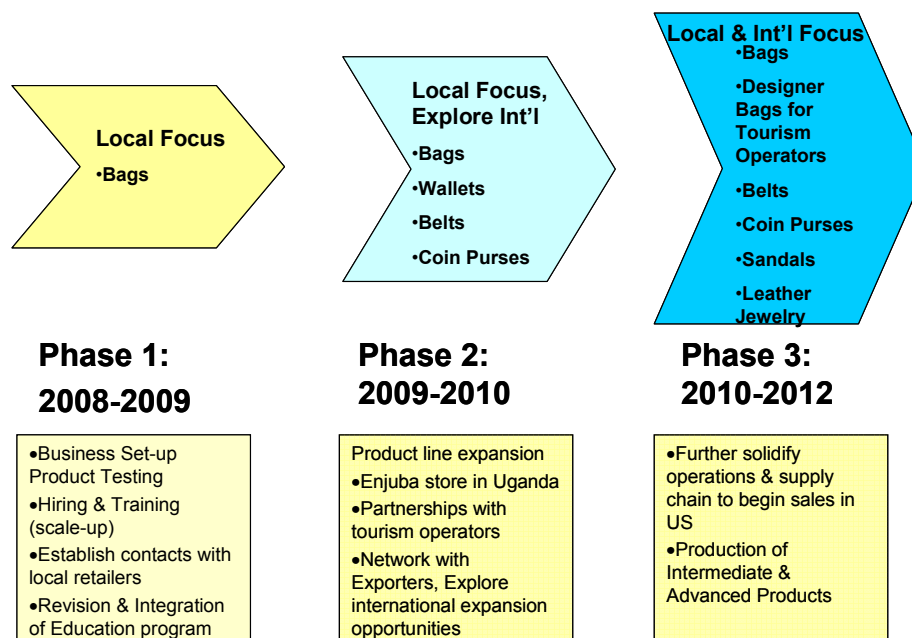
The students gain in this scenario as well. In short, the experience will bring their entrepreneurial studies to life. Students receive hands-on experience in direct sales, management, bookkeeping, and face-to-face customer interaction. Being on the front line of the business helps them to understand the market that they are serving and puts them in the position to solve real business problems. In addition, in a country where jobs are scarce this opportunity gives students a tangible job opportunity that they can leverage for future jobs and entrepreneurial ventures.

2. As a part of our proposed business plan, we suggest that Enjuba begin selling its products to tourism and artisan stores in Uganda. This method allows products to be available in more areas and has a relatively low infrastructure cost. In order to network with these vendors, Enjuba should use its entrepreneur students. Enjuba could again have a lower cost form of labor while also approaching stores with ambitious, entrepreneurial-minded students. Again, the stores that may sell the products will understand the mission more completely if these students are the ones contacting the vendors.

In addition, the students gain direct sales and marketing experience as well as become more familiar with the quality standards and buying processes that larger stores use. The artisans also gain from this as they get help from the students to run their business and have even more incentive to provide monetary support for the entrepreneurial program for students. Furthermore, this synergistic relationship will reduce the costs of Enjuba education program as training costs for future artisans will be reduced due to the partial training the students will receive during their education program.

Financials:

The following exhibit provides information on financials. Note: Financials include projections on bag sales for five years only. Additional sales and revenues from product line expansion will be included in Round II.



FINANCIALS (Projected 5 Years)

	2008	2009	2010	2011	2012
Bags Sold (In Uganda)	2,000	4,500	7,000	10,000	15,000
Bags Sold (In US)			6,000	10,000	15,000
Revenue (In Uganda)	120,000	270,000	420,000	600,000	900,000
Revenue (In US)	0	0	720,000	1,200,000	1,800,000
Total Revenue	\$ 120,000.00	\$ 270,000.00	\$ 1,140,000.00	\$ 1,800,000.00	\$ 2,700,000.00
Per Bag Costs	49	49	47	47	43
Total Bag Costs	\$ 98,000.00	\$ 220,500.00	\$ 611,000.00	\$ 940,000.00	\$ 1,290,000.00
Fixed Costs	\$ 97,000.00	\$ 128,500.00	\$ 155,500.00	\$ 215,500.00	\$ 295,500.00
Profit	\$ (75,000.00)	\$ (79,000.00)	\$ 373,500.00	\$ 644,500.00	\$ 1,114,500.00

Assumptions:

Bags sold in US are the same as the initial projections provided with case

Bag prices: \$120 in US and \$60 in Uganda

Cost Breakdown of Bag	2008	2009	2010	2011	2012
Materials	\$30	\$30	\$20	\$20	\$15
Artisan					
Product	5	5	7	7	8
SIP (5%)	1.5	1.5	1.5	1.5	1.5
AGE (5%)	1.5	1.5	1.5	1.5	1.5
Education	8	8	8	8	8
Shipping	0	0	6	6	6
Transportation & Packaging	3	3	3	3	3
Total Costs	\$49	\$49	\$47	\$47	\$43

Assumptions:

Average salary is lower than \$10

Material costs decrease over time with larger orders

Educations costs are lower as students will be able to work for lower pay

Shipping costs are lower cost due to larger volume by 2010

Transportation includes gas & packaging materials



MICHIGAN

ROSS SCHOOL OF BUSINESS

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Overview:

Enjuba's competitive advantage is its connection to the community. Its consumers value Enjuba for its socially conscious mission and dedication to Uganda's advancement. Therefore, to bolster sales, Enjuba needs to differentiate itself from competitors by personally connecting its buyers to the artisans and Enjuba's education programs. Enjuba's artisans will include letters, stories, and photos with each product and Enjuba's website will feature videos, blogs, and other media about the artisans and the budding entrepreneurs they support.

Goal: Based on the strategy we outline, the 5 year goal of Enjuba's retail arm will be to increase yearly sales of merchandise by an average of 180%, with a goal of \$2.7MM in sales in 2013. In tandem with sales and revenue growth, Enjuba will seek to cultivate Uganda's nascent entrepreneurs and promote their artistic talents to the world.

PHASE I (November 2007 – May 2008): Market Entry & Orientation	PHASE II (June 2008 – May 2009):	PHASE III (June 2009 – May 2013):
Diversify leather line, including small bags and wallets (Oct-Nov)	Enhance marketing materials to include success stories of first graduates from the education program. (June – May)	Explore higher-end distribution channels as quality improves (e.g. Saks 5 th Avenue, Neiman Marcus)
Begin direct sales at socially-conscious events such as the Net Impact conference (Nov - May)	Diversify into cloth bags (June-Aug)	Further diversify product line (sandals, men's bags, briefcases w/laptop sleeve)
Exploit free and low cost media coverage (blogs, university contacts) and low-cost advertising (Adwords) (Nov-May)	Expand public relations efforts with celebrities and publications such as Good Magazine (June - Nov)	Secure fair trade certification for further price premium on products
Identify master artisan to initiate training (Jan-Feb)	Raffle ticket(s) to Uganda to meet the artisans and youth (June – Aug)	
Identify socially conscious retailers to partner with (Mar-May)	Encourage artisans to blog which will enhance brand (June-Aug)	
Explore other sourcing options (Leather in South Africa)		

Market Positioning: Enjuba's products should be marketed to socially conscious consumers who derive satisfaction from contributing to the lives of individuals at the Bottom of the Pyramid and owning unique products from Africa. These socially conscious individuals feel the need to make a difference and want to be recognized for their purchasing choices. Because they are educated on a wide range of socially conscious buying options, Enjuba must ensure that the benefits of buying its products are well explained, and that Enjuba's cause is more compelling than the other socially conscious buying options.

Product Mix: Given the company's experience in leather, Enjuba's first product expansion should be within the leather line, to include smaller stylish purses and clutches. This will build on the existing supplier contacts and the artisan network's familiarity with working with leather to ensure rapid product roll out before the US holiday season. Smaller purses and clutches will be attractive to Enjuba's existing consumer base of women aged 18-35, and will build brand loyalty. Smaller purses will also save on raw material and shipping costs and can be sold for competitive prices. To tap into an additional market, Enjuba should begin to produce men's wallets. Wallets will be attractive to their current customer base as gifts and will begin to build the brand with male customers. Like small purses and clutches, wallets have minimal raw material and shipping costs and produce a high margin.

In the second phase of product expansion, Enjuba should begin to produce distinctly African cloth bags. These patchwork satchels made of African fabric, like the ones already designed by Enjuba, will cater to a market that identifies with Africa, and wants recognizably African products. These satchels will be cheaper to make and ship; also raw materials can be sourced from Uganda or the US and will leverage Uganda's preferential trade status under the African Growth and Opportunity Act

(AGOA). Distinct styles can be produced based on the same design template but with varying cloth patterns and combinations. These more distinct Ugandan/African bags will cater to a new niche within Enjuba's current customer base.

Distribution Channels: During the first phase of growth, the distribution channels for Enjuba products should primarily be online, through the Enjuba website and also through other "socially conscious" retailers. Enjuba should also explore the possibility of selling its products at mission-driven conferences in the US, such as the annual Net Impact conference. During the scale up phase, Enjuba can explore partnerships with socially conscious retail stores such as 10,000 Villages and Global Exchange. Finally, as quality improves, Enjuba can explore partnerships with luxury good retailers such as Saks Fifth Avenue and Neiman Marcus.

Promotion: To strengthen the customer's connection to Enjuba products, a picture and a letter from the bag maker should be included with each bag that is purchased. As Enjuba diversifies into other products, this model should carry over. To further educate customers about Enjuba's work, the website should be enhanced to include footage of the bag makers and children in the education program. In the short term, Enjuba's US staff can immediately take advantage of free promotion avenues such as blogs, university publicity, and the Net Impact network. As the company becomes more mature, the blogging can transfer to artisans and students, so customers can see how these individuals' lives are changing as a result of their participation in the social entrepreneurship movement. Product placement opportunities with socially conscious celebrities such as Angelina Jolie, Oprah and others can be explored to increase awareness about Enjuba in the market. As the retail business grows, Enjuba should explore Fair Trade certification to add an additional price premium to its products. Enjuba should also begin raffling trips to Uganda through bag sales, which

will allow the winners to meet the artisans and students to its customers, further increasing the personal connection with the artisans and students.

Other Strategic Recommendations

- Sourcing: According to a UNIDO study in 2004, leather quality & market structure in Uganda is inferior in all meaningful aspects to two other African countries, South Africa & Egypt. Enjuba should consider partnering with suppliers in those countries to move products higher up the value chain.
- SIP & AGE: The microfinance industry in Uganda is well established in both microcredit and microsavings. Enjuba should leverage the core competencies of these institutions by outsourcing the SIP & AGE and focusing on sales, production & marketing.
- Entrepreneurship Program: Enjuba should partner with UNIDO's existing Poverty Reduction Program in Uganda, which already has enrolled 50,000 secondary school students in their entrepreneurship education program.
- Funding: In order to initiate this action plan, Enjuba must secure additional funding immediately. The target amount should be no less than \$250K and can be raised from a combination of donors, including UNIDO and the Acumen Fund.

Enjuba offers a compelling value proposition for socially conscious consumers and the entrepreneurs of Uganda. With the right marketing plan, outreach to potential partners, and additional funding, Enjuba will grow to be a lodestar for East Africa and the social enterprise movement.

Enjuba Growth Projections 2008-2013

Assumptions:		Enjuba Financial Projections									
Product Price		Products Sales									
Full Size leather	\$ 100.00	Full size leather									
Small Size leather	\$ 50.00	Small size leather									
Wallet	\$ 30.00	Leather Wallet									
Average Price, Cloth	\$ 20.00	Cloth Bags									
Product Cost (including shipping)		Revenue									
Full Size leather	\$ 50.00	\$ 40,500									
Small Size leather	\$ 20.00	\$ 270,000									
Wallet	\$ 5.00	\$ 100,000									
Average Cost, Cloth	\$ 5.00	\$ 50,000									
Salary Inflation	10%	\$ 40,500									
Total Product Cost		\$ 810,000									
Fixed costs		\$ 540,000									
development team stipends		\$ 1,080,000									
uganda manager salaries		\$ 200,000									
Number of managers		\$ 150,000									
website		\$ 200,000									
bank		\$ 160,000									
administrative and legal fees, and licenses		\$ 20,000									
insurance		\$ 40,000									
product design		\$ 58,564									
leather inventory		\$ 8									
upgrade machinery and inputs in Uganda		\$ 1,000									
new artisan training		\$ 500									
enjuba trademark		\$ 6,500									
Earnings before taxes		\$ 2,500									
		\$ 30,000									
		\$ 154,250									
		\$ 252,915									
		\$ 335,936									
		\$ 1,573,975									

Other assumptions:

Enjuba's fixed costs estimates are accurate

Enjuba is successful in raising additional capital (\$250K)

Enjuba can reduce bag cost to an average of \$50

(learning economies, economies of scale & materials)

Enjuba's supply of artisans remains steady

No substantial changes to AGOA

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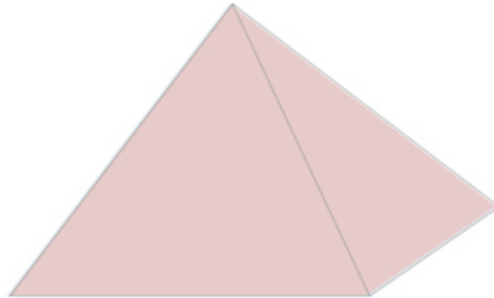
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Enjuba Marketing and Scalability Proposal

Prepared By:



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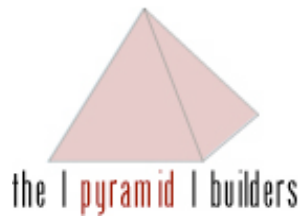
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I. Executive Summary

Enjuba stands to create real opportunity for Ugandans through business with a social mission. The Pyramid Builders has examined Enjuba's business model, product, and sales projections to develop a robust marketing plan as well as suggestions for improving operations. Our plan identifies several parameters for Enjuba to execute through 2013:

- Redefining Enjuba's growth projections and timed-roll out of artisan training, the SIP/AGE, and retail operations and marketing.
- Analysis of Enjuba's target market and recommendations for appropriate product pricing.
- Identification of creative retail channels and Ugandan promotion partnerships.
- Recommendations for essential cost reducing measures within Enjuba's supply chain and opportunities for more efficient operations.
- Suggestions for alternate avenues for achieving social impact and building a culture of entrepreneurship for Uganda's youth.

II. Situation Analysis

Company Analysis. Enjuba's goal is to achieve scale and profitability while simultaneously fulfilling a social mission of income generation and youth empowerment. Enjuba's **strengths** lie in the company history, especially the founders, the artisans, and the noble mission. This story is a powerful marketing tool we consider in the proposed marketing strategy. Enjuba's key **weaknesses** include limited resources; a broad, almost resource-limiting scope of activities; and an intent to create a high-cost, yet high-margin product. Our scaling plan proposes measures to reduce both costs and prices.

Customer Analysis. Enjuba and the products it sells appeal to socially conscious women aged 18-24 who value handicrafts and have a passion for different cultures. Our research indicates that women in this demographic are willing to spend more on shoes than handbags (*Mintel Research, May 2007*); this trend suggests that a high-priced bag will not be well received by Enjuba's target market, despite the added societal value of a purchase.

Competitor Analysis. Enjuba must differentiate its story and mission from its competitors in the marketplace. Stiff competition exists from similar companies with social missions all over the world. However, Enjuba can learn from, and expand on, the work of similar organizations that have a proven track record. The first step in implementing our proposed marketing plan is to evaluate the competition's strategy. We observe several initial competitors: Bead for Life, Eco-Sandals, Aid to Artisans, and Mercado Global.

III. Alternative Strategies for Social Entrepreneurship

We have altered Enjuba's delivery structure to further connect its retail and social entrepreneurship goals **(See attached JPEG)**. Currently, Enjuba's cost per bag includes SIP and AGE contributions funds operations for the youth empowerment program. This cost structure, based on desired margin, will prevent many consumers from purchasing Enjuba's product. Additionally, the broad scope of activities also prevents Enjuba from excelling in any given area. We recommend that Enjuba prioritize its activities and time the roll out of the SIP, AGE, and the education programs to coincide with realized, not projected, profits.

Enjuba can still affect social change and institute a culture of social entrepreneurship through their artisan training programs. These programs stimulate a culture of social entrepreneurship without detracting from the goal of generating financial and social profit. Once profitability is established, Enjuba can expand their educational programs, first to teens from the local schools in after-school artisan training programs, and later through the more established youth empowerment organization. This staggered approach enables Enjuba's business to be functional, sustainable, and socially beneficial.

IV. Selected Marketing Strategy

Product

Diversification. To offer consumers more choices without encroaching on the efficiency of production, we recommend developing 2-3 additional styles that can be made with similar materials and operations. For example, Enjuba could add a low price pouch or simplified wallet (approx. \$10 sale price) to its product line in order to augment sales. The wallet can be made from the same raw materials as the leather bag and shipped inside the bag itself as a cost-saving measure.

Delivery. As Enjuba grows, maintaining product quality must be tightly managed. Enjuba should consider offering a warranty on product quality if it becomes a consumer concern. We also suggest that

packaging is made consistent with the brand. Ideally, bags will be delivered with a print out (at minimum) of an artisan photo and brief life story. This is also an opportunity to include a coupon (a 25% discount or a “buy one for a friend for only \$80”) with the bag to increase promotion among the target market.

Price

As described above, we recommend that Enjuba reevaluate the current price point of the leather bag. As it stands now, SIP and AGE contributions are a portion of the total *cost* of the bag. We propose to eliminate these costs from the overall cost structure of the bag, decreasing the cost of the bag to \$46 and extracting the SIP/AGE funds from profit margin. As the company starts to gain market share and earn profit, the amounts matched for the SIP and AGE accounts will increase. While industry markup for this product is approximately 20% (*per IndustryWeek, September 2007*) we consider a 32% mark-up ideal for Enjuba’s product. This puts the new retail price at \$60 per bag, a much more palatable price for the target market.

Distribution

Enjuba desires for an opportunity for customers to interact with the product. We envision several distribution channels to enable this strategy: retail at high-end or mid-level boutiques; a website that is attractive, foolproof, easy to use, and capable of handling high capacity; retail at art fairs and markets (e.g. Shabbaz Market in Harlem, NY); entry to high end trade shows such as the New York Gift Show; and retail in gift shops and museum stores (Smithsonian, Metropolitan Museum of Art, The Field Museum in Chicago, or the Seattle Art Museum).

