

## **Kumbaya Annual Report 2013-2014**

It has been a year of turbulence and upheaval, confusion and change, monumental effort and extraordinary challenge. From two main people of the Kumbaya team leaving at the same time, to fabric prices in India spinning out of control; from being caught between dealers demanding higher and higher fabric prices, to bulk buyers refusing to pay for the increase in this price. From new people bringing in new hope, plunging into the thick of things, to suddenly having to leave before the year was out. Big orders on the verge of fruition to negotiations going cold all of a sudden. Long, long associations changing out of the blue, and having to begin from scratch all over again. At the same time, many unexpected connections emerging and building new relationships. All in all, it has been a landmark year for Kumbaya - shifting, unsettling, revealing underlying faults and weaknesses, inherent potential and possibilities, future portents and road maps.

### **Major Events and Changes**

#### TRIFED

For the first time in many years, Kumbaya did not have a new order in hand from TRIFED. All negotiations with TRIFED on the revision of rates due to the frequent increase in fabric prices, failed this year. Since 2012, Kumbaya has been swinging back and forth between TRIFED and Dastkar Andhra Marketing Association (DAMA) every few months. Just as the TRIFED Pricing committee would confirm the rates and place an order every few months, DAMA would increase their cloth rates again and again at the last minute, without any warning. We visited TRIFED in Bhopal, TRIFED in Delhi, several times with a range of product samples and multiple options in cost sheets, we visited DAMA in Hyderabad, to plead for stability in prices, ordered cloth at our own risk, found new fabric suppliers, and made new samples - but none of this worked.

To add to the difficulty, the Regional Manager of TRIFED at Bhopal was transferred in September. In the gap and confusion of a new manager taking over, Kumbaya lost valuable time, had to begin the dialogue from the start again, losing the opportunity to participate in the annual Aadishilp Mela organised by TRIFED at Dilli Haat in the process, due to miscommunication at the time of transfers. Orders from TRIFED not only provide employment to our producers, but Kumbaya has a presence in different cities in India through their retail outlets. Moreover, the handloom waste generated from their orders, is the raw material for our signature patchwork bedcovers and cushion covers which are our highest selling product and a source of high income employment for our differently-abled producers, whom Kumbaya is deeply committed to. The minimum estimated losses to Kumbaya this year without the large order from TRIFED, are between Rs. 25 - 35 lakhs. This is apart from 12 lakhs worth of cloth ordered and purchased in anticipation of their order.

### Last Forest Enterprises

The Green Shops in the Nilgiris have been the mainstay for Kumbaya right from the beginning, bringing us an ideally located retail platform in tourist towns, brand visibility, an opportunity to be 'out there' from a remote village in Madhya Pradesh, all because of a long and trustworthy partnership between Keystone Foundation and SPS built up over several years. A major misfortune to hit Kumbaya this year is the dwindling of orders from the Green Shops, due to their own internal restructuring and financial constraints. To make matters worse, inattention from the Kumbaya team led the supply of shirts with mismatched plastic buttons and stained price tags on some products, damaging our long standing reputation for high quality in one stroke. For the first time ever Last Forest Enterprises returned a consignment due to quality issues. Although this was also done to reduce their outstanding payments to Kumbaya, it was a big blow nevertheless. Not having orders from Last Forest Enterprises leaves a dent of almost Rs. 15 lakhs, apart from fabric worth Rs. 8 lakhs purchased specifically for the Green Shops.

### Kumbaya Producer Company

Kumbaya has been supported by Samaj Pragati Sahayog all these years. Started as a project for the economic empowerment of women, it is now an established and viable social enterprise, struggling to keep up and fast outgrowing its resources. Sales have increased at an average 30 to 35% per annum, entirely under minimalistic conditions – prudent growth in capital investments, virtually no investments in marketing or advertising, and shoe-string budgets. Kumbaya activities, dedicated to benefit the poor, under new tax laws are being seen as essentially commercial in nature. So we have an identity crisis for Kumbaya. In its present form, as a social enterprise doing well, it cannot remain part of a charitable organisation like Samaj Pragati Sahayog without jeopardizing its charitable status under Section 12 A of the Income Tax Act. As a separate entity, it can only become a company under the Companies Act, 1956. The options before us are to become a Producer Company or a Not-For-Profit Company. Or both.

As a new company, we have to begin at the beginning all over again. But this has always been our dream – that one day Kumbaya will belong to the producers. That they will own the company and run it. It is only in the initial years of transition that we will need financial help to promote Kumbaya as a company – help that will enable Kumbaya to continue working, earn back all the assets it has created, raise share capital, apply for loans and attract investment.

