

St. Vincent DePaul Business Analysis

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I. Acknowledgements

As members of the 2012 Applied Global Business Learning (AGBL) program, we would like to thank Fr. Jose Kuriakose and Ms. Sandra Wilmer for sharing their mission with our team. Their hard work is giving hope for a better future to those living in their community, and their vision is an inspiration to all of us. We also thank the women working through the St. Vincent De Paul V-Care program for taking time to meet with us and show how they are investing in their own futures. In addition, we would like to thank Mr. Arijit Roy for sharing with us the work that he is doing through the Jagran NGO. We very much enjoyed the performance on our last day in New Delhi, and we appreciate the positive impact they are having on their fellow countrymen. Finally, we are especially grateful to Mr. Ajay Dewan for the invitation to come to Delhi, and for his very gracious hospitality while we were in the city. This was an experience that the entire AGBL team will always remember, and we have learned first-hand that the Marquette family of alumni is indeed a global family that is having an impact on the world.

We would also like to thank Marquette University's College of Business Administration for their continued support. We would especially like to thank Dr. Heather Kohls, director of the AGBL program, who helped in the preparation for our journey as well as Dr. David Clark and Ms. Erin Barth, who served as excellent advisors and leaders for this unique experience. We feel incredibly blessed to have been able to participate in this international exchange, and gratefully thank all those who made this experience possible, on behalf of the entire Marquette community.

II. Introduction

Students from the Marquette University Applied Global Business Learning (MU-AGBL) program visited New Delhi in January 2012 and toured the facilities and evaluated some of the V-Care programs being run by St. Vincent De Paul's (SVDP). Among the programs evaluated included a program to teach women to make jewelry as well as small tote-bags. These self-help programs are designed to provide marketable skills to residents of the community so that they can ultimately become self-supporting. During a one-on-one meeting with some of the women engaged in the training, the MU-AGBL students were given the opportunity to both examine the production of the decorative bags as well as ask questions of the women who were going through the training. They were also shown samples of the finished product.

The MU-AGBL students have noted that these SVDP V-Care projects are in their early stages, and they were very impressed with the vision and enthusiasm of the SVDP leadership team. The MU-AGBL students believe that these particular self-help projects show significant promise. The advice provided to SVDP in this report should not be construed as being critical of the effort of SVDP or the participants of these self-help projects. Rather, it should be viewed as a way to provide constructive advice so that these ventures can ultimately achieve their goals.

The Marquette University student participants in Applied Global Business Learning program (MU-AGBL), through observation and analysis of the work St. Vincent DePaul (SVDP) has been doing, have developed a few suggestions for improvements in the areas of product development, marketing, and growth for the organization. Our main areas of concentration are as follows: advantages of a co-op, current challenges facing your organization, marketing opportunities, and overall recommendations. We hope these suggestions will add to the success of an already impressive organization.

III. Current Status and Limitations

There are currently a small number of women involved in the production of jewelry, tote-bags and decorative candles, and while there are more women being trained, production of quality products remains at low levels. This is understandable given that the project is in its early stages of development. Furthermore, the marketing of the products is also in its early stages and SVDP has had only minimal success in the sales of these products. These two areas of management of this venture are interrelated. That is, production of these products cannot be justified unless there is a reliable market in which to sell these products. Specifically, the product needs to be sold before materials for additional products can be purchased. Likewise, successful marketing requires that the production of these products is sufficient to satisfy the demand and there needs to be adequate inventories so that potential buyers are not disappointed. Thus, we address both the production and marketing side of the SVDP venture in this report.

IV. Marketing Strategies

Marketing is one of the most important, and oftentimes, one of the most challenging aspects of business. This is true for large multinational corporations as well as small startup firms such as the SVDP venture. We believe that there are a number of issues that you should consider as you develop this firm.

a. Development of a Cooperative

The MU-AGBL team believes that SVDP should develop a cooperative focused on the variety of products being produced and sold by these women. The obvious Indian example of a successful cooperative is the Amul company, but there are other examples of much smaller cooperatives. For example, the Jesuits at St. Xavier's College in Ahmedabad have been working with the tribal people in Dediapada to develop a cooperative of those producing products from traditional plants grown in the region. They have created a company called Aadi Aushadhi (<http://aadiaushadhi.com>) to sell the various products that they produce. We believe this model can be applied to the products that are being produced by the women in this self-help group.