Promotion

Public Relations. We recommend that Enjuba leverage the uniqueness of its stories to recruit volunteers, both professional and amateur. We also suggest that Enjuba develop a press kit with existing tools (i.e. videos, stories and photos) and a concise fact sheet with contact information that can be distributed for promotion:

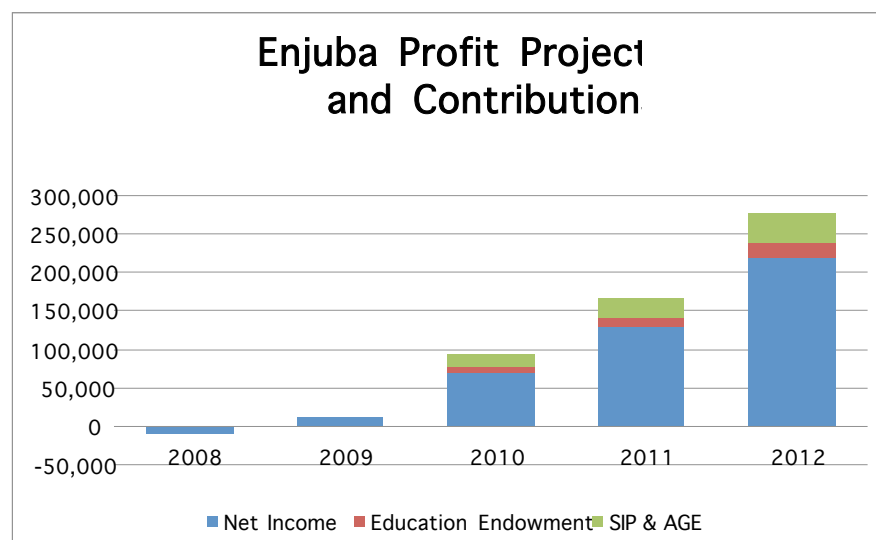
- National Magazines: Oprah, Real Simple, Red Book, African Woman, Woman’s Day
- College & Local Papers: i.e. papers from town where volunteers live and work
- Social Networking Sites: create a “cause” on Facebook to support Enjuba and invite friends to spread the word across college campuses.
- You Tube: place the artist videos online

Events. Enjuba can encourage volunteers and supporters to host local events to raise awareness and sell merchandise. Social organizations (i.e., Invisible Children, HEAL Africa, etc.) employ this strategy successfully.

Source Branding. Enjuba should not ignore utilizing a Uganda brand by leveraging existing high profile causes such as Invisible Children.

V. Financials

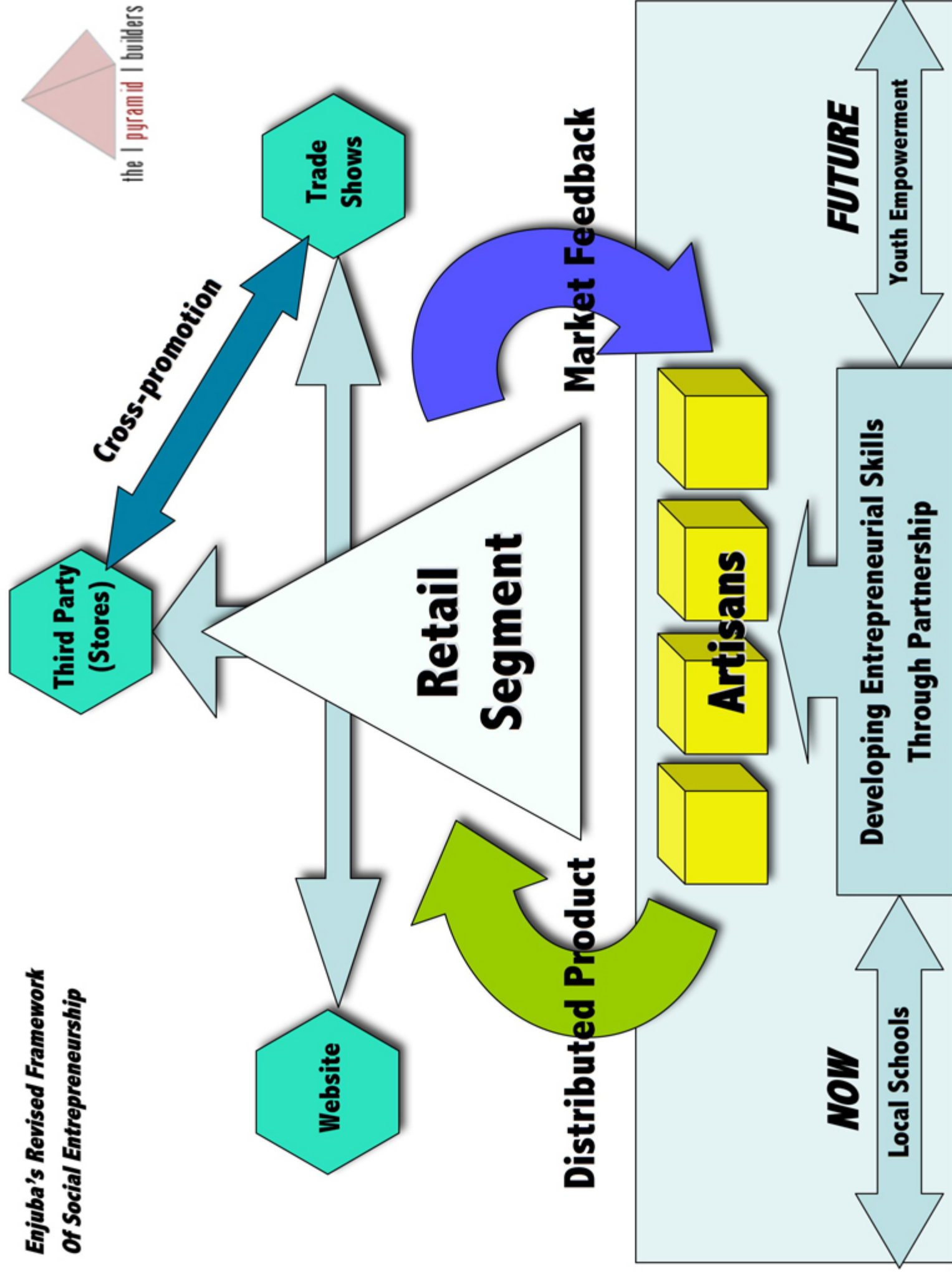
As discussed above, we propose to alter the cost, price, and delivery structure of the Enjuba business. Additionally, we propose to phase-in the SIP, AGE, and education program investments. The corresponding chart shows the relative increasing proportions of these contributions to net income over time. We also



proposed cost savings measures that will systematically increase profit margin. Namely, we recommend Enjuba take advantage of Uganda's eligibility under the Africa Growth and Opportunity Act (AGOA). Current Normal Trade Relations (NTR) tariff rates are 9% on leather goods and apparel; Enjuba should register as an exporter under AGOA to access these reduced tariffs. Additionally, AGOA eligibility can give Enjuba access to AGOA-specific trade and buyer events.

VI. Evaluation/Future Growth Challenges

Since consumer tastes and market competition fluctuates over time, we recommend institutionalizing a feedback loop (**See Attached JPEG**) between the retail and social entrepreneurship programs. This promotes analysis of market trends in order to inform product designs and future development/growth strategies. Furthermore, customer service must be robust, as customers will promote a good image of the brand with positive company interaction.



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Introduction

Enjuba faces the challenge of successfully scaling its business model. This proposal identifies a marketing strategy, essentially a two-pronged approach targeting both high end consumers and socially conscious young consumers.

In 2006, the market for handbags in the United States was approximately 6 billion dollars. The highest percentage of these sales, 30.1%, was in boutique retail stores, while only 4.7% was in online sales. The high percentage of sales in boutique retail stores illustrates that there is a large market for unique bags, while the small share of online sales indicates that the Internet opportunity may be more with high volumes as opposed to margins.

High End Market

We propose Enjuba raise its price and sell its high quality bags in boutique shops in major US cities, increasing profit margins. Boutique stores appeal to shoppers seeking higher end quality items that are unique and not mass produced. An Enjuba bag would be one of only a few bag types for sale.

Prospective customers include those in the 25-34 age bracket, who are currently leading sales in terms of money spent with an average of \$202 spent on handbags in the past year. Enjuba should consider boutique sales its primary focus for revenue growth. While Internet sales are growing for handbags, the percentage is still small and for higher end items. (Source: Mintel 2007).

We suggest Enjuba identify ~3-4 boutique stores in ~3 metropolitan centers to retail Enjuba bags. We suggest Nashville, San Francisco, and New York City based on percentage of women in these regions in the target demographic. Boutique stores are also likely to have relationships with their manufacturers and in more progressive cities like the three we suggest,

they likely address and achieve loyalty with global social issues such as bottom of pyramid and sustainability. Sending sample bags with background information on Enjuba will likely be necessary to “get a foot in the door” at some boutiques. Enjuba should target relationships with 10 boutiques in different urban markets within a year. Sales expectations for the 1st year should be 30 bags per boutique and scale in terms number of bags per boutique as well as retail partners.

Socially Conscious Market

Consumers in the “socially conscious” target include those in Generation Y (Americans aged 18 – 25 years old), who are “more aware of the world.”ⁱ Given this behavioral characteristic, and the fact that these individuals are “extremely comfortable with technology,”ⁱⁱ they are a viable secondary target for Enjuba.

Since Enjuba was developed by college students, individuals in college may be likely to purchase its products; the bags are, after all, developed by like-minded thinkers. By getting exposure for the products and the mission during broad campus events like service days or undergraduate orientation, Enjuba leaders, equipped with product samples and perhaps a sign-up list, can encourage other young people to not only contribute to its cause, but also think about social entrepreneurship. The founders of Enjuba can attend these events whenever possible to discuss their very inspirational story. If successful, they can select opinion leaders on campus, as indicated by involvement in clubs such as Net Impact, to be campus-based stewards of their brands and to assist in further commission-based sales. One concern about this target is that it has vastly different purchasing power than the boutique shoppers mentioned in the previous section. With this in mind, offering coupons – even ones as large as \$100 – during promotional events is a recommended strategy to encourage consumption, at least initially. Ample student-

body awareness may be a persuasive argument used to persuade independent campus boutiques to allocate space to featuring the product in future years.

Enjuba's website, which details its multi faceted missions, can have additional functionality that positively affects its brand equity. For example, users can register online to receive exclusive access to areas of the website that offer additional information, such as regularly-updated artisan biographies alongside their respective products, and links to purchase them. This information can best be showcased through a blog-type format. The Enjuba employee in Uganda can take photographs and report on any successful endeavors on site. In addition to reading about the various artisans and the company's plans, users with restricted access can learn about what is happening in the schools as well. Another valuable part about having an interactive online presence is the ability to track customer behavior online. Enjuba leadership can capture additional details about customer impressions, such as the websites that the visited before and after they access the site. Furthermore, with the appropriate technological infrastructure, Enjuba management can capture customer information, such as contact information, for special promotions.

Next Steps

After successfully reaching the markets we have described above, the following ideas will be critical in gaining greater market share and making a bigger social impact. Enjuba should expand its product line-up by working with its artisans to make a lower-priced bag to reach the various segments described above. Additionally, Enjuba should encourage its best-selling artisans to produce matching accessories (e.g., belts) and complementary products (e.g., change purses to be inserted into the larger bag). Since customers have already familiarized themselves

with the artist's work and biographical information, they will be more likely to purchase related products.

The fastest way to develop the Enjuba brand in a highly competitive field would be to highlight the difference between Enjuba and other manufactures such as Coach. The biggest advantages Enjuba holds are its focus on community development and the fact its founders are students. We suggest that Enjuba market their efforts to highlight these advantages. In addition to pursuing traditional advertising methods, highlighting the uniqueness of Enjuba will be useful in "opening doors" for various channels. According to research by Mintel (May 2007, US Handbags), celebrity endorsements are a big factor in purchasing handbags. Enjuba, with its unique story, can convince a socially conscious celebrity like Angelina Jolie or Oprah to highlight the product and social impact of Enjuba. Furthermore, Enjuba should explore complimentary media channels like DailyCandy.com (circulation ~2,500,000) and Good Magazine (circulation ~30,000).

Enjuba's uniqueness lies in its social philosophy and we believe that it should continue to play a large role in its business strategy. As the company grows, it will have more opportunities through its expanded social programs. The rising sun can indeed bring a new ray of hope for the people of Uganda.

ⁱ http://www.usatoday.com/news/nation/2006-10-23-gen-next-cover_x.htm

ⁱⁱ http://collegeuniversity.suite101.com/article.cfm/generation_y

**Project Pyramid Case Competition
Round 1 Submission
October 6th, 2007**

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INTRODUCTION

We have enormous admiration and respect for the passion, commitment, energy, and enthusiasm that Enjuba's founders are exhibiting with this project. We fully understand and appreciate that, in the spirit of social entrepreneurship, Enjuba is intended to be a for-profit business that serves a larger social mission. However, based on our analysis, we do not believe that there are any direct synergies between the artisan business and the youth social entrepreneurship education program as they currently exist. In effect, they are two separate enterprises loosely joined under the same organization, and ultimately, given their lack of alignment, they undermine Enjuba's capacity to serve either constituency effectively. Research and studies have proven repeatedly that successful social enterprises begin with strong to near-perfect alignment between their core mission and the venture they operate. This is not the case for Enjuba currently.

As with any business, passion is important, but discipline and focus are critical. Enjuba needs to honestly assess how it can align its highly limited resources around the highest priority goal of the organization. We believe that Enjuba needs to choose which enterprise (youth social entrepreneurship or artisan enterprise) it will focus on in the immediate term, recognizing that in a later phase, it may be able to fold in some of its other goals in ways that are more closely aligned with the organization.

BASIS FOR RECOMMENDATIONS

Project Pyramid Case Competition participants were asked to consider how Enjuba should begin to market its products and scale its model for social and economic growth. At this point in the organization's development, we believe that marketing and growth plans are premature given the nascent stage of the concept. Instead, *Enjuba's founders need to establish a clear and specific vision for the kind of social change the organization is trying to create, construct a sustainable business model designed to achieve that change, define the enterprise's value proposition, and make a simple yet compelling case for why Enjuba is uniquely positioned to create that change.* We will focus this memo on how to do exactly this.

Based on our analysis, we believe that Enjuba's organizational strengths, as well as its founders' passions position it to achieve greater success and social impact with the youth entrepreneurship education model than with the artisan business model. We therefore recommend that Enjuba focus on, in the immediate term, on the youth entrepreneurship education venture. Nonetheless, the following sections provide recommendations and actionable items for both of Enjuba's current enterprises.

YOUTH SOCIAL ENTREPRENEURSHIP EDUCATION

We believe Enjuba's youth education program is a great concept, and we feel that this should be the organization's focus for its first phase of development and growth. In the Enjuba company overview (p.4) it states that: "Enjuba's mission is to put forth a new approach in Ugandan classrooms, one that advocates for active learning, peer collaboration, and creative problem solving- the foundation for empowering the youth with the skills and mindset of an entrepreneurial thinker who will work to break the cycle of poverty and dependency in Uganda." It goes on to state that the program will "empower [the students] to tackle the biggest problems they face in their communities using a sustainable business model". This mission is the foundation upon which Enjuba could build a model that cultivates and finances innovative BoP enterprises, developed by young people, derived from the skills and capabilities of the local communities, and designed to meet the specific unmet needs of these communities. In the long run, this model could allow Enjuba to meet both of its primary goals, entrepreneurial education and enterprise creation, in a powerful, synergistic way. Below are considerations and recommendations for expanding upon the model that Enjuba's founders have already created.

BUSINESS MODEL

Phase One: Entrepreneurship Education Program

Curriculum considerations

- **Teaching methodology:** What methodology is the organization using? Can it leverage resources from Vanderbilt University to strengthen the sustainable enterprise creation curriculum? Articulate why Enjuba is uniquely qualified to start this program and why its curriculum is uniquely suited for success.
- **Teaching partnerships:** Can Enjuba partner with an organization that is already in the youth entrepreneurship education space to add credibility and reduce the strain on Enjuba's limited resources? Consider National Foundation for the Teaching of Entrepreneurship (www.nfte.com) and Ashoka's Youth Venture (www.ashoka.org/youthventure).

Process/Implementation considerations

- **Teaching model:** Is there a plan in place for scaling the teaching model? Consider a train-the-trainers model, a virtual computer-based model (NFTE may have resources to facilitate this), or a "visiting faculty" model where teachers from the U.S. could teach on a semester or year-long rotation.
- **Quality assurance and sustainability:** Create a plan for sustaining the program in schools over time while assuring the quality and consistency of the teaching outcomes.
- **School identification:** Identify the key criteria for choosing the schools and communities to work with as the program scales.

Impact Measurement recommendations

- Define indicators upon which to measure the organization's impact (# students reached, # new ventures launched, etc).
- Measure for quality, consistency, and outcomes – all three affect funding and social impact.

Value-add recommendation

- Consider creating Youth-to-Youth connections between social entrepreneurship education in high schools in the US and Uganda (example: LearnServe: www.cie-wis.org). This could be potentially powerful for both the Ugandan youth and the US youth. For example, maybe U.S. high school youth could serve as a distribution channel for a venture created by the Ugandan youth.

Phase Two: Enterprise Creation

This phase of the Enjuba program will focus on supporting students who have completed the entrepreneurial education program, have played an active role in the creation of Enjuba Social Entrepreneur Club's social venture, and who now have the passion and commitment to start their own enterprises. Enjuba's role will include enterprise incubation and consulting services. The framework that we suggest Enjuba uses as a starting point is the BoP Protocol (www.bop-protocol.org), and we will outline the key points of the framework below, tailored for Enjuba's role in the process.

Step One: Opening Up

Capabilities and Needs Assessment: Enjuba will guide the young entrepreneurs through the process of identifying the skills, capabilities and resources of their own community, as well as the most important needs of their community. A useful methodology for this process is to supply the student with a camera and allow him/her to spend some time photographing and/or videotaping scenes that depict the capabilities, needs and values of the community.

Business Idea Generation: Based on the capabilities and needs identified during the assessment, as well as the consideration of new skills and competencies that the community plans to develop, Enjuba and the entrepreneurs will work with community members through a brainstorming session in which a list of

potential business ideas are generated, and ultimately a single idea is chosen to move forward with. We recommend that Enjuba encourages the youth to create businesses that serve a local need, thus increasing the value to the community, and developing a network of locally-owned, sustainable enterprises.

Step 2: Building the Ecosystem

At this stage, Enjuba would work to bring in partners to help provide the resources and funding required for the business idea, from the private, public and/or non-profit sectors. At this stage, it is critical to map the skills and resources that already exist in the community for the business idea, as well as the skills and resources required from outside partners. This will inform the search for appropriate partners.

Step 3: Enterprise Creation

Upon the successful formation of partnerships, Enjuba will be ready to move into the Enterprise Creation phase. A small-scale version of the enterprise will be designed in collaboration with all partners, including a team of community members led by the Enjuba entrepreneur. The progress of the pilot venture should be carefully tracked, and the business model should be modified as necessary. Upon successful completion of the pilot test, the enterprise will be formalized by defining the governance structure, and ensuring that profits are fairly distributed amongst all stakeholders.