So we have been preparing for the registration of Kumbaya as a producer company. The idea of having a producer company was to hand over the ownership, management and responsibility of Kumbaya to those who participate, benefit and have stakes in this economic activity. Two members of the Kumbaya team participated in the Advanced Level Training on Producer Companies organised by Access Livelihood Consultants in Bhopal. This training has enabled the team to plan and implement the action

steps required for the smooth transition of Kumbaya to a producer company. The documentation work for the registration is complete and we have also taken the expert opinion of our CA on the matter.

Having finalized our first ten promoters we have now applied for PAN cards for these producers.

However, the process will take time as there are innumerable regulations that require proof of identity of all the promoters. Since the promoters are all village women with almost no proof of identity, place of domicile and no record of birth days – this is proving to be an uphill task. Creating proof of existence on paper of our women producers duly testified by the local bureaucracy.

It remains to be seen how this ownership translates into collective accountability of course, and what that challenge will be about. We have also consulted legal experts for the registration of the Kumbaya brand name and the Kumbaya logo as a trademark, which will be done in the near future.

### Human Resource

The gap left by the professionals who could co-ordinate the work at Kumbaya remained. Although we were fortunate to be able to recruit a person from the Young India Fellowship (YIF) program, initially willing to commit two years to a grassroots organizations, she had to leave before the year was out. We also recruited another promising young person with a management studies background and work experience from Bagli. In addition we also employed a dedicated person for accounts.

Kumbaya's vital asset is its human capital, the team of skilled and trained local people who supervise production, inventory management, quality, sales and accounting. We have invested years in building the capacities of a local cadre, who have a stake in the development of the area. These are the people with whom the producer company can become a reality.

However, to catalyze and complement their capacities, we need people with professional competence in English, computers, urban markets and sales. Specific people to look into the efficiency of production and ensure highest quality, dedicated personnel to coordinate activities associated with dispatching of products to clients, sourcing of raw material, inventory management, client interaction, communication, marketing, and design to enable Kumbaya to reach the next level of business.

Kumbaya requires people who have multiple interests such as design, materials, fashion, manufacturing and fabrication, production management, business, women's empowerment along with having excellent interpersonal skills, a sensitivity to the context that we are in, pay attention to detail, be willing to learn new things outside their sphere of knowledge and the ability to find joy in the everyday. Talent acquisition of this kind has been difficult partly because of a lack of money and our location in a rural area. Also educational institutions do foster cross disciplinary skills in people to prepare them for application in a real life of multiple challenge.

At the beginning of another placement season across universities, Kumbaya began its recruitment drive and once again faced the familiar challenges that we have always faced in recruiting new people. The biggest challenge is that of finding dynamic young people who are interested in a stitching based

enterprise and are ready to locate to a remote rural setting. This year, we have particularly felt the limitations of working in a small team and so decided to expand and recruit about 3-4 new people to keep pace with the growth and expansion of our work. We interviewed several candidates from leading universities and sent offer letters to 5 people.

### Kumbaya New Centre at Satwas

The new centre at Satwas continues to pose a challenge for the Kumbaya team. Even after a year of its inception, the first batch of trainees has not been able to become skilled producers and the centre is still far from being viable. It has now decided to start a fresh batch of training at the centre to replace producers who are not serious about working at Kumbaya. Also, a refresher course in training for the trainers and supervisors will also be conducted enable more efficient management of the centre. The main reason for the new centre not doing well is again, the human resource crunch that Kumbaya faces. We do not have an experienced supervisor who can guide the centre on a day to day basis. Located so far away, close monitoring and inspection of quality, efficiency, problem solving and other operations at the new centre have been difficult without a dedicated and experienced supervisor. We have been searching for a person to manage the centre but have not found anyone suitable till now. Meanwhile, to address this problem, a new schedule of regular visits by our experienced master trainers and supervisors for Satwas will be undertaken.

### The Denim Project

In partnership with A Hundred Hands, Kumbaya made some samples with recycled denim from old jeans. The products made from recycled denim by Kumbaya were shown to 'Café Coffee Day' who liked these products and placed an order for 200 ipad covers, 30 coin purses, and 30 pen stands. At the same time A Hundred Hands showed our recycled denim products to LEE Jeans and they immediately asked Kumbaya for a sample of a recycled denim bag. Kumbaya team very efficiently delivered 5 different sample designs of denim bags within a day. Impressed with the quality, design and the timely delivery of the samples despite a very short notice, LEE immediately shipped 4000 jeans to be recycled into bags by Kumbaya.