The naming of the cooperative needs to be carefully considered, and like Aadi Aushadhi, it needs to have a logo designed. We believe that the name needs to convey the goal or aspiration of the cooperative to better their members' lives through hard work and commitment. The logo design should also support this goal.

b. Importance of Branding

Marketing of products is always challenging, and there are numerous strategies that could be pursued by SVDP. The MU-AGBL team believes that the cooperative should brand the products that it sells. The brand name will be the same as the name of the cooperative. For example, Amul is a brand as is McDonalds, Tata, Lipton, Nike, and thousands of other branded firms operating in India and around the world.

Branding is the act of associating a name, image, slogan, or idea with an organization and its product lines. Branding helps a company attract and retain customers. Often, consumers will become attached to certain brands that provide quality they like and products that suit their needs. In the case this venture, the branding could focus on the group of women developing skills for success. If the women choose to form a cooperative, they would then have to pick a name of the company that reflects the brand they wish to portray to consumers. The brand should reflect the products they sell, the image they want to have, and the meaning of the group itself. Branding is important because over time, people become associated with brands.

The advantage of creating a brand is that it quickly conveys a number of things to potential buyers.

- First it allows the cooperative to identify the unique story behind its products. These are not goods that are being produced in a large factories with nameless workers; rather these are products that are made by women living in low income areas, and these women are taking the

initiative to better themselves and their families through this venture. Potential buyers are willing to pay more for a product that has a compelling story behind it. By establishing a brand that is linked to this story, you can effectively distinguish yourself from the mass produced products available on the market while at the same time you raise the price at which the product will sell. Buyers are buying the product and they are also buying the story behind the product.

- Second, the creation of a brand can convey consistent quality. When you purchase an identified brand product, you know what to expect in terms of quality. Of course this puts the responsibility of maintaining quality on the cooperative, since inconsistent quality will undermine the entire brand.
- Third, by establishing a brand, you create an easy method to communicate the source of the range of products to others who may also be interested in the product. For example, everyone knows that Amul creates dairy products so if you are satisfied with their butter, you may also consider their cheese products as well.

Overall, we believe there are very good reasons to develop a brand that is specific to the products of the self-help group.

c. Location of Markets

There are many dimensions of marketing, not the least of which is determining where the market is located. Markets can be local (e.g., within the neighborhood in which SVDP is located), regional (e.g., in the Delhi region), national (e.g., within India) and international (i.e., worldwide). The geographic location of your market can help determine the cost of the product since transportation costs add to the overall cost that must be recovered in the pricing of the product. In addition to having a spatial dimension, markets also have an income dimension. Market segments include those defined by low, middle and high income customers. Higher prices can be charged for products sold in higher income markets. Thus, both the spatial and the income strata need to be considered when deciding where to sell.

d. Appropriate Pricing

Pricing is a very important thing for your cooperative to master when selling products and pricing can be a trial-and-error process. However, there are basic economic and marketing principles that can be applied when addressing the issue of pricing

- Cost-plus pricing

The price of a product should account for all incurred to produce the product. These costs should include all materials used, labor expenses, and all other miscellaneous expenses including overhead expenses (e.g., costs of labels, brochures, a table at a marketplace, etc.). Putting a price on the workers' time can be tricky to calculate but it is one of the most important costs to account for. However, simply put, it is the

total amount of time spent working on a product multiplied by the appropriate hourly wage. While we recognize that hourly wages are not being paid prior to the sale of the product, the worker needs to receive compensation for their time, so the price paid for an item needs to embody the value of the time of the worker who is producing the product.

- Valuing Quality and Uniqueness

While your prices need to be competitive with other vendors in the marketplace, the price of your products should reflect the quality of the good being produced. Higher quality products will command a higher price than cheaper alternatives. You can likely gauge the appropriate price by walking through a market in which you plan to sell your product, and reviewing how much similar goods are sold for. The uniqueness of a product will also influence its price. Goods which are seen as desirable and unique will also command a higher price than those where there are many close substitutes in the market.

- Leveraging your Brand

One reason to create a brand and tell the story of the cooperative is because certain buyers will pay more to purchase a product from a firm that is supporting a social cause as compared to a firm that is not. Buyers for whom this social cause is important will be happy to pay more for your product than they would for some generic vendor. You will need to judge just how large that premium might be. For example, will it support an increase of 50% such as a product selling for 300 Rupees vs. 200 Rupees for a generic product? Or is the markup smaller (e.g., 25% higher such as 250 Rupees vs. 200 Rupees for a generic product).