FINANCING

Phase One: Entrepreneurship Education Program

We believe it makes sense to fund Phase One through grants, with the goal to eventually make this a self-sustaining social enterprise. Several grant-making and support organizations that we feel would be particularly appropriate for this type of program include:

- Echoing Green (<http://www.echoinggreen.org/>)
- Youth Venture- the initial seed funding is only \$1000, but this is an excellent networking resource (<http://www.genv.net/>).
- World Bank– the World Bank has placed a particular emphasis on youth development and offers a variety of financial and non-financial support mechanisms for youth ventures (<http://www.worldbank.org/childrenandyouth>)
- Consider facilitating donors to sponsor individual students, US High School classes or clubs to sponsor individual students or entire classes, or connecting with the US's Future Business Leaders of America (<http://www.fbلا-pbl.org/>).

Phase Two: Enterprise Creation

“Uganda boasts the fastest-growing economy in East Africa, and is working to better the lives of its people by moving towards a representative government and laying the groundwork to establish a viable commercial market. Uganda's economy grew by 4% in 2003, and since 1992 some \$350 million in foreign investment has flowed into the country... As the relationship between the international business community and Uganda develops in scope and stature, plenty of opportunities are becoming available to Ugandan exporters as well as foreign investors, entrepreneurs and holiday travelers.”

(Source: <http://www.africa-business.com/features/uganda.html>) Given the improving economic climate in Uganda, it is feasible to consider that **corporations and venture capital firms** would be willing to invest in Ugandan enterprises that have been created in alignment with the particular capabilities and needs of local communities. Successful youth enterprises would be required to give a percentage of their revenue stream back to Enjuba for a certain number of years as compensation for Enjuba's incubation and consulting services – this revenue stream will help fund the Entrepreneurial Education Program. Enjuba can also look

to connect new ventures with grants and loans through globalgiving.org or kiva.org so that individual investors can connect directly with the youth enterprises.

ARTISAN BUSINESS

Should Enjuba choose to move forward with the artisan business, below is a set of action items, laid out in chronological order, which we suggest you consider before developing a marketing and growth strategy. The central message in this section is the importance of creating a clear value proposition for your customer, as well as understanding your target market and customers.

1. **Define the competitive advantage and value proposition of your product(s)** – Enjuba’s current product line consists of raw material imported from Kenya and Germany, and techniques and styles that are not indigenous to Uganda. Enjuba’s products need a stronger competitive advantage, one that highlights not only the skills of the artisans, but the natural resources and traditions of Uganda as well. In addition, Enjuba needs to clarify the products’ value proposition to create the link between the product, its attributes, and the qualities that Enjuba customers care about.
2. **Define and size your target market** – Who is Enjuba’s target customer and why? Is the customer someone who cares about sustainability or someone who cares about design? How big is the potential market? Who else is selling artisan goods to this market? Analyze Enjuba’s competition, why will someone buy Enjuba’s product over a competitor’s?
3. **Understand your target market** - What does Enjuba’s target customer care about? Conduct some focus groups or survey research with target customers. These surveys should capture customers’ perception of Enjuba’s product offerings as well as that of its competitors. Even self-identified “socially conscious” consumers are strongly influenced by factors such as price levels, competition, quality, and brand name. It is critical for the Enjuba team to fully understand and appreciate the complexities of a competitive marketplace.
4. **Strengthen the supply chain** - How can Enjuba create an efficient and sustainable supply chain which reinforces its core mission, aligns with its brand, and ensures profitability?
5. **Zero in on social impact** – How can Enjuba maximize the social value created through this venture? As discussed in our introduction, we encourage the business to think about social value that is directly connected to, or a result of, the business.
6. **Build your brand** – Infuse Enjuba’s product and brand with your customer value proposition. Create a logo which conveys the story of the artisan, feature the artisans on Enjuba’s website, and build a blog to provide updates about the individual artisans and their communities to each customer. Enjuba might look at how Global Giving provides project updates and offers RSS feeds for all of their investments.
7. **Leverage partners for distribution**- Enjuba should target online channels (such as etsy.com), retail channels (such as Ten Thousand Villages), or direct distribution through boutique stores. This is also where the organization might consider connecting with its social entrepreneurship goals in the future, such as distributing through youth entrepreneurship groups in the US.

CONCLUSION

The founders of Enjuba must be commended. While many people come up with great business ideas, few act upon them. Wil and Henry are true entrepreneurs driven by a singular passion to see their vision become reality. We admire what they have achieved thus far and what they will continue to achieve in the years ahead. It is our hope that at this early stage of Enjuba’s development, Wil and Henry will focus their sights on a single enterprise and cultivate it as thoroughly as possible. As that first enterprise grows, it may then be possible to pursue additional, yet well-aligned, goals. Focus is the hallmark of successful new enterprises, and we believe that with focus, the Enjuba concept has a far greater chance of success.

University of Michigan

Team Leader Andrew Taylor

Teammates: Luis Benavides, Derrick Pfeffer, and Rajesh Pillai

Marketing

It is understood that Enjuba has, in the past, attempted to market and sell other products, such as jewelry, but has chosen to stick with the leather because of quality issues in other projects. Currently, Enjuba is selling two styles of leather bags that both have fairly high prices which limits the number of consumers who are interested in bags and are willing and able to afford their products. The company can further diversify its products by exploring other leather items that would not face quality issues by keeping products within existing skill sets and will be less pricey, such as wallets, purses and smaller bags. This would encourage consumer choice and demand, and reach a wider consumer base.

Enjuba is a noble cause representing a new approach to social development. Currently, the only way to show support of this approach and the brand is to purchase a bag. However, brand awareness could also be gained through distribution of a high quantity of symbolic items which are cheap and easy to produce, that can be sold for a relatively cheap price or even given away. An example includes the white wristbands that are worn to support the ONE Campaign. Enjuba could also market a safety pin running through a yellow-orange bead representing the rising sun and empowerment. These beads can be easily made in Uganda – perhaps even from the children through a workshop that encourages creativity and being part of a social-enterprise effort – while the safety pins can be purchased in bulk for a small cost. In turn, many Americans who believe in Enjuba's mission but may not be willing to make a high cost purchase, can still support Enjuba by paying three or four dollars (price includes donation) for a symbolic bead-pin marketed by its non-profit branch. With this idea in mind, Enjuba could further consider launching an awareness campaign throughout colleges (starting through pro-active student groups), and market its symbolic bead-pin to students who care about the mission and culture that Enjuba represents. There should not be any problem with the burden of producing these items, or quality issues, since there is little to worry about besides simply rolling the beads out of clay and painting them yellow-orange, and pins present little quality concerns.

Enjuba should market itself through free online sites, including facebook, youtube, and myspace. For example, Enjuba could start a facebook group that would celebrate Enjuba's vision and promote its brand. Through the group, more students would become aware of Enjuba's brand, and if Enjuba particularly markets its safety bead-pin, these students would have an easy avenue to demonstrate their support through a low-cost and easy purchase. For example, a student who finds herself drawn to the culture of Enjuba may wish to buy a rising sun pin and wear it on her backpack for the rest of her school year. Many students may ask her about the meaning of the pin on her backpack, and she would then have the opportunity to further promote Enjuba through person-to-person contact. Enjuba should also consider posting its videos on youtube to further spread awareness.

The Enjuba bags should each contain an Enjuba logo that would be stamped on each bag, to further promote its brand. Enjuba should also consider “styling up” its bags so that they might fit closely with current trends in the market (while not losing its unique Ugandan artisan flavor). For example, Enjuba might want to research current fashion styles (particularly those that promote Africa), and also hold a series of small focus groups of American consumers to gauge what small changes can be made in the design that would improve its attractiveness. The reason why this point is so important is because, once the bags are identified as trendy, then Enjuba will see a sharp rise in its sales, as well as more and more people aware of the Enjuba culture and brand.

Enjuba is also represented by its education program. Awareness of this aspect of Enjuba is to team Ugandan high schoolers with high schoolers in the states. For example, students could exchange via email ideas that promote entrepreneurship that benefits the community. This is will be very attractive to the press.

Thanks to celebrities including Angelina Jolie, Madonna, and Bono, Africa is presently considered quite trendy in Hollywood. Enjuba could focus some of its efforts to finding avenues for targeting celebrities who would be willing to purchase their bags. While this may sound ambitious, the effort could be small (simply contacting various key individuals), and the returns of even one celebrity purchasing or endorsing a bag would be tremendous. Africa is considered “hot” right now, and celebrities would be more willing to support a vision that Enjuba promotes through a single purchase of one of its bags.

As a way to promote its products, Enjuba could team up with tourist companies (Ugandan, European, US, etc.) so that people can see the bags being made – a representation of local culture and empowerment - and make purchases before or after they visit the wildlife.

Scalability

In order to scale Enjuba should expand its customer base. An alternative distribution channel can be found in teaming up with corporations to showcase products as corporate gifts to its clients and employees. A lot of corporations sponsor gifts to their employees and clients and there is lot of scope in tapping this market. Corporations with strong corporate social responsibility programs would certainly like to be involved in a venture like this as it will enable the corporation to send a message to its clients, employees and customers that it cares about education and poverty reduction.

Varying the available products would also increase consumer demand and achieve economies of scope. The key here is to identify those leather products that would appeal to a wider variety of people. A product like a wallet would not be too hard to manufacture and is likely to be consumed more easily. A person may not be willing to commit \$100 for a bigger bag but may easily spend \$30 for a wallet, especially when he knows that the money is going to contribute to the community. Also, it is far cheaper to ship a wallet than a bag. Ten wallets could weigh as much

as a bag weighs- which means that there is a greater profit margin to be realized by making smaller products that are cheaper.

Enjuba should also appoint student ambassadors who would try to sell the bags in their colleges. We need people to champion the cause of the product – and who better than enthusiastic students to do that, and for free. These students would have targets of sales each month and the winners would win cash awards and other prizes that would be given away in a countrywide ambassador meeting that would be held every year. This would also look great on a resume. These incentives would ensure that there is enough competitiveness in the process and would instill a community feeling in the ambassadors.

Also to increase demand the website should have a feature that encourages people to send Enjuba gifts to loved ones, especially around Christmas. This would come with a beautiful compiled story and materials on Enjuba and what the sale of the product means to the people of Uganda. There would be a handwritten thank you note sent by the children to the person who has sent the gift.

The market could be expanded by selling bags in Europe, which will also make higher profit margins since shipping costs would be lower. Enjuba should explore markets like Europe which are closer and where people perhaps have a slightly higher awareness of African issues and social responsibility.

Enjuba should also link up with other non-profits based in Africa to achieve economies of scale. When human welfare is a common goal, there is every incentive to link up with agencies with similar missions in order to explore economies of scale and increased sales.

Costs and Funding

In order to help fund Enjuba's marketing efforts and scalability and to ensure its sustainability it must reduce costs and find some alternative sources of financing.

Cost Reductions:

The US shipping fees have cost the company over \$1000. This cost can be eliminated by charging customers for shipping and handling.

Uganda to US shipping fees should be reduced by making less frequent but larger shipments, and by shipping smaller products. Given that shipping from Uganda to the US is only 3 days, the turn around time from order to delivery would remain well within an acceptable time frame.

Training is also expensive. For the time being, any additional training costs should be paid back by the artisans as a small percentage of their income from producing the bags. This way artisans

will only be paying for their training if and to the extent it benefits them financially, and at the same time will reduce Enjuba's costs and improve its cash flow.

The SIP, AGE and education programs are essential to Enjuba's brand and long-term sustainability. However, they represent a large share of Enjuba's costs. Instead, Enjuba should, at least temporarily, consider making the amount going to these programs contingent on net profits. For example, Enjuba could dedicate a portion of net profit to these programs that will then be divided up among the programs and amongst the artisans based on productivity. This way the financial sustainability and ultimately the success of Enjuba's mission is made primary, and artisans have more invested and incentive in ensuring that Enjuba becomes a profitable and sustainable organization.

The leather is the most significant single cost to the bags. In order to reduce this, a Kenyan should be hired to train the artisans on the procurement and production of leather. This vertical integration would significantly reduce costs and secure reliable and adjustable raw material supply.

Alternative Sources of Funding:

Enjuba should team up with local high schools to fund raise and organize awareness of issues facing Ugandan teenagers and how Enjuba is helping high school students there.

Enjuba should approach local religious groups and colleges to discuss donations and fund-raising presentations.

Enjuba should approach Vanderbilt and see if they would be willing to license school's name to place on the bags for sale on campus (or even co-brand with Enjuba). Enjuba should also offer to promote Vanderbilt in Uganda and play up the connection to the university.

Enjuba should seek small scale contributions for tools and materials from hardware and other relevant retailers/wholesalers.

Enjuba should approach retail stores for donations and design input with an eye to supplying the store with finished products (offered at cost or free to entice managers and gain shelf-space).



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Turning the Enjuba vision into a movement:



*I*ntroduction

With the Enjuba seed planted and the beginnings of a healthy business in place, Enjuba looks out upon an array of opportunities to continue growing its vision into a movement. Movements begin with a group of like-minded people who help germinate their ideas and work to lay roots. As those roots take hold, the core group spreads the message to their extended networks, expanding and strengthening the base. With this base firmly in place, the vision blooms into a movement that includes the broader culture. This marketing plan offers a logical and clear path for Enjuba to lay its roots and grow into a movement.

*P*hase I (0 to 12 months) – Demonstrating the Enjuba Vision

Enjuba's firmly planted roots open a path to reach the existing community of socially aware consumers who actively look for worthy causes to support. We recommend that Enjuba create partnerships with other socially conscious businesses to take advantage of this market and to demonstrate Enjuba's value while building strategic relationships.

Entering the market – Universe

In this phase Enjuba focuses on socially responsible businesses that use direct to consumer efforts, which have the ability to deliver the Enjuba products and their story to a well-informed consumer base. These businesses reach their customers through stores, catalogs and internet sites that concentrate on selling high quality goods produced by empowered artisans.

Enjuba should measure the success of using these 'easy win' market channels by tracking the number of new partnerships established, the number of market research opportunities pursued, and the number of bags sold. Since the artisans form a powerful core in the Enjuba story, careful monitoring of their progress also provides significant benefits.

Retailers to contact:

- Fair Indigo
- Global Exchange
- Galam
- Hovica
- Vhaverra
- Mercado Global
- People Tree
- BTC Elements
- Ten Thousand Villages

Value metrics - 2008:

• Artisans enabled	3
• Bags sold	500
• Revenue	(\$55,000)
• Invest in Community	\$4,000

Guerilla Approach - Advertising

Specialized media outlets provide a logical and free method through which to target socially responsible consumers. Early phase marketing should disseminate the Enjuba story through internet publications (like Ideal Bite and Treehugger), interviews on college radio stations and short articles for local newspapers written by supporters.

In order to ensure that the full value of the Enjuba model carries through to social customers, Enjuba may place an elegant piece of recycled parchment within each bag with the artisan's story.

Setting the stage – Path

As this simple approach develops initial consumer demand, this creates an opportunity to ramp up the artisan training program. The rising demand will also draw more traffic to the website, increasing its importance to Enjuba. This requires a smooth functioning shopping cart, and it also gives Enjuba the opportunity to use the website to gather customer feedback and test responses to potential new products.

As the product delivery channel matures, we recommend that Enjuba contact Co-op America and the Fair Trade Federation for advice on how to reach out to this niche consumer base through the National Green Pages and as an exhibitor at Green Festivals.

Phase II (13 to 36 months) – Expanding Enjuba's Base

In the next phase, Enjuba will continue to grow toward the larger market of socially responsible consumers and fortify the infrastructure for long-term growth. We recommend that Enjuba branch out the marketing strategy to include consumers who rely on traditional retail channels. These new channels allow for optimal growth while Enjuba continues to expand.

Organic growth of the market – Universe

Expansion during this phase focuses on developing a distributed sales force who work on a sales commissions. Many businesses leverage this model through college students who earn a set commission on each item sold. The Net Impact community, United Students for Fair Trade and other socially responsible groups provide Enjuba with a readily available pool of capable and socially aligned sales talent. These sales channels will require a portable sales kit, which explains the Enjuba mission and story. The college sales force can use this kit in people's homes, at religious congregations, at college student meetings and at national conferences to both sell Enjuba products and educate the consumers about its mission and successes. The sidebar shows the elements that form the core of a mature sales kit.

In addition to the student sales force, other members of the Enjuba family should now start speaking about their experiences in Uganda. The development team and the design students could best deliver the Enjuba message through speaking tours which offer a tangible delivery

Sales Kit Contents:

- PowerPoint or video of Enjuba story
- Images of the Uganda artists making their bags
- Detailed photos of each bag
- Price sheet
- Order form

Value metrics - 2010:

•Artisans enabled	10
•Bags sold	5,000
•Revenue	\$132,100
•Invest in Community	\$40,000
•Social Innovators	67

channel and draw press that translates into free advertising. Example speaking venues include the Global Exchange's speaker bureau, college campuses, churches and the Green Festival.

Print – Advertising

As the Enjuba story takes on new dimensions and demonstrates success, Enjuba can approach mainstream publications like O Magazine, Fast Company, and fashion magazines. Enjuba may also try to garner radio spots with NPR and other socially conscious outlets.

Shaping the movement – Path

The growing media attention and demand now start to offer opportunities to strengthen operations. Specifically, Enjuba will benefit from fuller alignment with accepted fair trade practices which translate into broader appeal and improved relationships with this large business community. Partnerships across the social business community often involve shared links between websites by which consumers can easily browse between product classes while knowing they are within a trusted framework.

As a result of the growing market, the website will gain more traffic; furthermore, the website offers an ideal environment to experiment with new products and artisan videos showing artisans before their involvement with Enjuba and the ways in which the movement has changed their lives.

Phase III (37 to 60 months) – The Enjuba Movement Blossoms

With a solid model for value creation in place, the Enjuba vision now completes the metamorphosis into a movement. This transition occurs through maturing relationships with large scale retailers and engaging all available consumers in the mission. The core value of the Enjuba marketing plan and the social elements of the Enjuba vision will start to bear fruit as this phase develops.

Broaden the market – Universe

The momentum established in earlier phases now allows Enjuba to open pathways to luxury designers. These relationships could not be created earlier in Enjuba's development because they rely heavily on the quality and reliability of the products that Enjuba is selling. Enjuba must be able to show the luxury designers that socially responsible consumers would be interested in their private-label production of Enjuba products. All of the actions performed and relationships created in phases I and II now provide ample proof of the beneficial nature of a partnership between Enjuba and the potential luxury brands.

Once the partnership has been created with these luxury brands, Enjuba should include a URL on the tag and explore multi-media marketing approaches. Multi-media options would include small CDs or flash drives placed

Luxury Brand Partners:

- Edun
- Oprah
- Prada
- Gap
- Gucci
- Coach

Value metrics - 2013:

•Artisans enabled	22
•Bags sold	17,500
•Revenue	\$705,300
•Invest in Community	\$280,000
•Social Innovators	350

inside each bag to show the consumer the creation of the bag by an Enjuba artist. The Enjuba story, which has always been included within the bag, now matures into a brochure updated with all the latest successes at Enjuba.