However, after taking 6 months to decide on various sample bags custom made for them, LEE placed an order for 4000 pieces of recycled denim products (2200 wine bags, 1000 iPad covers and 800 pen stands) in the middle of the major festival season of Navratri and Dussehra, on the condition that the order is completed and delivered 10 days before Diwali. This was, of course, without any consultation on lead times required. This is the period when all of the Kumbaya producers and staff take the festival season off. It effectively meant 20 days for opening up hundreds of jeans, cutting them up and stitching the pieces, and transporting them, during peak festival season.

The Lee order was being negotiated by our partner, A Hundred Hands, who had got them to donate

4000 jeans for this project. In the spirit of partnership, inspite of this unrealistic and unreasonable deadline, Kumbaya team was hopeful of finishing the order. Kumbaya decided to deliver as much as possible by keeping the centres open and working during the festival season, even though it is very difficult for women producers to give up their responsibilities at home during major festivals. The team worked extra hours and put in all the effort to deliver the first two installments right on time. Finally, after the first two installments, LEE called off the order for the time being, admitting however, that they should not have delayed the confirmation for so long.

### New Retail Partnerships

Gram Bharat, the flagship store of Believe India, an organization committed to marketing artisanal products from rural India opened its stand alone store in R.K. Puram, Delhi, contacted Kumbaya. We sent a quick consignment worth Rs. 1.20 lakhs for the store launch, which sold out. Now Kumbaya products are available at a permanent location right in the heart of South Delhi.

Vasuki Karthik who successfully runs a jewelery brand by the name of Enik Jewelcrafts in Bangalore, approached us for a retail partnership for her new store in Bangalore. The store opening was a huge success and she got back to us with very good reviews and feedback on our products. She has also recently placed her second order with Kumbaya for the store and plans to launch a campaign for co-branding of her jewelery and Kumbaya products.

Shalinee Ghosh, the owner of Frogmagg, a creative enterprise based out of Delhi and a well wisher of Kumbaya, has put us in touch with many contacts in Delhi, including the organizers of the Annual Blind School Mela in Delhi for a stall for Kumbaya next year, the souvenir shop at the Rashtrapati Bhavan, the National Museum and the Nehru Memorial Museum at Teen Murti Bhavan. She has proposed a collaboration with Kumbaya for designs to be included at these shops.

Kumbaya was also approached by another retail chain in Mysore called Maya la Boutique. We dispatched our first consignment to the store this year and received great reviews on our products. This is the beginning of a new and a very important collaboration for Kumbaya as the shop is located in a place where we are recognized and have an already existing customer base due to 'The Green Shop', Last Forest Enterprises. Due to some reason, "the Green Shop" in Mysore was recently shut down and hence this new store in the same location is a blessing for us.

Last month was also the opening of our partner retail store SaazPaar in Jorhat. The store started by stocking primarily Kumbaya products and reported cracking sales on the opening day. Jorhat loved Kumbaya and we have already supplied our second consignment to SaazPaar after they ran out of almost all stocks after their launch.

We also received another new retail enquiry from a store in Bellary called Compass. The initial talks have been positive and we have already sent our first sample order for the store.

Chaitali Banerjee, a product painter by profession, visited SPS and expressed a deep interest in working

with Kumbaya towards marketing and design development. She is a resident of Mumbai and organizes several exhibitions and shows in and around the city. She has proposed a model of co-branding and sales for these exhibitions. Furthermore, she organized a painting workshop for some of our producers. She taught easy painting techniques with the use of stencils and the workshop brought a lot of cheer and lively, happy learning time for our producers.

### Exhibitions

Kumbaya's exhibition calendar had two important events scheduled, one in Mumbai from 27th October to 5th November and another one in Delhi, organized by TRIFED from 1st to the 11th of November. The Mumbai exhibition was very crucial because it was a testing ground for Kumbaya in Mumbai, and we wanted to establish contact with the organisers of the Kalaghoda Festival. Participation in the TRIFED exhibition was non-negotiable because Kumbaya is dependent on TRIFED for large orders. The Kumbaya team would have been handling two exhibitions simultaneously for the first time and the challenge required very efficient planning and coordination. However, just a week before the exhibition, we discovered that TRIFED had not received our confirmation letter, and had not booked a stall for Kumbaya at Dilli Haat. This confusion took place in the communication gap between the previous Regional Manager who was suddenly transferred and the new manager who joined.