- Consider Different Prices for Different Markets

You have no doubt seen prices differ depending on where a product is sold. This may be due to cost differences (e.g., it may be more costly to setup a stand in one location vs. another), or it may be due to differences in the buyers. Higher income buyers will be willing to pay more for a product than lower income buyers. As you leverage your brand, you may want to adjust the price to reflect the income of the buyer. Thus, if you are selling in a location that caters to higher income buyers, you should consider slightly higher prices as compared to a location with lower income buyers.

V. Potential Challenges

The MU-AGBL group recognizes the value associated with the many projects associated with the V-Care programs. We are very impressed with the progress thus far in the SVDP self-help program for women. However, there remain numerous challenges related to product variety, product quality and consistency, and inventory control. None of these challenges are insurmountable, and by addressing these issues, the program should see greater success in the years ahead.

a. *Product Variety*

To develop your brand, you need to have a variety of products that are centered around the theme of advancement of these women engaged in self-help. We believe that the combination of jewelry, hand bags and candles represents a good starting point from which to launch your brand, but it is clearly limited. Such a short list of products limits sales to a small group of people with little room for sales growth. If a competitor offers a similar product with a greater variety of styles, that vendor will likely see more success because consumers have more to choose from. This challenge is not limited to the variety of styles offered for a single product. This means that the women involved in the program need to be encouraged to develop new products so that the scope of the cooperative can expand beyond the current scope of jewelry, handbags and candles being produced. This means expanding to a broader range of jewelry, handbags and candles as well as considering other products that might be produced as well (e.g., clothing items).

b. *Consistency in Quality*

When building a brand, it is crucial that the products being produced meet certain minimum quality standards. A high quality product enhances the value of the overall brand, and can create loyalty to the brand. A purchaser should not be able to tell the difference between products made by different people. The current products are creative and beautiful, so increasing the quality will help ensure future sales.

The consequences of poor quality are especially high for a brand. That is, if a particular item is seen as being of low quality, the image of the entire brand is tarnished because the low quality of one item is now associated with the brand. For example, products will not be seen as a good value if they do not hold up well to normal wear-and-tear.

It is important that everyone involved in producing for the brand recognize the importance of producing high quality and consistent quality goods, so it is crucial that quality standards be established and maintained. Towards that goal, someone needs to judge whether each item meets acceptable quality standards. When they do not, the brand label should not be used on the item. Furthermore, it is important for those women who have mastered the production techniques to work with those who are still working to learn the craft so that weaknesses in production techniques can be addressed.

c. *Inventory Control*

Ultimately, you want to make sure that you have products available to sell and so it is crucial that adequate inventory be available to maintain regular sales volume. This helps you meet the demand and keep your customers happy. In addition, you need inventory so that when you sell in a particular market, you convey to potential buyers that the brand has both variety and quality. Running out of items in a marketplace means lost sales since that buyer will likely purchase the item they are seeking from another vendor. This means appropriate planning in advance of selling in a marketplace. In the event that you do run out of a product, this should be a signal to replenish your stock of that particular item so that you do not run out of product in the future. Over time, you will be able to predict when demand will increase. For example, near certain holidays, more people may want to buy candles, so the women who make candles can make extra in order to create an inventory.

VI. Recommendations

We offer the following recommendations that SVDP may want to consider as it moves forward with this venture.

a. *Development of Name/Brand for Coop*

Development of a common theme for your cooperative is crucial. For most brands, the theme is defined by the nature of the products produced. For example, Amul produces dairy products, Nike produces sporting goods apparel, and McDonald's produces fast food. However, in your case, the theme of your cooperative is not actually the specific goods being produced, but rather the people who are making the goods. You are highlighting the fact that the various products you are selling are produced by women in a disadvantaged community who are developing skills to improve their own circumstances. You need to effectively communicate that them through labeling, printed brochures, signage if you are selling at a booth, and with knowledgeable sales people in the marketplace.

We believe that the cooperative should consider distinguishing itself from SVDP, and focus exclusively on the goals of the self-help-group. There are clearly circumstances in which the SVDP affiliation is desirable and in those cases, the cooperative can highlight its foundations and SVDP link. However, in a country where the vast majority of people come from other religions, there may be other circumstances where buyers would be reluctant to support a group affiliated with Christianity in general, and/or the Catholicism in particular. In that case, the separation of SVDP from the cooperative may be beneficial.