Mass Media – Advertising

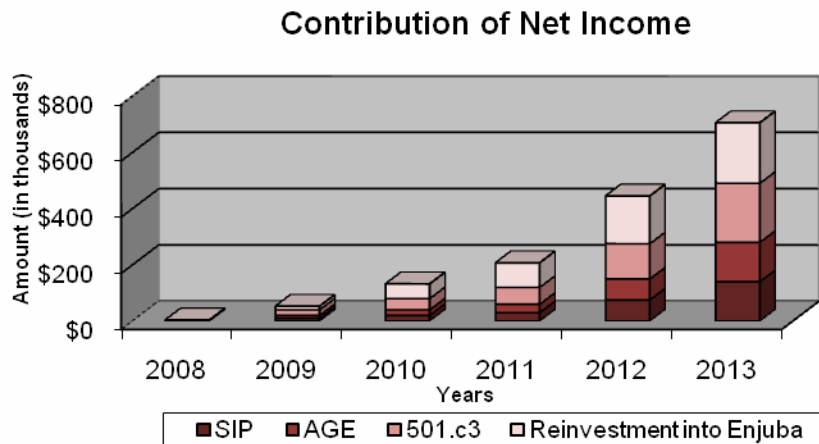
As success grows, Enjuba gains the ability to cross over into more mainstream media. These media outlets focus on carrying the Enjuba story through interviews on shows, increased radio exposure, and support from socially active celebrities. In this phase, Enjuba may see an overwhelming number of opportunities and as a result Enjuba will need a system to assess the benefits and optimize the value of different advertising options.

Harvesting Value – Path

The growth into a larger social business also comes with new opportunities to optimize the operational aspects of Enjuba. Primarily, benefits flow from developing apprenticeship programs that contribute to the Enjuba story and further refinements on the website to balance story delivery with smooth transition to product purchase.

Now, product delivery through socially responsible channels like Fair Trade finalizes and Enjuba starts to enjoy benefits as others emulate the Enjuba model for creating quality products focused on holistic value creation.

The value of the business also allows Enjuba to grow activities in the education program and to further realize the Enjuba movement and story.



Sharing the Value :

•As the following bar chart shows, the opportunities here offer a practical and achievable path toward an Enjuba that honors the vision while efficiently transitioning into a movement to 'see the world differently.'

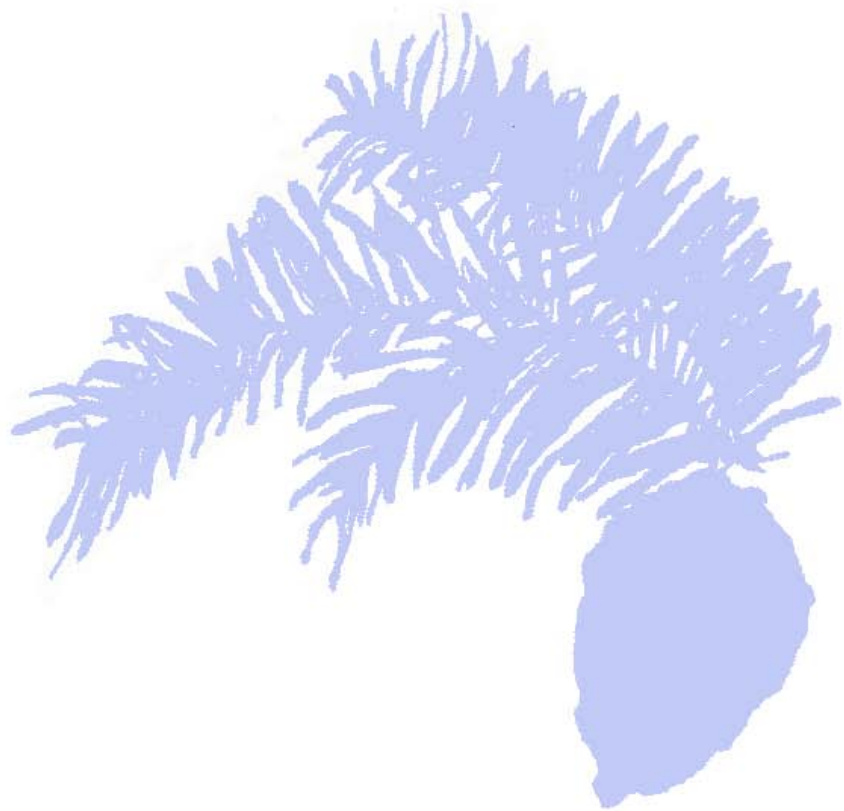
From Vision to Movement

All of the opportunities outlined here offer Enjuba a path that grows from the budding vision into a mature, well-organized movement. As Enjuba advances from the early process of demonstrating value through the expansion phase and into a full movement we offer an array of choices to enhance the creation of value through the Enjuba mission. This mission benefits from the continued bold and honest leadership of the company. Enjuba naturally draws social

support, and the strategy outlined here leverages this strong foundation to organically grow the business and realize the Enjuba mission.

Thank you for this opportunity to share in the movement and offer value to the Enjuba family,

Merwet Team - 🙌🙌🙌





enjuba

See the world differently

<u>Success Metrics</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Artisans Enabled	7	10	14	19	22
Number of Bags Sold	2,500	5,000	7,500	12,500	17,500
Revenue	\$52,800	\$132,100	\$207,200	\$444,900	\$705,300
Investment in Community	\$20,000	\$40,000	\$60,000	\$150,000	\$280,000
Social Innovators	33	67	100	208	350

Enjuba Solution 2007



The Social Mavericks

Kenan-Flagler Business School, University of North Carolina, Chapel Hill

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<i>Challenge</i>	<i>Customer</i>	<i>Product</i>	<i>Pricing</i>	<i>Sales</i>	<i>Growth</i>
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The Challenge

Enjuba's challenge is to grow into a sustainable business that can support Ugandan artisans and fund the savings, lending, and educational programs. It is essential that Enjuba generate profit, to ensure this model for social and economic change is sustainable. Within the past fifteen months, Enjuba has made great progress developing a business model and talented core of artisans.

It is essential that Enjuba expand its target market, create a collection of bags tailored to the target market, improve and increase distribution channels, and develop a plan to effectively promote its products. Finally, as Enjuba scales its business model, it must simultaneously refine and extend its organizational structure to ensure continued success and growth.

For maximum social impact and sustainable growth, Enjuba should employ a two-tiered approach to building the business. **2007-2008:** Augment Enjuba's retail web sales, allow Enjuba to grow gradually and plan strategic entry into the wholesale market. **2009:** Increase production, and launch wholesale business. **2010:** expand market share and plan for steady growth.

The Target Market: The LOHAS¹ customer

We believe that Enjuba will appeal to LOHAS customers of all ages. Enjuba does not need to specify a target age range, because the products are not age-specific. Because of their tremendous buying power, and the ageless appeal of Enjuba bags, it is crucial that Enjuba's target market include the baby boomers. Jeff Hilton of IMG describes the LOHAS customer as:

Usually female, mid-40's, above-average household income and well educated. They are attuned to global issues of peace, fair trade, and a sustainable environment and economy. They dislike materialism and hedonism. They distrust the media and are attracted to alternative

¹ "LOHAS is an acronym for Lifestyles of Health and Sustainability that refers to a demographic defining a particular market segment related to sustainable living, "green" ecological initiatives, and generally composed of a relatively upscale and well-educated population segment. Author Paul H. Ray, who coined the term "Cultural Creatives" in his book by the same name, explains that "What you're seeing is a demand for products of equal quality that are also virtuous"" Wikipedia, 10/03/2007

healthcare and natural solutions. They enjoy foreign travel and cultures. They distrust big business and seek to build the power of individuals through spiritual growth and personal development. In marketing terms, this translates to an important tenet. Cultural Creatives buy with their hearts as well as their heads. It is not enough to convince them, they must also believe in what you are saying and selling. They support companies that are making a sincere difference to the world. Not every company will be able to connect with these demanding consumers, but those who do will often have a loyal customer for life.

Enjuba is an ideal company for the LOHAS consumer, particularly because of the story behind the product. In order to capitalize on that appeal, Enjuba's next step is to create a well-designed collection.

The Product

We strongly recommend that Enjuba offer a matrix of 7-10 different bags in at least 5 different colors, updated every fall and spring. Research and interviews show that retailers expect to have a range of seasonally relevant designs to choose from, in a variety of current colors. Enjuba can easily expand the line without sacrificing quality as long as the new designs are of a similar construction.²

By creating a cohesive collection, Enjuba will capture a wider range of consumers. A wealthier consumer who is profoundly moved by Enjuba's story will be more willing to buy a pricier item, while a lower-income consumer can buy into the Enjuba story at a lower price by purchasing a coin purse.

Design talent is an extremely important investment, underscored by our research and industry experience. We recommend that Enjuba hire a freelance designer with a proven history

² An adequately diverse collection would include the messenger and tote bags you currently produce, as well as an additional style in each of those categories, and a shoulder strap purse or two, a wrist strap clutch, a coin purse, and a wallet.

of success, who understands the Enjuba look.³ The designer will need to travel to Uganda to work directly with the artisans to develop the new designs each season. These biannual visits will also empower the artisans to develop their own creativity. A fledgling firm needs an experienced designer who will remain with Enjuba long enough to maintain the congruity required to build a strong brand.

Pricing

Enjuba's current pricing structure prohibits sustainable growth. All costs must factor into pricing, including salaries for Enjuba's managers. Through market research we have determined that the retail price point of \$120-\$150 per bag is reasonable. From this starting point, we were able to work backwards to determine the breakdown of the input costs to arrive at this sale price⁴.

The main challenge will be sourcing inexpensive local raw materials. \$30 is much higher than industry standard prices for leather and findings. Enjuba should hire a trustworthy local consultant to determine true prices and bargain with suppliers. As artisans increase efficiency and productivity, they will be able to decrease production time, enabling lower labor costs.

The education program should depend more heavily on donations than on income from sales. Small-scale production cannot support the weight of the entire non-profit program and remain competitive in the marketplace.

Sales Positioning

The most effective way for Enjuba to gain visibility and wholesale sales is to participate in trade shows. By showing at key trade shows, Enjuba can make valuable connections (and sales) with buyers, increase visibility, gather feedback, and ultimately find a sales representative.

³ This designer may be found by advertising in the trade papers, but you may have better luck at a trade shows. Many up-and-coming designers produce and show their line while also doing freelance design work.

⁴ See Appendix for charts based on our financial forecasts, which space does not allow.

By visiting a variety of trade shows, Enjuba can select the best shows in which to participate.⁵ On these visits, Enjuba can research competition, traffic, opportunities and show requirements. Enjuba should also seek input from those in the industry including other vendors, buyers, and sales reps. Any fair-trade or LOHAS-oriented shows that come up should be on the schedule as well.

Promotion

Promotion will focus on two areas during the initial stages: increasing brand awareness among LOHAS consumers, and building loyalty among those who have already purchased an Enjuba product. It is important that Enjuba create a feeling of loyalty among customers. We recommend including a prepaid postcard with each bag. The card will explain that each person who returns it will receive a handwritten note from an artisan. Customers on this list can also receive updates on new products, discount coupons and invitations to special events.

We recommend that Enjuba create a press package, featuring attractive photographs of the bags and a high-quality brochure describing the Enjuba story. This should be sent to media outlets targeting LOHAS customers, such as Mother Jones, Utne Reader, Grist, and Treehugger.

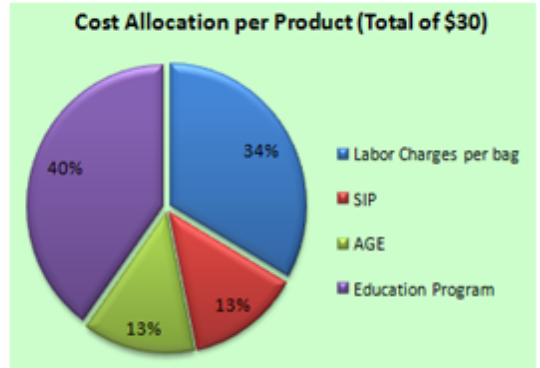
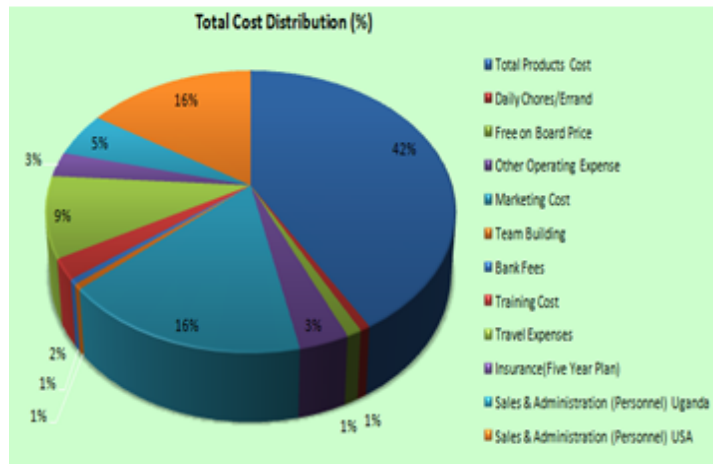
Growth

Enjuba must plan for slow steady growth in order to sustain operations. First: focus on the retail business while planning for entry into the wholesale market. Secondly: enter the wholesale market and augment and refine the production process. Third: expand market share in both the wholesale and online markets.⁶

⁵ As Enjuba's accessory products could fit into both fashion and gift shows, Enjuba should evaluate opportunities at both venues. Appropriate shows to evaluate include: the New York International Gift Fair, Los Angeles Gift Fair, Magic show in Las Vegas, and the Accessorie Circuit show in New York, the most important trade show for high-fashion accessory designers.

⁶ Based on our research and industry experience, considering all probable cost factors and a ratio of 3:2 sales (retail:wholesale), maximum profit that can be realized in 5 years is \$493,133. The cost detailing was laid out to predict a realistic growth for Enjuba.

Line Items for Cost	2008	2009	2010	2011	2012
Sales Target - Bags	720	2400	4800	8400	12000
Bags per Month	60	200	400	700	1000
Raw Materials	\$ 14,400	\$ 48,000	\$ 96,000	\$ 168,000	\$ 240,000
Cost of Production					
Labor Charges per bag	\$ 10	\$ 12	\$ 12	\$ 14	\$ 14
SIP	\$ 4	\$ 4	\$ 5	\$ 5	\$ 6
AGE	\$ 4	\$ 4	\$ 5	\$ 5	\$ 6
Education Program	\$ 12	\$ 12	\$ 12	\$ 14	\$ 14
Subtotal	\$ 30	\$ 32	\$ 34	\$ 38	\$ 40
Total Products Cost	\$ 36,000	\$ 124,800	\$ 259,200	\$ 487,200	\$ 720,000
Daily Chores/Errand	\$ 600	\$ 1,200	\$ 1,200	\$ 1,200	\$ 1,200
Free on Board Price	\$ 864	\$ 972	\$ 1,296	\$ 1,296	\$ 1,392
Other Operating Expense	\$ 2,880	\$ 9,600	\$ 14,400	\$ 25,200	\$ 36,000
Marketing Cost	\$ 14,275	\$ 17,415	\$ 19,357	\$ 22,450	\$ 26,375
Team Building	\$ 500	\$ 500	\$ 800	\$ 1,000	\$ 1,500
Bank Fees	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Training Cost	\$ 2,000	\$ 3,000	\$ 3,800	\$ 4,500	\$ 6,000
Travel Expenses	\$ 8,000	\$ 8,000	\$ 8,500	\$ 9,000	\$ 10,000
Insurance(Five Year Plan)	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Sales & Administration (Personnel) Uganda	\$ 4,500	\$ 8,340	\$ 13,080	\$ 21,000	\$ 33,000
Sales & Administration (Personnel) USA	\$ 13,600	\$ 23,400	\$ 37,700	\$ 72,900	\$ 92,400
NET REALIZED COST	\$ 86,219	\$ 200,227	\$ 362,333	\$ 648,746	\$ 930,867
Projections					
Retail Sales	432	1,440	2,880	5,040	7,200
Projected Price per bag	\$ 120	\$ 130	\$ 135	\$ 140	\$ 150
Revenue from Retail	\$ 51,840	\$ 187,200	\$ 388,800	\$ 705,600	\$ 1,080,000
Wholesale Sales	288	960	1,920	3,360	4,800
Projected Wholesale Price per bag	\$ 60	\$ 65	\$ 68	\$ 70	\$ 75
Revenue on Wholesale	\$ 17,280	\$ 62,400	\$ 129,600	\$ 235,200	\$ 360,000
Donations		\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Total Estimated Revenue	\$ 69,120	\$ 269,600	\$ 538,400	\$ 960,800	\$ 1,460,000
Estimated Profit	\$ (17,099)	\$ 69,373	\$ 176,067	\$ 312,054	\$ 529,133



2007 PROJECT PYRAMID CASE COMPETITION



ENJUBA MARKETING & SCALE-UP STRATEGY

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Shaping Leaders, Driving Results

October 2007

EXECUTIVE SUMMARY:

Developing and empowering artisans and youth

Considering the brand that Enjuba has created, how should it begin to market its products and scale up its model for social and economic growth? Our recommendations include two levers—customer and agents of change. We recommend a set of strategies to adopt over a seven year period to scale-up a sustainable operation.

In the short-term, we strongly recommend improving the existing distribution channels (the website) and investing a small amount in IT infrastructure. Specifically, the website does not follow leading practices adopted by efficient and successful online retailers. A small investment in software and development are *strictly* necessary for Enjuba to establish and maintain its emotional connection to its customers. A simple Access Database should be built and the company should use an off-the-shelf accounting software package, for example Quickbooks. Skilled U.S. university students are an excellent source of cheap labor for software development and validation. Google spreadsheets are not acceptable because they are not secure and they cannot produce reports.

In the medium-term, we recommend that the U.S. based staff develop relationships with retail outlets (online and brick & mortar) in order to increase customer orders. The objective is to gain volume orders from select retailers where there is a concentration of a target customers—socially conscious buyers, for example, university students, “Whole Foods” shoppers and their children. In anticipation of higher demand, we recommend creating an apprenticeship artisan program, which is directly integrated with Enjuba’s core mission of creating social entrepreneurs who are agents of change.

I. Market analysis and competition overview

Market analysis:

Below we are providing some elements, not presented in any particular order of priority, that Enjuba should consider in developing its marketing strategies:

- Enjuba can raise capital in the USA and invest it in Uganda and benefit from the purchasing power of a stronger USD versus the Ugandan Shilling (1.00 USD=1,740.00 UGX).
- Business interruptions (e.g. recent power shortages) and economic risks such as inflation.
- Practical training is crucial, given Uganda’s low adult literacy rate of 67 percent and high level of poverty.
- Quality control and compliance with U.S. safety laws is crucial.
- Enjuba’s business model is based on one basket of goods. Product diversification would keep Enjuba in business in the event when the other line of business is not meeting expectations. We recommend that Enjuba diversify its product offerings, but continue to focus on leather goods such as wallets and belts.