In a way this was a blessing in disguise for Kumbaya. Kumbaya production centers could concentrate on preparations to mark Kumbaya's presence in Mumbai for the very first time. The exhibition was held at Coomaraswamy Hall, Chhatrapati Shivaji Museum, Fort, Mumbai. Apart from that, with the help of Axis Bank Foundation, a special three day exhibition has been planned for Axis Bank, Worli on the 30th, 31st Oct and the 1st of Nov. A team of five people left for Mumbai on the 24th of October. The Exhibition in Mumbai was an extraordinary experience for Kumbaya. The biggest challenge was to manage not one but three different exhibitions simultaneously taking place in a new city. However, the amazing generosity of several people who came together to help Kumbaya made these exhibitions a success. A very impromptu exhibition was organised at S.I.E.S. College of Arts, Science and Commerce, Sion, Mumbai which turned out to be grand success with a sale of more than Rs. 82,000 in just a few hours. The permission for this exhibition was arranged at a very short notice by their faculty Prof. Asha Gala. We were very thankful to the college principal, Dr. Harsha Mehta as well who agreed to this on such a short notice.

Another big challenge for Kumbaya was to manage accommodation in a new city which was solved with the kind help of one of our funders and constant supporters from Caring Friends, Nimesh Bhai and his friend Paresh Bhai who very generously lent his house as accommodation for 15 days for the Kumbaya team. This saved us nearly Rs. 21,000 which what the cheapest dharamshala would have cost us. Hence, help from generous friends and the loyal supporters who came to the exhibition on our

invitation ensured that the exhibition was a success despite poor organisation and publicity by Women's Moksha, the organisers for Coomaraswamy Hall exhibition at Kalaghoda.

Moreover, the three day exhibition at Axis Bank was hugely successful and the support extended by Axis Bank Foundation was overwhelming. The feedback on sizes and products was invaluable. The exhibition at the corporate office of Axis Bank in Worli helped us gain important insights into what our future exhibitions in Mumbai should be like. For next time in Mumbai, a successful model for Kumbaya would be to hold exhibitions in multiple corporate offices, housing societies, and colleges. Overall, coming to Mumbai was a great learning experience for the entire team and it is a beginning to establishing Kumbaya as a brand in Mumbai.

We got in touch with the organisers of the Kala Ghoda Festival, Mumbai so that we could participate in the festival in February 2014. Since the stall costs for the Kala Ghoda festival are between Rs. 75,000 to Rs. 1,00,000 it was decided that some members of the Kumbaya team will visit the festival first to understand if such a big investment would make sense for Kumbaya, given that the stalls are only 10 feet by 10 feet, and have no display space.

Kumbaya participated in an exhibition organized by A Hundred Hands called 'The Handmade Collective' in Bangalore. Kumbaya has been a regular at this event for the last few years now and this year again, was a huge success. The exhibition introduced us to several new contacts and also helped us meet our regular customers again with their heart-warming love and appreciation for Kumbaya products.

This New Year began on a terrific note for Kumbaya at the annual Dastkari Haat Samiti exhibition held at Dilli Haat where Kumbaya's performance was a grand success. Kumbaya sales at the event broke all past records and we were declared the best and the highest selling stall at the exhibition. At the closing ceremony, Mrs. Jaya Jaitley awarded a certificate of excellence to the Kumbaya team acknowledging not just the sales but also the collective efforts of the team, transparent accounting and the overall quality of Kumbaya products. It was indeed a moment of great pride and joy for everyone. Dilli Haat exhibition brought Kumbaya great sales and great relationships. We were approached by many new retailers and online portals for collaborations and marketing Kumbaya products. After initial discussions, we are working with a couple of established portals to place Kumbaya products online. It was a matter of great honour and recognition for Kumbaya that we were invited by Concern India to take part in their exhibition called 'Pause for a Cause' organized by Secure Giving. A team from Secure Giving had visited Kumbaya stall during the Dilli Haat exhibition and they were very impressed with the design, quality and pricing of our products. As a result, Kumbaya was at Chola Sheraton, Chennai for two days, 27th and 28th of February. The response was heartwarming as everyone appreciated Kumbaya and we found many new fans in another new city. We have also got offers for our products from a major home linen and apparel store of the city. One of the decisive reasons for participating in the exhibition was to market Kriti Eco Boutique, a shop in Pondicherry which stocks and markets our

products. Just a couple of hours away from Chennai, Pondicherry is a popular getaway for many people in Chennai and the exhibition helped us bring the shop to people's notice in the city.

### Some Indicators

Sales Again another devastating first for us in the last twenty years – where the sales have been less than the previous year! The total sales at Kumbaya have only been Rs. 57.5 lakhs. Last year they were almost Rs.62 lakhs. The list of orders done and retail shops supplied are as follows.