Competition overview:

The main competitors of Enjuba are of three types:

- Fair trade product retailers, e.g. Ten Thousand Villages, Mercado Global and Fair Trade Indigo. Enjuba needs to differentiate itself from the competition by providing higher-quality products, design and style offered at affordable prices.
- Well established leather good companies, e. g. Coach has a wide array of new & stylish designs – from footwear to bags, belts & accessories; trendy.
- Fashion brands like Esprit – which offers leather bags as part of its accessories line.

II. Business strategy

Positioning and target market:

Besides quality and price, Enjuba's differentiation will also rely on proving to consumers that they are buying more than just the products. The positioning slogans should reflect the intrinsic value embedded in Enjuba's products. On the long-term, a slogan like "Look Smart, Stay Green, Own Enjuba™" conveys a message of authenticity and social responsibilities that can win hearts of those who care about social and environmental global issues.

Emphasis should be on the intrinsic value of the products. Targeting and segmentation can be done through the creation of pilot markets to test the market acceptance level of products. We think that would be better achieved by reaching out to the following prospects:

- University/college students and young professionals who are less sensitive to the price. Consideration should be oriented to big metro-areas such a D.C, Los Angeles, New York City, Boston, Atlanta, San Francisco, Chicago, and the like.
- Socially conscious prospective customers: for instance, Enjuba can buy a list of those who frequently shop at Whole Food Market, send them catalogs or information about its products. Also we think that there are some celebrities who care about helping needy people. Enjuba could send them samples through their agents. Exposure to Hollywood could make a big difference for the promotion of Enjuba products.

Distribution channels:

Website: In the short term, we recommend creating a user-friendly website that enables customers to learn as much as possible about the products. The customer should have an extraordinary shopping experience.

- Ensure the website content reflects its marketing strategies.
- Include descriptions of bags, their sizes, prices, and more pictures. Acquire accreditation from a secure-payment provider, such as *Verisign*. Provide more payment options: credit cards, money order, Paypal, etc.

University stores: Enjuba's founders could work with their alma mater schools to test their product at these university stores.

Ugandan Airport duty-free stores and high-end hotels: these could be cash cows since customers traveling are willing to buy souvenirs or other attractive products that are not easily found in their home countries.

Scalability:

In the medium and long term, we recommend partnering with organizations where Enjuba can gain valuable technical information, customer knowledge, and distribution channels. For

example, a Fair Trade company called *World of Good* operates in more than 20 countries including Uganda. It does not have leather bags sold on its website, which is an opportunity for Enjuba. Another way of generating brand awareness would be a partnership with the *United Students for Fair Trade* association. We also highly recommend leveraging local resources and opportunities for partnerships. For example, Ugandan-owned Samaki Ltd designs and manufactures high-end innovative accessories and belts for the local market. Ultimately, Enjuba's effort to court a large retail buyer such as GAP will result in a 120 percent increase in revenue growth in 2014. We recommend GAP specifically because of its recent efforts to focus on "sustainable" issues, its connection with our target customers, and its existing warehouse and distribution network. Rather than a nationwide rollout, we recommend that Enjuba test sales of its product in select store in key "Whole-Foods" type markets, such as San Francisco, New York, and Chapel Hill.

Apprenticeship Program:

Uganda has no vocational schools to meet the growing demand for textile workers that has resulted from preferential trade status between Uganda and the United States under the Africa Growth and Opportunity Act. Enjuba should create an apprenticeship program that is an integral part of its youth social entrepreneurship program. The purpose of the program is to create a pool of social and economic entrepreneurs who acquire teamwork and leadership skills in the context of acquiring a valuable trade skill. The graduates of the program will ideally become Enjuba artisans.

Apprentices Climbing the Socioeconomic Ladder

- Master artisans become leaders by teaching valuable skills to young adults.
- The program enables potential entrepreneurs to develop valuable trade skills and teambuilding skills that will result in a meaningful boost in their lifelong income-earning potential.
- The alumni of Enjuba's apprenticeship program will be available to help the company meet high demand as it scales up production. This alumni group may also help the company address labor shortages during seasonal production cycles.
- The program may be structured to cover summer breaks, after-school hours, and/or holiday breaks. Another program benefit is that it keeps children engaged and off the streets.
- Create a network of loyal alumni recommend sellers by word-of-mouth.

Implementation

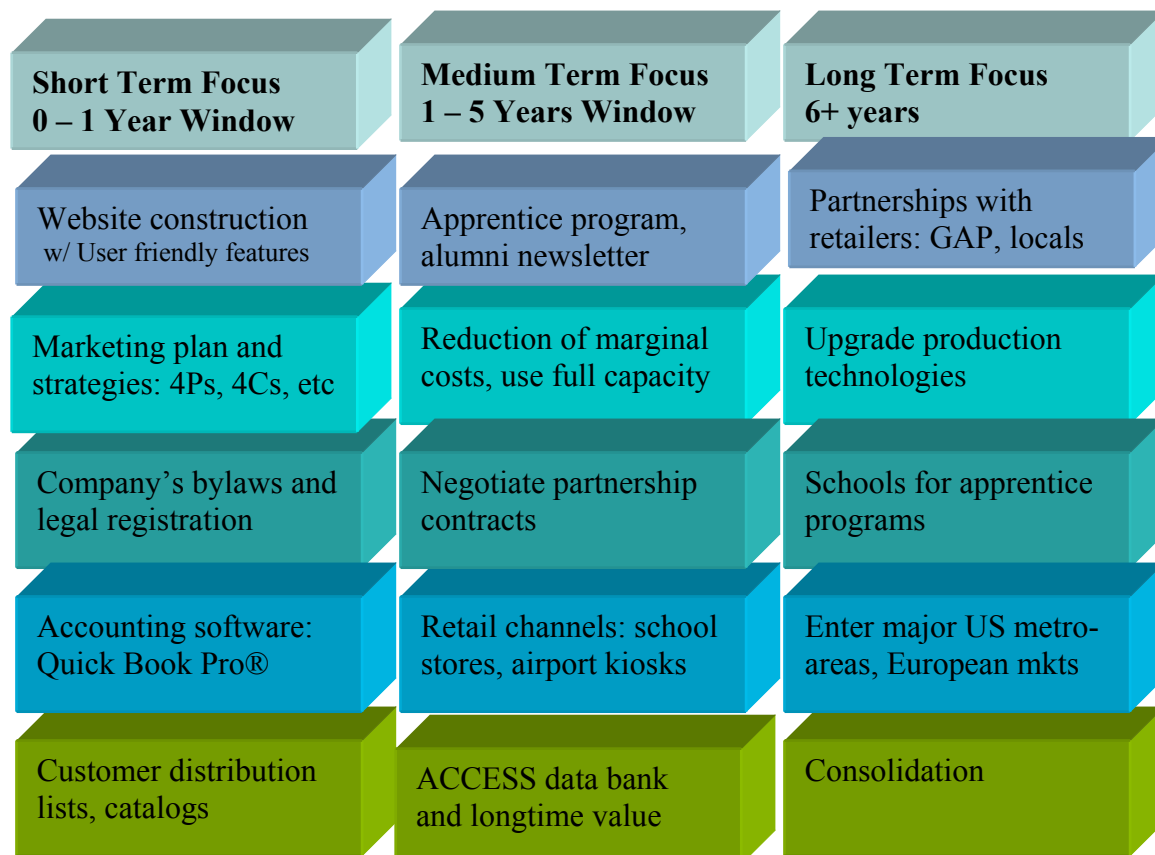
- Solicit foundation grant to fund incubator program: Foundation Levi's, Gap Foundation, etc.
- Create an incubator apprentice program by partnering with a local school(s), in the short term, rather than owning facilities. This will save on costs and will target an already established audience that has a goal of learning.
- Partner with local trade associations and NGOs to develop the incubator program.
- Scale up program based on evaluation results.

III. Financial performance projections

Our financial projections (*see appendix*) exclude costs not directly associated with the for-profit apparel company. In the first year, we assume that Enjuba will sell 100 bags through university bookstores or similar venues and continue to grow online sales as word-of-mouth raise brand awareness. Over the medium-term, we expect robust sales growth as Enjuba establishes strategic relationships with retail outlets and increases its online store sales. The revenues projected are solely based on the sale of products and do not take into account any grants or donations. The big chunk of costs is allocated to artisans compensation assessed at USD 23. This cost includes unitary product cost (\$10), SIP and AGE contributions (\$4 each), and an artisan bonus for each unit sold (\$5). In assessing costs, we assumed that costs incurred in the USA are higher than those in Uganda.

To increase the ROI, retain artisans, and promote entrepreneurship, we recommend that Enjuba sell machines to artisans on a 24-month instalment plan. Loan repayments are included as income in Artisan fees. We are add warehousing expenses for inventory carrying costs. Manager's salary is initially tied to sales growth, then increases with inflation.. Enjuba trademark registration cost is \$325. Our plan will result in sales growth of 80 percent in the first year, 40% in the medium term and 8% in the long term. By 2014, we expect Enjuba to secure orders from the GAP and/or other major retail outlets, resulting in a sales growth of 120 percent for that year.

IV. Timeline of Enjuba Strategic Platform



Appendix : Financial projections

Annual Income Statement

in constant US\$ unless noted otherwise

		Medium-Term					Long-Term	
	2008	2009	2010	2011	2012	2013	2014**	2015
Sales Growth		80%	40%	40%	50%	50%	120%	8%
Sales Revenue	60,000	108,000	151,200	211,680	317,520	476,280	1,047,816	1,131,641
Cost of Goods Sold	31,000	55,800	78,120	109,368	156,114	234,171	497,713	537,530
of which: Shipping Costs per bag	9	9	9	9	6	6	4	4
Labor Compensation per bag	23	23	23	23	23	23	23	23
Material cost per bag	30	30	30	30	30	30	30	30
Gross Profit	\$29,000	\$52,200	\$73,080	\$102,312	\$161,406	\$242,109	\$550,103	\$594,112
Contribution Margin (% of sales)	48%	48%	48%	48%	51%	51%	53%	53%
# Units Sold	500	900	1,260	1,764	2,646	3,969	8,732	9,430
% change		80%	40%	40%	50%	50%	120%	8%
Number of Master Artisans	3	6	8	10	13	17	22	29
% change		100.0%	30%	30%	30%	30%	30%	30%
Average Price per bag	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120
Average Monthly production per Artisan	14	13	13	14	17	19	33	27
Operating Expenses								
Warehousing (U.S.)	\$360	\$360	\$360	\$720	\$720	\$936	\$1,217	\$1,582
Product Design	\$2,000	\$4,000	\$5,200	\$6,760	\$8,788	\$11,424	\$14,852	\$19,307
Selling General and Administrative								
Uganda manager salary	\$5,000	\$9,000	\$12,600	\$17,640	\$26,460	\$29,106	\$32,017	\$35,218
Backoffice:								
Software Development & Website	2,000	500	500	500	500	500	500	500
Bank Fees	250	450	630	631	631	632	633	633
Administrative, legal fees, & licenses	1,000	1,267	1,436	1,627	1,898	2,214	3,100	3,183
Insurance (inventory)	810	1,058	1,281	1,594	2,061	2,842	5,477	5,875
Promotions (sum of)	1,930	4,776	5,942	7,575	10,184	14,391	29,128	31,321
Samples/Catalogs	310	1,860	1,860	1,860	1,770	1,770	1,710	1,710
Trade Shows / Sales Trips(U.S. domestic sales trips)	1,000	1,800	2,520	3,528	5,292	7,938	17,464	18,861
Other Promotional Costs	620	1,116	1,562	2,187	3,122	4,683	9,954	10,751
Enjuba trademark	325	100	100	100	100	100	100	100
Total Operating Expenses	\$13,675	\$21,511	\$28,049	\$37,147	\$51,343	\$62,146	\$87,023	\$97,720
(Provision for) Inventory loss expense	\$15,500	\$25,110	\$31,248	\$38,279	\$46,834	\$58,543	\$99,543	\$80,629
Operating Income (Loss)	(\$175)	\$5,579	\$13,783	\$26,887	\$63,229	\$121,420	\$363,538	\$415,762
Other Revenue								
Artisan fees	\$914	\$1,814	\$1,532	\$1,423	\$1,903	\$2,553	\$3,854	\$4,723
2-yr Installment Loan (Sewing Machines (@ \$150)	839	1,679	1,343	1,158	1,506	1,957	2,545	3,308
Rejected bags (material costs)	75	135	189	265	397	595	1,310	1,415
Income before Taxes	\$739	\$7,393	\$15,315	\$28,309	\$65,132	\$123,973	\$367,392	\$420,485
US corporate taxes at 35%	\$259	\$2,588	\$5,360	\$9,908	\$22,796	\$43,391	\$128,587	\$147,170
Net Income	\$481	\$4,805	\$9,955	\$18,401	\$42,336	\$80,583	\$238,805	\$273,315
Net income (% of sales)	1%	4%	7%	9%	13%	17%	23%	24%

** Assumes major order from GAP or other retailer in 2014

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Introduction

Enjuba has a strong foundation of principles and ethics as well as a good base of products and ideas from which to build upon. Based on our understanding of Enjuba's current market status, Enjuba has had successes as well as problems with its current business model, in which Enjuba remains a company without strategic alliances that could boost sales. Enjuba's sales have been made primarily through friends and family as well as random hits to Enjuba's website. Moreover, some of Enjuba's products have had quality issues, which resulted in significant losses. Enjuba's founders realized that they needed to concentrate on one product line in order to minimize these losses. Thus, Enjuba decided to produce only two designs of leather bags in order to build up sales and their brand image. With the past summer spent working on their mission while their website was shut down, Enjuba is currently in a position to incorporate a strategic marketing plan that will help grow product demand, brand image, and net profit.

In developing a strategic marketing plan, Enjuba is at the stage where it needs to define its target market and competitors, exploit its competitive advantage, and implement marketing and distribution methods in order to succeed within the global economy. First, this report will present an analysis of the industry in which Enjuba is operating. Second, this report will identify potential market segments for Enjuba's products. Finally, we will present what we feel is Enjuba's best option to expand and grow its business, exposing two other flawed options that Enjuba should be aware of.

Industry Analysis

Enjuba is competing in the upscale market of the leather handbag manufacturing industry. This market segment has low price sensitivity. This means that raising or lowering the price of a handbag does not have much of an effect on sales. Consumers in this market segment are more sensitive to quality of materials, quality of finishing, design, and brand image¹. Fashion and seasonal trends are also a demand determinant in this segment and should be considered in bag production.

Enjuba adds one more dimension that most leather handbag producers do not: social entrepreneurship. Socially conscious customers are willing to pay a premium for products that include socially and environmentally responsible practices. These customers are concerned with how cost premiums are used to improve the life quality of artisans. Strict certification labels (*i.e.* Fair Trade Certification) have made it easier for consumers to discriminate among sustainable and conventional products, becoming an important part of brand recognition in this market segment². An additional and important factor to consider is the consumer preference to purchase products that come from familiar, well-known geographical areas.

By combining both market segments the upscale and the socially conscious, Enjuba has identified a niche market in which consumers may purchase expensive and unique products that portray a differentiated image and offer authentic stories that they can share with family and friends. While competing in these market segments, Enjuba has to consider the following key industry factors:

- Levels of disposable income of Enjuba's target markets.
- Sourcing of high-quality and/or certified materials.

- Fashion trends and seasonal demand.
- Impact of certification labels in market growth.
- Transparency and accessibility of information about Enjuba's price premium use.
- Importance of product diversification.
- Availability of zero or low tariff agreements such as Continuity of the African Growth and Opportunity Act.

Enjuba's should also pay attention to its competitors, learning and even collaborate with them, since rivalry among socially responsible businesses is low. Competition for Enjuba includes a variety of organizations. Enjuba's competitors do not operate solely in Uganda markets, but throughout Africa and other various parts of the world such as Nepal and Peru. Many websites can be easily found that sell fair trade leather bags that pose a direct threat to Enjuba's model. A close neighbor, Ethiopia, has an ambitious, and so far successful, plan to market high-quality leather products under the Taytu brand³. Ethiopia is one of the largest producers of leather in the world and they have some of the finest suede and Taytu is capitalizing this competitive advantage to the fullest.

Enjuba arbitrarily set the price of a leather handbag at 120 dollars as explained by the founders on the conference call. We believe that in order to correctly set a market price Enjuba should first consider the breakdown of the average US leather bags shown below.⁴ After pricing the leather bags according to the industry standard Enjuba can then add the premium to support its education programs.

Component	Percentage
Materials (leather, buckles, zippers)	42%
Wages (Artisan, SIP, AGE)	26%
Utilities, S&H, other	16%
Profit and brand growth	16%

Strategies for Enjuba to Consider

The first option to consider is that Enjuba's products are too expensive therefore the price needs to be cut in order to wholesale to larger stores throughout the United States. This approach would allow Enjuba to appeal to a broader range of customers and would make selling the bags easier. This option seems good at first but upon further consideration it is easy to see that it erodes everything that Enjuba has worked to create. By lowering the price of the bags Enjuba would be diluting the brand value for a market that has already been shown to be insensitive to price. Another glaring problem is the high competition that Enjuba faces from lower cost countries that have established leather bag industries. This competition would make it almost impossible to compete in this industry considering the leather used in the bags is imported from Kenya and therefore faces currency and market risks.

The second option Enjuba could consider is a strategic partnership with the many Fair Trade companies and organizations around the world to enable easier global reach and sales. Organizations and networks like 10,000 Villages, the Fair Trade Federation, Coop America, the Social Venture Network, the Aid to Artisan Trade Network, Child Health Site, and the One World Projects would be great outlets for Enjuba's products. The main positive point to this

strategy is that Enjuba would be able to realize revenues and could possibly be able to promote its website by noting that the artisans work for a community formed company. The downside to this strategy is that these organizations would limit Enjuba's brand exposure and it would be hard to grow the brand in the direction that Enjuba envisions.

The last and most feasible and beneficial option is a multi-folded approach that uses Enjuba's vision and ideas to differentiate its products in order to be more attractive to targeted niche markets of high-income individuals who are interested in supporting social causes.

First, in order for Enjuba to be competitive on a global scale it needs to recognize that the Fair Trade label is just one of the many certifications that are necessary to make an international standard of quality. By not having this certification, customers unfamiliar with Enjuba would not know that Enjuba's products were made by fairly paid artisans. This is like banking with a bank that is not FDIC (Federal Deposit Insurance Corporation⁵) insured. Once a part of a global community of Fair Trade businesses, Enjuba should further distinguish itself from the competition based on its social goals and achievements. Our team feels that one of Enjuba's most powerful competitive advantages is the stories of the Uganda artisans. Enjuba should ensure the connection between customers and artisans on a very personal level as means of establishing customer loyalty as well as helping promote Enjuba's mission. Thus, we highly recommend a website component in which artisans, or the Ugandan project manager, can update their "stories" on a weekly basis through a blog-like format. When a customer purchases a product, they could receive a card or an email explaining who produced the product and providing a link to the personal page of the artisan. By giving transparent information of artisan's day-to-day life as well as narratives on the benefits he or she receives from being part of Enjuba will differentiate themselves in the Fair Trade community. In addition, Enjuba could include interviews in video format allowing the customer to hear and see who they have helped in purchasing this product.

In addition, we feel that Enjuba needs to effectively target two different markets, religious organizations and universities with graduate level programs. Marketing and selling bags through religious organizations will be both lucrative and effective. Church goers in the United States are individuals that fit Enjuba's prospective customers. They have medium and high levels of disposable income, care about social responsible practices, and like to promote networks and share histories. Fair trade groups have already realized the deep pockets of church goers and have reaped the benefits of the small fairs that are put on every few months⁶. Enjuba could use databases created by companies that identified the importance of targeting American churches to foster business growth⁷. Marketing through churches has been successful even for the Republican Party, which recently saw how advantageous marketing their platform in churches was and won the last two presidential elections because of it. By making contacts and relationships with the leaders of these national and sometimes international religious communities, Enjuba should target religious institutions in New England, the Northeast, and California because these places have the highest levels of disposable income in the United States⁸.

Our team also thinks that universities with graduate programs, especially business programs because of their required corporate social responsibility classes and Net Impact chapters, are an

excellent potential market for Enjuba's products. Special emphasis should be put on faculty members, since they could use Enjuba's stories in their classes which would drive students and their families to Enjuba's website to find out more about the company and its work in Uganda, driving more sales and recommendations.

Next Enjuba needs to address its product line. By studying the route that Taytu of Ethiopia took to become internationally known in the fashion industry for its leather bags and accessories, one will notice two strategies. First, they had a strong team of designers that combined unique designs with the indigenous high quality of Ethiopian leather to distinguish itself in the global market. Second, it focused its efforts on the upper echelons of the fashion world instead of going for a bottom up approach. This would be a tough task to replicate; however, some components of their business model can be applied to Enjuba. Enjuba could enlist the help of a philanthropic fashion designer to create a line of very high quality fashionable products that would distinguish its brand among the many leather bag and ethnic apparel manufacturers around the world. By tapping into the reputation and status of a fashion designer, Enjuba can enter into a niche market that has plenty of available money to spend on products that make a difference in the lives of others.

In summary, we believe that Enjuba's marketing strategy should incorporate the following: 1) Target two niche markets, religious organizations and schools with graduate programs, in which people with disposable income place importance on social responsibility; 2) Use a strong web sites to build brand identify, consumer awareness, and share artisan stories through blogs or online journals in order to connect each unique customer's needs with the lives of artisans; 3) Gain Fair Trade certification in order to attract buyers that place importance on social responsibility; 4) Tap into a philanthropic fashion designer in order to differentiate the product line and open doors to the fashion world.

Conclusion

In conclusion, we believe that Enjuba could experience exponential growth as they incorporate a strategy that allows for such growth. The strategy we have proposed incorporates Enjuba's core values while allowing for profits to increase. Specifically, Enjuba can move past barriers to entry of specific niche markets by gaining Fair Trade Certification as well as tapping into markets with significant cash flow by collaborating with partners in the fashion industry and religious organizations. In addition, diversifying market segments allows Enjuba to reduce risks as well as form additional partnerships with important organizations in religious, charity, and non-profit sectors. Finally, increasing customer-artisan connections through personal blogs, videos, cards, etc. will increase customer loyalty as well as create a "buzz" among customers as they speak to friends, colleagues, and neighbors not only about the new product they have purchased, but the new friends they have gained in Uganda.

¹ IBIS World Industry Report, Other leather and allied product manufacturing in the US, June 2007

² "Moral Views of Market Society;" M. Fourcade and K. Healy; *Annu. Rev. of Sociol.*, 2007. 33:285-311

³ Taytu, <http://www.taytu.com/>

⁴ IBIS World Industry Report, Other leather and allied product manufacturing in the US, June 2007

⁵ Federal Deposit Insurance Corporation, <http://www.fdic.gov>

⁶ http://www.traidcraft.co.uk/get_involved/churches/how_churches_help/fair_trader_stall.htm

⁷ <http://www.americanchurchlists.com/Search/acl-1/ACL.htm>

⁸ "Disposable personal income by state and region;" *Survey of Current Business* v86.10; Oct 2006; 121

Enjuba: Building Brand and Sales Volume

Presented by:

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Executive Summary

Thank you for the opportunity to provide ideas for growing Enjuba. In reviewing Enjuba's achievements to date and plans for growth, we recommend that in order to increase the quantity of bags sold, decrease reliance on private contributions and provide artisans and their families with consistently reliable earnings, Enjuba should seriously consider the following:

- Development of a concise mission statement easily understandable to potential customers
- Creation of a strategy to engage customers, both pre- and post-purchase, with a focus on grassroots marketing that, through collateral materials, targeted press releases and presence at relevant festivals, personalizes the impact the program has had on people -- artisans, entrepreneurs and their communities.
- Inclusion of your own story: 2 college students who believe that change is possible. This is a unique and inspiring 'hook.'
- Brand bags with a Ugandan feel through use of a traditionally patterned cloth lining.
- Application for both Fair Trade certification and increased grant funding.
- Development of a retail sales plan that focuses on sales to imported-goods boutiques.

Mission

Enjuba exists to promote the development of current and future Ugandan entrepreneurs.

Since its inception in 2006, Enjuba has created:

- a fair trade market for leather bags made by a network of skilled Ugandan artisans
- a wealth-building savings and investment program which funds the professional growth of Enjuba artisan-entrepreneurs
- a Social Entrepreneurship program for Ugandan youth, that enables them to build the business acumen and vision to positively impact their own and the global community

Enjuba's next focus, as it continues to refine its existing programs, is on building a network of customers engaged in promoting positive change in the world and in their communities.

Message

High-quality leather bags crafted by Ugandan artisans employed by the Enjuba entrepreneur network, are products to support because they have a three-fold impact on the communities in which they are made: they directly touch the lives of the artisans, their families, and the youth of their communities. Enjuba was founded by 2 college undergraduate students who believe that fostering sustainable change is a global responsibility.

Target Markets

Please see table on p.4 for Target Market recommendations.

Competitor Analysis

Enjuba competes against other fair-trade artisan groups, which sell hand-crafted bags from Africa for under \$40. They market products as environmentally or socially responsible; striking colors or indigenous materials identify their products as unique to their region of origin.

Competitors include:

- Unique Batik uniquebatik.us. Products are from Guatemala and Ghana and use traditional Ghanaian Batik printing on bags that sell for \$9-\$28.
- Sustainable Threads sustainablethreads.com. Bags use traditional motifs and sell for \$11-30. Five percent of profits reinvested into artisan communities. Website highlights coopamerica.com environmentally responsible certification.

Enjuba SWOT Analysis (Identification of Strengths, Weaknesses, Opportunities, Threats)

	Helpful (+)	Harmful (-)
Internal Origin	-Innovative business model -High employee ownership -Improved quality practices -Reliable in-country management -Dual-value to customers: material/moral -Unique Company Origin/Story of Founders	-Limited distribution channels -High cost structure; negative cash flow from operations and a reliance on donations -Small artisan product market in US -High cost of shipping low-volumes - Web page reliability - Lack of product variety
External Origin	-Growing market of consumers buying fair-trade products -Compatibility with baby boomer market -Partnership and grant opportunities with like-minded organizations -Mission compatible with grassroots advertising campaign	-Competition from fair-trade artisan groups selling hand-crafted bags for less

Enjuba bags do not currently have a traditional Ugandan look; leveraging that, they should be marketed as classic bags that will never go out of style, thereby appealing to affluent empty nesters. However, to appeal to other markets and to better brand the bags, we recommend incorporating a Ugandan feel by using Enjuba clothing designs as patterns for bag linings.

To build trust with new customers and promote its core values, Enjuba should consider applying for certification from associations such as IFAT, the global network of Fair Trade Organizations.

When customers buy an Enjuba bag they also support entrepreneurship and small business growth in East Africa. When Mercy Corps sells flowers through its partnership with Organic Bouquet customers receive a card thanking them for their donation, thus psychologically increasing the value to the consumer since they are contributing to a cause in which they believe. Such a card would also educate consumers about Enjuba's mission, values and goals.

Enjuba needs to find markets that can accommodate high-quality, high-priced bags. Fair trade food products have experienced tremendous growth because they have established themselves outside of the fair-trade niche; likewise, Enjuba should target a more mainstream audience. Enjuba should augment current distribution channels and approach high-end imported-goods boutiques not focusing solely on fair trade products.

Outreach Strategies

Retail Partnerships. Socially responsible boutiques and fair trade outlets are key channels. Several suggested partners include:

- **Recommended Retail Launch Location: The Black Cat Gift Shop** (Philadelphia, PA, 1 block from U.Penn.). Socially responsible, upscale Earth-friendly/fair trade boutique. Manager Eric Tucker is interested in viewing Enjuba products, (215) 386-6664.
- **A World Away** (Atlantic Beach, Fla.). Promotes Fair Trade practices, partners with developing world artisans organizations. Owner: Lori Armstrong (904) 247-4411.

Marketing Partnerships

- **College Newspapers (starting with private universities).** To date, a substantial portion of Enjuba's sales have come via word of mouth and positive press. Outreach to college papers to pitch the Enjuba story will provide a direct communication with youth clientele.
- **Net Impact university chapters.** Leveraging its national conference participation, Enjuba should contact Net Impact chapters nationwide, with a press packet outlining Enjuba's story and asking chapters to assist through releasing information to area media.
- **Fair trade websites** including A Greater Gift agreatergift.org and Global Exchange store.gxonlinestore.org/vendorinfo
- **Blogs** including charityfocus.org/blog/view acumenfundblog.org socialedge.org

Festivals & Fairs

Our recommendations include Ayllu, Inc., which organizes Vermont-based Muna Fest and World Fair Trade Day and the **New Orleans Jazz and Heritage Festival**, attended by 375,000 over 2 weekends in April and May, and hosting over 50 booths with global art, handcrafts, and accessories. Also key: **Spoletto**, Charleston, S.C.; **Union Street**, San Francisco; **South by Southwest**, Austin, TX; and NYC, **Green Apple Music & Arts**.

Strategy & Timeline

Description	Financial Implications	Timeline
Grassroots Strategy: geographically-targeted media outreach through universities & Net Impact chapters, online channels.	Low cost investment of time and resources and high payoff.	Contacts established within 3 month timeframe.
Artisan-focused Collateral Materials to insert in shipped product and for other publicity.	Contact Recommended provider: Service Web Offset, Chicago, IL swoc.com ph: 1-800-621-1567	1-2 months.
Outreach to Target Market & more mainstream audience through Retail and Marketing Partnerships, Festivals & Fairs.	Retail Partnerships: retailer margin ~40-60% of cost. Festival/Fair costs includes booth fees of \$200-500, transport, and lodging.	Estimated 6 month implementation timeframe.
Grant Funding	\$310k for the 2 grants identified	USADF – six-month process. Echoing Green '08 Deadline: 12/3/07.
Instill bags with stronger Ugandan feel through traditional cloth lining	Minimal cost consisting of purchase price of cloth	1-2 months
Apply for Fair Trade certification	For sales under \$100k, cost is \$E200 + monitoring fee (IFAT reqs: sales income must be 50%+ of total income.)	Membership frozen-should resume in 9/07

Project Pyramid Case Competition Submission – Round 1

The Wharton School, University of Pennsylvania

The Impacters

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Broad Strategic Approach

We recommend a two-phase marketing strategy. The strategy is based on our evaluation of the two most important constraints on Enjuba's ambitious growth prospects: (1) a difficulty raising product awareness without significant spending on marketing and (2) a need to gradually raise production levels. To explain the first constraint, often start-ups must cut the margins on their production lines razor thin to maximize their spending on raising awareness of their product and brand. Specifically, they spend generously on advertising and sales force development. By virtue of its principles Enjuba doesn't have such a luxury. The very purpose of the company is to keep a large proportion of the final sales cost in the hands of the artisans, and in their community through education programs. Massively inflating overhead costs in America (sales and advertising) while correspondingly slashing production costs isn't a feasible option. To get around this constraint while still achieving large sales growth we recommend selling directly to buyers from high end retailers who make large volume purchases. This requires no expensive advertising or bulky sales force. But buyers are a picky lot. They demand a high quality, high consistency product which can be delivered in high-volumes quickly. If a buyer from Sacks Fifth Avenue, for example, wanted 1,000 bags delivered in two months, all indistinguishable and all made to the same exacting specifications, Enjuba wouldn't currently be able to meet those needs. This brings in constraint number two. Training new artisans takes time. Training new artisans to make consistent, high-end products even more so. Therefore, in order to gain a sufficient base of sales which allow for the training of a sizeable production team, we suggest marketing to 'progressive' customers in the short-term. We believe they can be reached with low (or no) cost advertising, and those inspired by Enjuba can help the company grow.

	Current (Next 3 months)	Short Term (3-24months)	Medium Term (2 – 5 years)
Artisans	15 – 25	25 - 50	50 – 200+
Bags sold yearly	500	500 - 2000	2000 – 10000+
Key Target Segment	Extended friends and family – increasing awareness through word of mouth	Progressives – socially conscious consumers moved by Enjuba's message who have sufficient disposable income	Higher end market – customer looking for unique high quality bags who appreciate Enjuba's mission and efforts
Key Distribution Channels	<ul style="list-style-type: none"> • Direct selling • Enjuba website 	<ul style="list-style-type: none"> • Enjuba website • Partner Organizations (e.g. Teachers Union) • Online aggregator stores 	<ul style="list-style-type: none"> • Large up-market chains which make sizeable purchases from Enjuba

Short-term Marketing Plan: Preaching to the Faithful

Our short-term marketing plan for Enjuba in essence focuses on enhancing what the company has already been doing to date: finding inexpensive ways to reach out to people who will likely be inspired by Enjuba's story, and might possibly be enticed to buy products and spread the word. A solid network of friends and family seem to have been very accommodating early on. And gaining free access to hundreds of socially-conscious MBA students through a case competition was certainly an inspired idea. But where to go from here?

Building on the word of mouth concept, we suggest creating a two-tier network of partner 'distributors': inspired individuals who sign up as volunteers, and groups with overlapping missions who are allotted a token fee for each bag sold. For illustrative purposes we'll take as examples an activist student (undergraduate or graduate), and the National Education Association (NEA) teachers union.

Students are a natural choice as idealistic individuals who as dependents often still have sufficient disposable income to purchase bags. They often have free time and a desire to champion causes. Potential student volunteer could be reached through campus newspapers, existing social-impact or Africa-focused clubs, and classes in international development. Particularly in urban markets with significant socially-conscious populations, for instance Washington DC, Seattle and Atlanta, these volunteer student distributors can also place fliers (such as the 8x10 advertisement appended) in city venues friendly to Enjuba's progressive mission, such as Whole Foods supermarkets and liberal coffee shops. The fliers then lead interested people to the website where they can buy bags and find out how themselves to become a 'distributor'. Distributors wouldn't ever hold inventory, they would facilitate sales.

Separately, the NEA's mission of promoting education excellence dovetails nicely with Enjuba's own youth empowerment program. The teachers union might for that reason be receptive to a request that they advertise Enjuba's efforts and mission to their members. Teachers who bought a bag specially designed for carrying the things they need for school could be offered a short curriculum to share with their students about the efforts Enjuba is making to promote community, savings and education in Uganda. The NEA could be offered a small distributor fee per bag (\$5-\$10), and perhaps if a minimal sales target was met those bags could be branded with the NEA logo alongside Enjuba's. With a membership of 3.2 million educational

professionals across the country only a very small portion of NEA's members would need to buy bags to meet Enjuba's short-term sales targets.

We also recommend chasing some free PR in the short-term. Enjuba has already had some limited success with this, such as a feature on *insidevandy.com*. Candidate publications which might run stories on Enjuba include in-flight magazines on airlines that service Uganda, like Emirates's *Open Skies* and British Airways' *High Life*. Additionally, niche publications such as *Dwell* and *Organic Life* which target socially conscious progressive consumers might be happy to include features on Enjuba. Building on the NEA concept, getting favorable articles published in magazines that feature 'gifts for teachers' could be a real boon. To round out the examples, a unique angle for a PR pitch could be to highlight Enjuba's use of synchronization through Google calendar. Many tech publications such as *Wired* are hungry for unique copy on the vaunted search-engine company and might therefore carry Enjuba's story.

During this first phase we recommend testing the market with the current \$100 price tag. If sales are overly sluggish, then experimenting with a price of \$75 may be called for. Once a price has been advertised it's always easier to reduce it than to raise it. Moreover, price can be considered one of the levers to achieve the key requirement of managing demand in the short term. It must be high enough to facilitate growth in the production team, but not too high that orders can't be met by well-trained artisans. Without advertising or paid salespeople there will be a limit to how much low cost awareness efforts will be able to drive. However, we believe the sales will be sufficient to at least allow a transition toward manufacturing bags for large orders from retailers. The price to retailers should likely be raised, perhaps \$125-\$150.

Scaling Up Production

At this point a few words about scaling-up production and increasing quality assurance are important before we transition to our medium-term plan. While staying true to its mission Enjuba will have to bring in many new artisans and find a way to ensure quality improves. Considering the current goods are being produced by only a few passionate hand-picked artisans that is a daunting task. We recommend an apprentice program to train new artisans. Such a system allows apprentices to learn while they earn in a structure which empowers them to become the next generation of entrepreneurs and leaders. Meanwhile, masters are empowered to grow as individuals, artists, leaders and entrepreneurs as they teach others and

build teams and communities. The high growth rate Enjuba envisions requires that about 50% of graduated apprentices become masters and themselves take on new apprentices. This model can also be used to train office managers such as Aaron. In fact, building these management skills on the ground will be vital for the organization as it grows.

An empowering way for the organization to address quality issues is to establish Quality Circles where artisans meet regularly to discuss quality concerns and improvement opportunities. This tool is not only powerful in its ability to bring about change, it is also ideal for building community and promoting self-leadership.