Kumbaya Sales		
Organization	Sales Amount	Percentage of Total Sales
TRIFED	Rs. 13.17 lakhs	(22.88%)
Last Forest Enterprises	Rs. 5.37 lakhs	(9.32%)
Kriti Eco Boutique	Rs. 3.27 lakhs	(5.68%)
Gram Bharat	Rs. 2.88 lakhs	(5.00%)
LEE	Rs. 0.72 lakh	(1.25%)
Café Coffee Day	Rs. 0.72 lakh	(1.25%)
Saazpaar	Rs. 3.39 lakhs	(5.89%)
Maya La Boutique	Rs. 1.02 lakhs	(1.77%)
Sanghmitra	Rs. 1.04 lakhs	(1.77%)
Daaram	Rs. 0.39 lakh	(0.68%)
SPS Neemkheda Campus	Rs. 7.5 lakhs	(13.00%)
Total	Rs. 39.47 lakhs	

The list of exhibitions that Kumbaya participated in is shown below

Sales from Exhibitions		
Organization	Dates and Location	Sales Amount
Dastkari Haat Samiti	1 <sup>st</sup> to 15 <sup>th</sup> January 2014, Dilli Haat,	Rs. 9.29 lakhs



	New Delhi	
A Hundred Hands	21 <sup>st</sup> to 23 <sup>rd</sup> June 2013, Whitefield Bazaar, Bangalore	Rs. 1.40 lakhs
A Hundred Hands	27 <sup>th</sup> to 30 <sup>th</sup> November 2013, Kochar Institute, Bangalore	Rs. 1.97 lakhs
Artisans Craft Bazaar 2013, Abhahoni	27 <sup>th</sup> October to 6 <sup>th</sup> November 2013, Mumbai	Rs. 1.77 lakhs
South Indian Education Society, S.I.E.S. College	29 <sup>th</sup> October 2013, Mumbai	Rs. 94,000
Axis Bank Foundation	30 <sup>th</sup> October to 1 <sup>st</sup> November 2013, Mumbai	Rs. 1.70 lakhs
Pause for a Cause	27 <sup>th</sup> & 28 <sup>th</sup> February 2014, Chola Sheraton, Chennai	Rs. 74,000
TRIFED	6 <sup>th</sup> to 15 <sup>th</sup> December 2013, Bhopal	Rs. 28,000
Total		Rs. 18.09 lakhs (31.43% of total sales)

### Production

No. of pieces produced in two centers – 16277

No. of patches made by differently-abled producers - 7782

No. of finished patchwork products made - 2481 including 163 Patchwork Bedcovers

**Value of patchwork products made out of waste – Rs. 9.38 lakhs**

No. of trainings conducted in two centers - 2

No. of trainees trained in three centers - 53

### Cloth Purchased

Handloom (DAMA) – 10223 meters – Rs. 9.39 lakhs

Handloom (Eco Tasar) – 4996 meters – Rs. 5.40 lakhs

Bagru print – 3164 meters – Rs. 2.50 lakhs

Cotton Export Quality – 21252 meters – Rs. 11.34 lakhs

### Conducting Exposure Visits

Kumbaya conducted a preliminary one day exposure visit for Aga Khan Rural Support Program (AKRSP). AKRSP has started their first training with a group of women who are interested in starting a stitching based livelihoods enterprise in Khandwa, where the organisation is based. A group of 27 people from AKRSP including 24 tribal women from Khandwa and nearby areas visited our Kendra and our Neemkheda stitching centre. We gave them a brief overview of the history, challenges, operations, logistics, production processes and all the other activities that take place at Kumbaya. The day long exposure visit was received very well by the women from AKRSP and was beneficial for our producers as well. The interactive session and sharing of stories between the two was especially a very good experience for the entire team.

### Learnings for the Year

- To keep ahead we have to design, design, design!
- To keep ahead we have to dedicate to quality, quality, quality!
- Till now Kumbaya has never had to seek orders. The unique concept, design and quality of the product has led buyers to us. But from now we will have to pro-actively seek clients who understand the reason behind Kumbaya and give us sizable and consistent orders, to keep growing in the face of rapid competition from other social enterprises like ours.
- The Kumbaya team needs to grow to include more professionals who can drive sales, build the brand, expand operations, deliver quality, help bring in new technology, skill, energy and so on.
- At the same time we need to work on the leadership capacities of the Kumbaya team - to take initiative, be more focused, pro-active, decisive, confident of themselves and their work, and persist - never letting an order go, taking quick action, being more efficient to forge ahead of others in the market.
- Producers have to be empowered further to participate effectively in decision making, understanding the market as well as articulating their demands.
- Producers have to be empowered further to take collective action and responsibility for quality, deadlines, making systems work instead of being passive participants.
- Improve and increase our team of local supervisors