Medium-term Marketing Plan: Outsourcing Distribution

Assuming issues related to production and quality are sufficiently addressed, in the medium-term Enjuba should start marketing to high-end retailers. This requires a very different pitch from selling to motivated progressives. As mentioned, buyers for retailers are highly concerned with quality, consistency and timely delivery. They're also sensitive to fast changing trends in sizes, colors and patterns. Certainly Enjuba's efforts in areas such as sustainability, empowerment and community will be a selling point the stores can eventually use to market the bags to customers. But they are unlikely to be of primary concern when Enjuba must make an initial bulk sale to the stores themselves. To make these first few initial sales, therefore, we recommend calling in some professional help. Aid to Artisans is a nonprofit organization which specializes in connecting small companies of artisans in developing countries with high-end retailers. They have an incredible track record of facilitating growth and have developed an remarkable network of committed buyers. They also provide assistance for companies such as Enjuba to successfully feature their wares at buyer conferences such as the premier *New York International Gift Fare*. Funding for the consulting work provided by Aid to Artisans could likely be provided by USAID Uganda's Private Sector Export Enabling Program. The program is specifically designed not to interfere in the running of the companies it assists beyond an application for grant money up front. Once the first few large volume orders for bags are placed, then Enjuba can start the process over again with other products such as belts and sandals, starting-up initial production by selling to the network of active, progressive customers the company has established with bags, and ideally eventually securing new retail contracts.

WHAT'S YOUR BAG MADE OF?

MADE IN
UGANDA



36% Empowering youth through education

41% Supporting local artisans

10% Improving access to credit

13% Building a sense of community

100% Helping break the cycle of
poverty and dependence in Uganda

See our innovative process and
purchase our products at

 **Enjuba.com**

Recommendations for Enjuba

TEAM TRIAGE

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Current Situation:

- Enjuba is currently only selling direct to customers through word of mouth, rather than selling through higher volume retail or online channels.
- Enjuba's marketing message is compelling, but complex. This message needs to be conveyed more clearly to the customer.
- Enjuba's nonprofit education initiative is underfunded and there is no clear synergy between it and the company's retail business.
- Enjuba's designs do not have a unique appearance to set them apart from competitors.
- are troublesome. If Enjuba were to expand before adequate quality control, the brand would quickly lose any customer support gained through marketing and other efforts.

Marketing Strategy:

- **Develop and expand sales channels (immediate)**

Enjuba should expand distribution outlets via two channels: online and retail.

Retail: Enjuba should meet with owners of socially conscious boutiques to see if they might be interested in carrying the Enjuba line in their stores and to seek feedback on whether their designs are compatible with consumers' tastes. One way of reaching out to some of these boutique owners would be to attend a vendor event where owners select styles for the next season. Enjuba should also join Coterie in NYC – where young designers market their clothes and accessories twice a year to buyers (both small boutiques and larger department stores).

Online: Enjuba should use the "Fulfilled by Amazon" program in which Amazon manages online store, order fulfillment, warehousing, billing, returns, and customer support, and use Amazon Webstore for branded website. Some costs will increase, but at this stage this will be the quickest way to bring the Enjuba line to market. It will help Enjuba to:

- ✓ Introduce products to more buyers with access to millions of active customer accounts. (Enjuba bags will come up when customers search Amazon for handbags.)
- ✓ Take advantage of a robust, proven e-commerce technology platform
- ✓ Minimize time, money and hassle of shipping in-house with order fulfillment services
- ✓ Pass on cost savings to customers with shipping discount programs
- ✓ Outsource post-order customer services for returns and refunds
- ✓ Manage sales transactions and inventory levels online

The following shows costs associated with using Amazon vs. the current costs associated with selling 500 bags in one year. While there is an increase of \$1,439 for these services, the added exposure from the Amazon marketplace is likely to increase sales more than enough to make up for the difference.

Costs for selling through Amazon vs. current equivalent costs¹

	Amazon	Current
Commission to Amazon	\$ 3,500	
1 year of subscription services (website)	\$ 719	\$ 1,500
Amazon Marketplace 1 yr	\$ 480	
Handling fees	\$ 1,400	\$ 5,500
Annual storage fee	\$ 2,340	
Total	\$ 8,439	\$ 7,000

- **Establish Enjuba brand (immediate)**

Capitalizing on the trendiness and public awareness of African issues and philanthropy will be a successful way for Enjuba to increase the popularity and consequently, the sales of their bag and other potential future products.

First steps

- ✓ Enjuba's products must have a logo that represents the company and its ideals. A subtle, but cool logo that does not interfere with the "Uganda-ness" of the bag will help self-advertise the product and identify the consumer as the owner of "an Enjuba bag." (For example, the "I am not a plastic bag" bag has become very popular and very easy to recognize with its distinct message.) We suggest having a metal logo that is also made in Uganda. The finish should blend with the styling of Ugandan bags, and alongside the logo should be a hand-stitched tagline. The tagline should be something that people will notice and ask about thus making it a trigger for word of mouth advertising, E.g. it could be in native Ugandan like the name Enjuba. Custom tag-lines for gifted bags (similar to laser-engraving in Ipods) will be a good future extension of this and can help justify a pricing premium while also making these products uniquely personal.
- ✓ Uganda and Africa are important elements of Enjuba's work and will be key to developing its brand. Hence, it is important the consumers receive adequate information about the impact of their purchase is. All bags should include a well designed marketing placard with pictures and information about Uganda and

¹ Assumptions: 500 bags sold in one year, \$100 charged per bag, Bags weigh approximately 2 lbs, Each bag takes up 4 cubic feet of storage space and at least 100 bags will be stored each month.

<http://www.amazonservices.com/webstore/pricing.html> <http://www.amazonservices.com/fulfillment/pricing.html>

tells the story of the product, who made it, the role of Enjuba and where the money goes.

Future steps

- ✓ Enjuba should involve a professional designer (initially part-time) to broaden its offering with new bag designs that are a blend of Ugandan design and modern utility ideas. For example modern users in the US would need bags with pockets for phones, iPods and laptops - something that is probably not part of the traditional Ugandan bag design. A designer can also help Enjuba set up processes to ensure that all products meet a consistently high quality which is essential for building a valued brand.
- ✓ Enjuba should continue pursuing relationships with leading bag companies like COACH to explore opportunities for improving its brand recognition and getting exposure in the mainstream market.

- **Further market research to expand target customer (immediate)**

Enjuba should perform some market research in order to target males as well, while focusing on messenger bag for men and women. Feedback from socially conscious boutiques on consumers' tastes would be useful.

- **Further promotion (immediate)**

As Enjuba does not have the resources to widely market their products, the company should focus their efforts on a PR campaign, capitalizing on the current trend of social consciousness.

- Placement in Daily Candy, Lucky, InStyle – there's a good story here beyond the business itself; the fact that it was started by college students is compelling
- Socially conscious blogs
- Fashion oriented blogs (i.e. kaboodle.com, glimpse.com, etc.)
- Google links (might be able to get free internet exposure through a Google initiative to support socially conscious groups)
- Provide or sell bags to bagborroworsteal.com to create consumer awareness
- Approach local boutiques to create awareness among consumer and buyers (begin in local Nashville area and potentially move efforts to socially conscious areas such as Portland, OR, San Francisco, CA, etc.)
- Begin conversations with major upscale department stores about potentially doing socially conscious promotion featuring Enjuba handbags
- Showcase Enjuba products in fashion shows that emphasize on social impact, handicrafts or non-mainstream designs.

- **Seek partnership with other NGOs (Maybe – Not Now)**

World of Good Inc. works with artisan cooperatives worldwide to bring their work to the U.S. retail market. With a mission that is aligned with Enjuba's and an extensive network of distributors, including Whole Foods Markets, World of Good could be a valuable partner for Enjuba. Based on our research, World of Good does not currently sell leather tote bags (they do sell tote bags made out of other materials). World of Good's nonprofit partner, the World of Good: Development Organization, focuses on "strengthening standards for handcrafts in the international fair trade industry."²

Strategy to Scale:

- Management of the non-profit side of the organization
 - Apply for foundation grants
 - Delay growth until there's more funding available, either through bag sales or grants
- Stable and periodical production
 - Being a handicraft enterprise, scaling operations would be depend largely on managing operations involving a large number of artisans and possibly spreading operations to towns and villages across Uganda. Microfinance organizations such as Bangladesh's Grameen bank have shown great success in scaling operations by using a tier method and involving local people into running the organization. Enjuba should train its artisans to take on organizational responsibilities such as order tracking, quality control as well as leadership roles such managing employee growth, motivating artists, mentoring, maintaining culture etc. We believe that Enjuba's educational program will train leaders and mentors who will step up to these responsibilities. We recommend Enjuba take a deep look into other social organizations that have managed to successfully scale their human capital.
 - Enjuba should join the International Fair Trade Association (IFTA)³. The business aspect of Enjuba is very similar to other member organization of IFTA. IFTA's members promote business with focus on getting fair value to artisans from less privileged societies. IFTA provides Market Development Services that Enjuba can leverage, in addition to learning from the experiences of others in a similar line of business. IFTA has several member organizations from African including Uganda.

² www.worldofgood.com

³ http://www.ifat.org/index.php?option=com_content&task=view&id=37&Itemid=124

Project Pyramid Case Competition
October 7, 2007

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Executive Summary: The founders of Enjuba have succeeded in building the foundations of a social enterprise and are now confronting the challenge of generating sufficient demand for their goods, such that the income garnered can achieve its intended impact on the lives of Ugandan artisans and children. We believe that a three-pronged strategy will enable Enjuba to cement this foundation and achieve sustainability. This strategy consists of (I) developing relationships with boutiques and retailers through trade shows, (II) engaging art students in an annual design contest, and (III) progressively scaling up production and distribution capabilities.

Think about Enjuba as a business, not a cause. This will help the cause in the long run.

It is important to recognize that, in the eye of the consumer, Enjuba's competitors are not socially conscious vendors such as *10,000 Villages*, but rather vendors of leather bags and accessories, such as *Coach*. When deciding whether to purchase an Enjuba bag, a potential customer will likely be deciding between an Enjuba bag and another bag, and not between an Enjuba bag and an enamel box from India, for instance. Enjuba should therefore view itself not as a marketer of socially conscious goods, but rather as a marketer of leather goods. While Enjuba's mission does not factor heavily into a customer's purchasing decision, it will factor into her appreciation for the bag after purchase, which will translate into word-of-mouth marketing and loyalty to the Enjuba brand. In order to maximize the effectiveness of the Enjuba story, each bag should contain a small high quality color photograph of the artisan who crafted the bag, with a description of the person and Enjuba's philosophy on the back.

Action Plan for Building a Sustainable Enterprise

(I) Identify and Connect with Your Target Market:

Enjuba produces high quality, fashionable bags that appeal to middle/upper-middle class women with a worldly, urban look, between the ages of 18-55.

This is an expansive market. In 2006, the handbag market reached sales of \$6 billion. We estimate that there are 30 million handbags sold each year in United States within a price range of \$75-\$200. The challenge for Enjuba is to identify the channels that will most profitably deliver its products to the market. We identified four major distribution channels Enjuba could pursue to reach its market and evaluated each based on the size of its reachable market, its cost, and its margin.

- 1) **Internet:** This channel holds the potential to reach a large number of customers with low overhead costs, and thus achieve high margins. However, consumers do not like to purchase a hedonic item sight unseen, especially when made by an unfamiliar company. Enjuba would have to invest in advertising to reach customers and overcome this reluctance which would likely outweigh the high margins, making this an unfavorable channel.
- 2) **Retail chains:** Forming partnerships with stores such as Target, J.Crew or Wal-mart would connect Enjuba to a very large number of people, but would also result in lower margins since Enjuba would have to sell at wholesale prices. The cost of establishing and maintaining these relationships would also be high. It is unlikely that Enjuba has the capacity, even after an intensive scale-up, to provide the volume required by these outlets.
- 3) **Direct Marketing:** Enjuba could set up booths at farmers' markets or tables at public craft fairs, which would offer good margins, but would fail to reach customers as would be

needed to sustain the company. Each market or fair would require Enjuba staff to run the booths, and there are simply not enough events or staff to make this channel viable

4) Tradeshow: This channel provides access to a wide array of retailers and would allow Enjuba to best match its production capacity with potential demand. Boutiques and retailers would have the opportunity to view a prototype Enjuba bag and place an order. For fashion accessories, the lead time is generally six months, giving Enjuba enough time to build the required inventory. Each tradeshow costs a fee to attend, but has an average of 10,000 attendees shopping for goods. The margins obtained through this channel would be roughly the same as in the retail channel, except that boutiques will likely resell the bags at higher prices than the retail chains, thereby allowing Enjuba to increase its wholesale price. Because this channel involves more, smaller orders, per-order costs will be higher than in retail chains, but will allow smoother inventory management and distribution.

Based on this analysis, we recommend Enjuba pursue the tradeshow channel, while continuing its internet sales on the side. In this way, the company will form relationships with a range of small and large retail venues and will be able to let demand drive its production.

(II) Keep The Brand Alive By Keeping The Design Fresh: Successful marketers focus on delivering products that consumers want, not on pushing products onto consumers. For Enjuba to grow its customer base, it will need to adapt its product to customer needs. One way to understand potential customer needs is to engage them in the design process. We recommend that Enjuba organize an **annual design competition** at universities and art schools around the US to garner input from the target market and create buzz around the

“new” Enjuba bag of the year. Similar to an MBA case competition, where students are given a problem with specifications and must come up with a recommended solution, this design competition would describe the parameters of the Enjuba product (for instance, materials, size, and average production time for an article) and have design teams come up with a prototype. This contest would have the added benefit of greatly reducing Enjuba’s projected design costs, and could open up further partnership opportunities with schools, such as a semester abroad program for students to work with Enjuba artisans.

(III) Scale up Production, Distribution and Quality Control Systems: In order to implement this strategy, Enjuba should follow the timeline below:

	Year 1	Year 2-5
Marketing	<ul style="list-style-type: none"> ▪ Research and identify appropriate tradeshows. ▪ Attend 1 tradeshow and secure 20 orders. 	<ul style="list-style-type: none"> ▪ Expand tradeshow circuit (4 by year 5). ▪ Increase # orders per show and average order size.
Uganda scale-up	<ul style="list-style-type: none"> ▪ Maintain status quo. 	<ul style="list-style-type: none"> ▪ Hire additional manager. ▪ Recruit and train new artisans (50 by year 5).
Design contest	<ul style="list-style-type: none"> ▪ Build relationships with schools for design contest. 	<ul style="list-style-type: none"> ▪ Secure sponsor for contest. ▪ Launch and maintain design contest.
Admin	<ul style="list-style-type: none"> ▪ Secure funding (\$110,000) ▪ Maintain website. 	<ul style="list-style-type: none"> ▪ Maintain website.

We believe this strategy has the potential to establish Enjuba as a sustainable social enterprise. However, it describes slower growth than originally projected. We feel our assumptions more accurately reflect the challenges of entering a competitive market and growing a customer base. Note that Enjuba will not be in the black until the end of the third year of this strategy and therefore will need to secure \$110,000 in financing in year 1 in order to achieve scale.

Please see our exhibit for the financial implications that result from this action plan.

Financial Projections

					2008	2009	2010	2011	2012	2013
Assumptions										
# Tradeshows					1	2	3	3	4	4
# Tradeshows attendees				10000 avg attendees	10000	20000	30000	30000	40000	40000
# talked to					500	1000	1500	1500	2000	2000
# orders					20	60	120	150	200	200
# large orders (>80 bags)				100 avg bags ordered	0	3	12	23	40	50
# medium orders (30-100 bags)				60 avg bags ordered	3	12	30	45	80	100
# small orders (<30 bags)				20 avg bags ordered	17	45	78	83	80	50
total bags sold at tradeshows					180	1020	3000	4950	8800	11000
total bags sold online					20	30	40	50	60	70
total bags					200	1050	3040	5000	8860	11070
price					100	100	100	100	100	100
Revenue					20000	105000	304000	500000	886000	1107000
Scaling implications										
US Staff				\$30,000 annual FTE						
Sales (go to tradeshows)					0.5	0.5	1	1	1.5	1.5
Admin and fundraising					0.5	0.5	0.5	0.5	0.5	0.5
Contest					0.25	0.5	0.35	0.35	0.35	0.35
Web orders					0.75	0.5	0.15	0.15	0.15	0.15
Total US staff					2	2	2	2	2.5	2.5
Uganda										
Management				\$5,000 annual FTE						
Quality control					0.5	0.5	0.5	1	1	1
Recruiting/training					0.25	0.5	0.5	0.5	0.5	0.5
Purchasing					0.25	0.5	0.5	0.5	0.5	0.5
Total mgmt					1	1.5	1.5	2	2	2
Minimum artisans needed				20 bags/ month/ artisan	1	4	13	21	37	46
Shipping costs per bag					9	6	6	6	4	4
Material cost of bags					30	30	25	25	20	20
Margin to artisan					10	10	10	10	10	10
Total cost of bags					40	40	35	35	30	30
Costs										
Bag costs					\$ 8,000	\$ 42,000	\$ 106,400	\$ 175,000	\$ 265,800	\$ 332,100
AGE					\$ 600	\$ 3,150	\$ 9,880	\$ 16,250	\$ 31,010	\$ 38,745
SIP					\$ 600	\$ 3,150	\$ 9,880	\$ 16,250	\$ 31,010	\$ 38,745
Shipping					\$ 1,620	\$ 6,120	\$ 18,000	\$ 29,700	\$ 35,200	\$ 44,000
Website					\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Leather				included in material cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Machinery				should be from AGE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Education program				shouldn't donate until profitability						
Insurance					\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500
Administrative					\$ 5,000	\$ 7,500	\$ 7,500	\$ 10,000	\$ 10,000	\$ 12,500
Tradeshows fees				\$1,500	\$ 1,500	\$ 3,000	\$ 4,500	\$ 4,500	\$ 6,000	\$ 6,000
Design competition prize					\$ -	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Payroll					\$ 65,000	\$ 67,500	\$ 67,500	\$ 70,000	\$ 85,000	\$ 85,000
Total Costs					\$ 85,820	\$ 140,920	\$ 232,160	\$ 330,200	\$ 472,520	\$ 565,590
Profit					\$ (65,820)	\$ (35,920)	\$ 71,840	\$ 169,800	\$ 413,480	\$ 541,410

Project Pyramid—Enjuba Case

October 2007

Yale School of Management

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We understand Enjuba's mission to have three components:

- To empower artisans via savings and investment mechanisms
- To empower youth through and toward social entrepreneurship
- To create an engaged customer base active in the Enjuba brand

We have addressed these three components in corresponding sections: the Financial Program, the Production/Entrepreneurship Program, and the Marketing/Sales Program

Financial Program

Enjuba is spreading itself too thin. In particular, its attempt to run a microfinance institution (both the SIP and the AGE) is unnecessarily burdensome, especially if Enjuba grows to its envisioned size, at which the finances of such an institution will only grow more complex.

We recommend that Enjuba outsource its financial program, at least until stable and growing models of its other programs have been realized. Through an outsourced microfinancing organization, Enjuba should be able to customize a desirable and sustainable program to teach management of personal finances and to stimulate entrepreneurship via small loans without creating an excessive burden on the management team whose talents are required in other aspects of operations.

There are a number of qualified and experienced microfinance organizations operating in Uganda. Based on several years of combined experience in economic development, we recommend ACCION International's partnership with Uganda Microfinance Limited.

Production/Entrepreneurship Program

There are two formidable challenges in the production/entrepreneurship aspect of Enjuba: ensuring that artisans and Enjuba can receive sufficient income from production of quality wares, and instilling in Enjuba participants a belief in social entrepreneurship. We believe if the former is done effectively within an organizational culture that promotes social awareness—Google's "don't be evil" ethos, for example—then the latter will follow naturally. Specifically in this case, we believe that if Ugandan youth find in Enjuba an environment conducive to personal success and financial stability, that these youth will be infused with entrepreneurial confidence and social conscience.

In order to focus managerial energy and prevent being spread too thin, we recommend integrating the youth empowerment activities and the Enjuba training structure for incoming young artisans and other employees. We envision a branded Enjuba into which the most competitive and talented Ugandan youth will vie for admission. The goals of the youth empowerment program will be met without expending additional resources beyond those used in growing the business itself by:

- selectively drawing from a deep talent pool
- creating a proper system of incentives that reduce labor turn-over
- instilling social consciousness in all members of Enjuba's culture

- We agree with management’s decision to produce only one item—bags—but there are markets for different levels of quality and sophistication of bags. We propose creating a production structure in Enjuba with four levels of artisans each of whom specializes in a particular style of bag aimed for a particular market. The four types of bags we envision are custom, high end, standard, and basic. Details of the bags are discussed in the Marketing/Sales section.

The table below shows how we propose structuring the production staff.

Rank	Years Experience	Bag	Market
True Artisans	5+	Custom	Direct order, luxury US
Experts	3-5	High-end	US, Nairobi, Kampala
Craftsmen	1-3	Standard	US, East African cities/towns
Apprentices	0-1	Basic	Ugandan villages
Trainees	Selective training	N/A	Ugandan villages

While we understand and appreciate Enjuba’s desire to create a flat organizational structure, it is our experience that people in hierarchical structures will arrange themselves in hierarchies even when given incentive not to do so. Therefore, we are comfortable proposing that the production staff should be organized hierarchically—in the vein of a network marketing structure—with each member managing, training and ensuring quality control of a team of about three less-experienced members. To ensure that each artisan gives equal weight to training and to production, his compensation should be calculated not only from a percentage his products sold, but also a percentage of the income from bags produced by his trainees. As such, the artisans within Enjuba would be both simultaneously receiving training as well as training others.

The clearest benefit of the pyramid structure is its inherent system of incentives that will encourage artisans to invest themselves in Enjuba for the long-term incentivized by the goal of rising from Trainee to True Artisan. The majority of new artisans entering Enjuba should be youth who apply *and pay a nominal fee* to enter an Enjuba training course in classes of about 20 of which 5 to 6 people will be selected to become apprentices. The admission fee and selectivity of the training course both serve the psychological purpose of self-filtering only the most dedicated youth. This will reduce future labor turnover considerably. The training itself should be inexpensive as Enjuba can use scrap leather to have the trainees make watchbands or other knickknacks that can be sold cheaply in bulk or given away in marketing activities.

At each level of promotion, the artisan receives five benefits:

- increased rank
- increased income from product sold
- increased responsibility and secondary income from his trainees
- a study tour to an increasingly distant and enticing location
- short training in business and entrepreneurship, similar to a step-wise executive MBA

The rubric for promotion should be determined by Aaron and Enjuba management to ensure a balance between meritocracy and other political/cultural issues that might arise in a community of Ugandan artisans. It is likely that at a given level, artisans will organize themselves into an

assembly line system so that it becomes difficult to distinguish an individual's work. Considerations of the promotion system should be made for this eventuality.

The exact compensation structure will depend on the economics of bags being sold and the number of trainees under each artisan, but, in general, it should be structured similarly to an investment bank where the promise of future compensation creates a dedication and desire for advancement within the artisan. Likewise, for study trips we propose visits to Kampala, Nairobi, Dar Es Salaam, and, for High Artisans, the United States where he will study specific styles of luxury goods. Other enticements, especially for younger artisans, might include coordinating contact and relationships with youth groups in the United States.

We believe that Enjuba's travel budget should be devoted to the artisans themselves, not to subsidizing Westerners wishing to assist with the project. Indeed, there exists now a market in which young Westerners looking for distinguishing experience will themselves pay to volunteer at organizations like Enjuba which could create an alternate source of income. Enjuba should also consider cooperative projects with schools of design in the United States as a source of low-cost design expertise.

Marketing/Sales Program

We believe there is a market for Enjuba products in both the United States and East Africa. After restructuring Enjuba to distribute the managerial and training burden, Mr. Keenan and Mr. Manice should direct their efforts at marketing their product in the United States both to retailers and in the media. Once sustainable, high-quality and high volume production has been achieved, Enjuba should consider contacting national-level media outlets, such as Oprah Winfrey.

For African markets, Enjuba should assemble a team of Ugandans (or any East Africans) in a network marketing structure similar to that of the production staff with the aim of penetrating the East African market at all levels. Below are suggested marketing techniques for each bag.

The custom bag would be either a bag that was custom-ordered by a customer or a one-of-a-kind work of art bag created by extremely skilled and experienced artisans. We think that this bag could be marketed to successful, socially minded professionals and either direct ordered or retailed in luxury goods stores at an estimated price of \$300-400.

The high-end bag would be quite similar to the Messenger Bag currently produced by Enjuba. We believe that if the cost were brought down to \$100 or less through improved quality control and supply chain that this bag would appeal to high school and college students. In the United States, this bag could be sold via fair trade online retailers such as World of Good (<http://www.worldofgood.com/catalog/orgs.php>), through socially conscious online retailers trying to increase market share among African Americans such as LL Bean (<http://www.llbean.com/>) or through brick-and-mortar retailers such as Urban Outfitters. This bag should also be marketable to the rising class of urban professionals in Nairobi, Kampala and other East African cities where it would be available at a further reduced cost due to decreased shipping expenses.

The standard bag would be a simpler purse-like bag, possibly in the style of the Enjuba Tote Bag. The standard bag should be easy to produce and be attractive to a wide range of customers in both the United States and East Africa. Importantly, the high end and standard bags should be distinct enough so as to avoid being mutual substitutes. The standard bag could retail in a store such as Urban Outfitters but could also be marketed to a mass retailer such as Target who might be looking to market itself as socially conscious. The bag could also be sold in the same online channels as the high-end bag or be merchandised in fund-raising activities of American social entrepreneurship clubs or youth groups.

Though seemingly unremarkable, the basic bag is a key component of our proposal. The basic bag is a very simple, deep, open-mouthed bag that is worn over the shoulder and is traditional for men and women throughout the developing world. The basic bag would be sold cheaply—for perhaps \$5—and marketed only in East Africa or maybe sold wholesale to migrant traders who trade in small rural villages. The basic bag would produce a small profit on large volume, but it would be more valuable in raising awareness of Enjuba throughout rural Uganda which will be essential for recruiting new talent and scaling up the business model. Finally, the basic bag, which is produced by apprentices, is important because the production of the bag instills essential quality control standards and technical skills within the larger margin of error resulting from a simpler product being sold to a less demanding customer base.

Replicability and Scalability

After two to three years of successful growth, Enjuba could consider franchising its production operations to other Ugandan villages. In this scenario, an interested village would make an application to Enjuba and pay a franchising fee (similar to the trainees' admission fee). Enjuba would first invite the franchise leaders to train at their headquarters and then send a team of three trainers to set up the Enjuba structure in that village to put the system in place. Once established, the franchise could begin selling the standard and basic bags locally, but should route the high-end bags (if any) through the Enjuba headquarters.



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Project Pyramid Case Competition

Enjuba Strategy

Date: October 6, 2007

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The Strategy: Creating a Broader and Deeper Brand

Enjuba's artisans are skilled and the bags are of high quality. However, Enjuba can not compete in global markets on the dimensions of price or quality, for this is a competition that it will lose. Chinese production has effectively cornered the market as far as a low-cost strategic approach, whereas European and North American accessory manufacturers have an unparalleled quality advantage. Where Enjuba is uniquely positioned to compete is by virtue of its story and the dimensions of transparency, accountability and most importantly customer engagement.

Enjuba must intensify its efforts to develop its brand based on a differentiated buyer-seller relationship. It is not enough that the bags come from Africa and that they have a story. What is important is Enjuba's ability to convey the unique story that is a part of each Enjuba product. We believe that this can be achieved through the development and launch of a "Web Dialogue Portal". The most important function of the portal would be to provide the unique history associated with the process that was required to create the client's product (bag). Each bag will come with a serial number. We envisage each customer that purchases an Enjuba bag using this serial number to sign on to Enjuba's website. There, they will be taken on a unique journey. They will follow their bag as the material was created, as it traveled through Africa on its way to the artisan's hands and as it traveled from Africa into the customer's hands. The bag will have touched many hands and the website will introduce all of these actors to the end customer. Moreover, the website will create an understanding of how profits are allocated along the value chain. In this way, Enjuba will brand itself as transparent, accountable and a driver of social development. This unique selling point will promote 'word of mouth' exposure and will differentiate Enjuba so that it doesn't have to compete exclusively on quality or price.

Currently there lies a major disconnect between the social objectives of Enjuba and its eco-conscious target market: the fact that its core product is made from leather. A recent study conducted by The American Consumer Behaviour Report confirms that for 68% of all online shoppers purchasing eco-friendly products is important while 35% say it is very important. If these statistics are considered in the context of the Enjuba target market of 18-35 year old female American consumers, these statistics become all the more powerful.

In order to better satisfy the growing consumer demand for environmentally responsible products and ensure consistency with Enjuba's social enterprise principals, we contend that it is essential to manufacture bags not from leather but from a sustainable, ecologically-friendly, material. *As such we recommend that as of 2009 the Enjuba bags be made from recycled plastic bags (polythene).* This material is significantly less expensive than leather (we estimate material cost savings of more than 50%), readily available in the African subcontinent,¹ and eminently comparable to leather in terms of workability, quality and endurance. Moreover, it has been widely embraced by the very target market that Enjuba has focused its efforts upon.

Currently Enjuba produces two styles of bags, one of which is geared towards the student or office worker carrying supplies to the workplace, the other one is a general, large, tote bag. Both of these styles have a limited appeal insofar as consumers do not generally buy these items on impulse or as fashion items, but derived more from need and as such, purpose-driven. We contend that in order to widen its appeal and compete in the broader market segment of impulse purchases, Enjuba should re-orientate its bag designs towards the fashion-driven segment of ladies handbags.

2. Implementation:

In order to successfully implement a progressive, staged implementation plan over the course of the next five + years, the following recommendations have been divided into three distinct phases. (See appendix)

Phase One (Rebuild): From January 2008 through to September Enjuba focuses on existing infrastructure and product inventory while allotting sufficient time and organizational resources towards the implementation of new efforts. In this phase Enjuba will also need to Secure Funding. In order to implement the recommended strategy, funding in the amount of \$100,000 will need to be secured. This will go towards retaining qualified professionals that will fuel Enjuba's growth. The strategy calls for rapid expansion of production capabilities, Enjuba's website and its marketing team. Three positions are particularly important. A talented web designer must begin to redesign Enjuba's website. A sales and marketing director should be hired in order to begin regional retail expansion. We suggest that Enjuba source a skilled worker for

¹ Environmental News Network. Accessed October 4, 2007. http://www.enn.com/top_stories/article/22048

reasonable salaries from MBAs without Borders. An Eco-Bag Designer should also be retained to help create Enjuba's new product line. Phase one is also the product development phase. During this period Enjuba will begin developing their new eco-friendly hand bags and will start to put in place the infrastructure necessary to facilitate customer engagement. We believe that it is crucial to connect the customer to unique value chain that created the hand bag. Preparation for accomplishing this includes: 1) updating the web site so that when customers type in the serial number of their product they are taken on an interactive journey through the unique value chain of their purchase; 2) taking pictures of members of the value chain and writing short biographies of each including how they were compensated; and, 3) uploading pictures and biographies onto the website and providing a way for each customer to access the unique value chain of their bag

Phase Two (Regional Sales): Phase 2 is planned over the following fifteen months, calling for the roll out of a new, re-tooled marketing approach, reengineered product, significant additions to the company's human resources, as well as a entrance into regional African retail markets. Phase 2 starts with the new product launch of Enjuba's redesigned chic, eco-friendly bag. It will attract attention because of its story, its transparency, its value chain and its style. An initial roll-out into regional stores, with a specific focus on 4 and 5-star hotels and duty free shops will pave the way for expansion into the US market. This will target an upper-income market segment and the bags will be promoted as attractive gifts and souvenirs. Expatriates who buy the bags in the hotels will bring them home with them; the bags are sure to attract attention and drive traffic to Enjuba's website. Enjuba's price points should be maintained or raised. The Serena Hotels, a chain of East African high-end hotels widely cited for their CSR/sustainability practices would be a good match (their customer base, though older, fits psycho graphically). There's also the possibility of developing a relationship with Aga Khan a financier for expansion through their development fund. Other hotel possibilities include: the Gorilla Forest Camp, the Lake Victoria Hotel, the Mweya Lodge, Semliki Lodge, and the Kilimanjaro (Arusha).

Store Name	Location
Greenloop	Online
BagTrends	Online

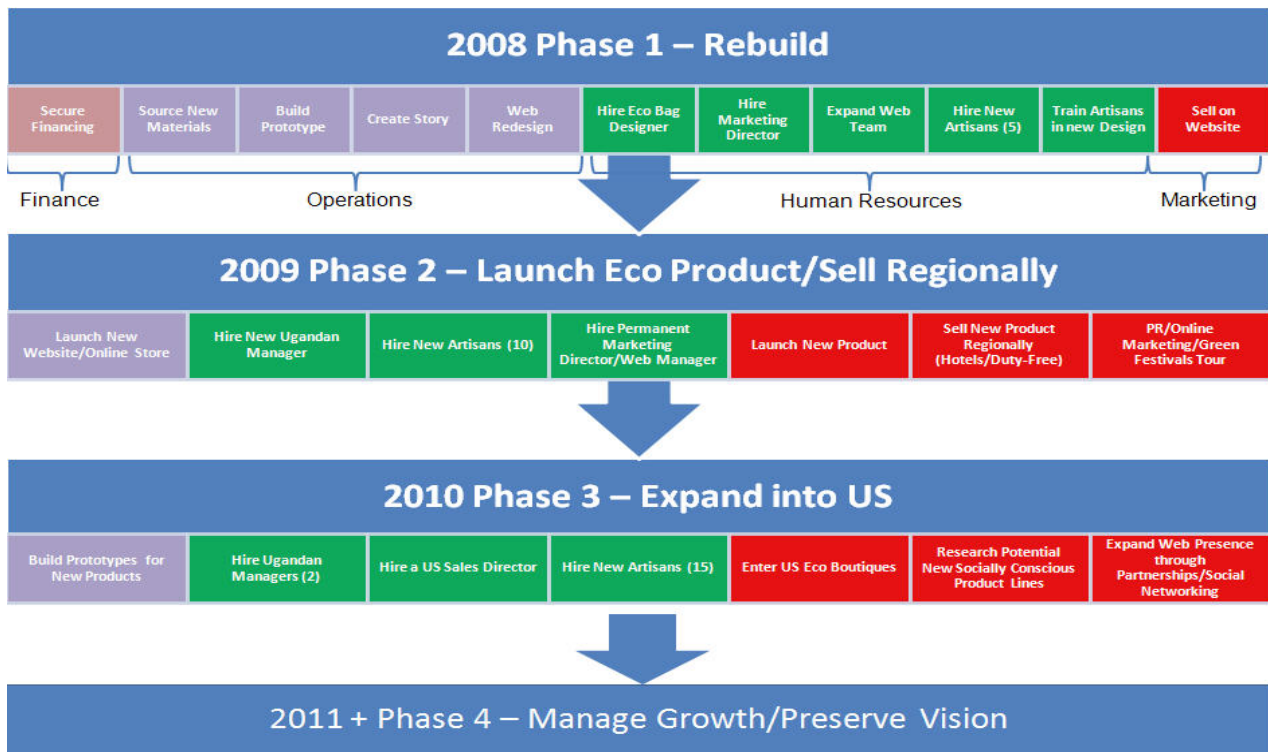
Phase Three (Enter the US Retail Market): This phase begins in 2010, and sees further progress of both product development and organizational structure, alongside continued penetration of the North American retail sphere. Our final implementation phase from 2011 onwards sees many of the rewards from the past three years realized, with continued expansion and product development efforts. A sales manager must be hired who can concentrate full-time on promoting Enjuba's products in Eco-Friendly Boutiques.

Esty Online	Online
eConscious	Online
Modify Setchi	Online
EcoBoutique	Washington, DC
Kaigh	New York, NY
Migrate Home	Encinitas, CA
DeviDoll	London, UK
From Somewhere	Notting Hill, UK
Birgit Israel	London, UK

Phase Four – Managed Growth – This Phase calls for Enjuba to be firmly established in its market niche with a broadly developed product line, mature and dedicated organizational structure, and a loyal group of socially progressive customers. From this point the sky is the limit for Enjuba.

	Phase 1	Phase 2	Phase 3	Phase 4
Bag Sold	500	1000	3500	6500
Revenue	\$50,000	\$100,000	\$350,000	\$650,000
Bag costs (\$55, includes shipping)	\$27,500	\$35,000	\$157,500	\$292,500
Fixed costs	\$119,500	\$106,500	\$112,000	\$142,000
development team stipends	\$30,000	\$30,000	\$30,000	\$30,000
uganda manager salary	\$5,000 (1)	\$5,000 (1)	\$10,000 (2)	\$15,000 (3)
website	\$15,000	\$15,000 (1/2)	\$15,000 (1/2)	\$15,000 (1/2)
bank	\$500	\$500	\$1,000	\$1,000
administrative and legal fees, and licenses	\$11,500	\$11,500	\$11,500	\$11,500
insurance	\$2,500	\$2,500	\$2,500	\$2,500
sales (hotels and US)	\$5,000	\$15,000 (1/2)	\$15,000 (1/2)	\$30,000 (1)
product design	\$30,000	\$10,000	\$10,000	\$10,000
leather inventory (getting out of leather)	\$0	\$0	\$0	\$0
New Machinery for Recycled bags	\$15,000	\$15,000	\$15,000	\$25,000
new artisan training	\$1,000 (3)	\$2,000 (8)	\$2,000 (10)	\$2,000 (10)
enjuba trademark	\$4,000	\$0	\$0	\$0
Profit	-\$97,000	-\$41,500	\$80,500	\$215,500

Conclusion: By focusing on its differentiating factor – its story; by changing its central material from leather to recycled plastic bags; and by moving first into the Regional and then the US retail markets while concurrently building its web presence Enjuba will succeed in a crowded market. By applying this strategy not only will Enjuba appeal in far greater numbers to its socially engaged, eco-conscious target market, it will ensure consistency with its all-important mandate of improving the quality of life for Ugandans.



Christmas Card