There are many options in terms of a name for this cooperative. We consulted with Dr. Monica Adya, a faculty member in the Management Department at Marquette University, and a native of New Delhi to identify a small sample of names that may help someone identify with the self-help nature of the group, as well as the fact that the group is made up of women. Note that this is not meant to be a comprehensive list, but rather as a way of promoting thought and discussion of the women in the group.

- Abhivridhi (uh-bhi-vrih-dhi) – aptitude, attitude; progress, prosperity, development
- Unnamān (oon-ah-muhn) - (the act of) bending upwards; lifting up, raising; increase.
- unnayān (oon-uh-yuhn) progress; development; uplift; elevation
- Pragati (pruh-guh-tea) – progress, development
- Unnati (oon-ah-tea) – progress, rise, development, improvement, betterment
- Sangini (sung-ee-nee) – female companion, friend
- Rachna (ruhch-nah) - creation
- Srishti (sree-shh-tea) - creation
- Abhilasha – (uh-bee-lah-sha) - cherished, desired, longed for.
- Akanksha (uh-kank-sha) – desire, cherished or longed for.

b. Development of labels for product

Labeling is one way to help build a brand and identity for a company. It is our recommendation that the cooperative develop a consistent label to put on all products so consumers begin to recognize the brand. The label on a product tells a consumer who made the product and where it comes from. It can also contain other information like the mission of an organization or a phone number or email address that can be used to reach the company selling the product.

The design needs to be integrated with the name of the company, much like the Aadi Aushadhi label conveys it's link to the natural products that it produces. You will certainly need help in developing the name and logo for the cooperative, and we suggest that SVDP approach its friends and contacts to find marketing professionals who can provide their services on a pro-bono (i.e., voluntary) basis to support this worthy cause.

c. Use of Social media

- Web site
In a long term perspective, the development of a credible Web Site is advised. This will give the organization credibility and the opportunity to broadcast the mission and programs of the organization to outside the community. Though there are many benefits of having a Web Site, it is also costly. This must be kept in mind when considering this opportunity.

- Video Documentary

On point with broadcasting organization, with the development of a quality video documentary of the organization could expand the organization. As said, many people do not know the problems that exist within the community. The creation of the video will spread the word and give opportunities to potential donors.

- Blog site

Blog sites are free and deliver many of the same benefits that a Web Site delivers. Two places where attractive, useful blogs can be made for free are www.wordpress.org or www.blogger.com. Follow the instructions of the site and create an account. After creating an account, choose one of the many free blog-templates inside these sites. These sites will host your blog for free. Once the blog is made, create posts regularly to show progress of the organization or new programs the organization plans to run. Be sure that the organization alerts all of its contacts of the new blog, and insist they follow the blog.

- Facebook site

Similarly to the blog, creating a Facebook page will spread word of the organization free of charge. Go to www.facebook.com/pages/create.php and create a page (note: this is not an individual profile, this is page made specifically for organizations.) Follow the instructions on the site to create the page. Once completed, display your location, and a bio for your organization. Then, just like the blog, make status' about the organization and have your followers "like" your page to continue to follow it. Inside the page the organization can add an app to collect donations online. (note: this can also be done on the blog site.) Go to www.paypal.com and follow the instructions for the *Online Fundraising Tools*.

d. *Determine potential markets*

The MU-AGBL team considered markets located both within and outside of India. Given the relatively low market price for many of the items, the team concluded that the SVDP should focus its initial efforts in developing markets within India, and more specifically within the Delhi region. As of the most recent Census, there are more than 16 million people in the National Capital Territory of Delhi, and more than 22 million the Greater National Capital Area. Expanding beyond the Delhi area brings about additional transportation costs, and would require that the cooperative of the self-help group also develop a relationship with an outside organization. Given that the organization is still developing productive capacity, we recommend that it begin selling its product locally and expand beyond Delhi only after it has established productive capacity to service local customers.

The SVDP self-help group needs to focus on local markets where there is sufficient purchasing power to pay a fair price for the products being produced. By a fair price, we mean that the price covers the cost of production including the cost of materials, the cost of transportation and the fair compensation to the workers. Marketing the products in higher income areas of Delhi is important, and targeting times of the year when purchases are being made (e.g., festivals, holidays, etc.) is a good strategy. Making use of any Jesuit and other Catholic networks can also be desirable. For example, making the large alumni network at St. Xavier's School aware of your products may be an avenue to explore.

If you want to expand beyond Delhi, then do not be afraid of dealing with middlemen, but be cautious in your negotiations. Under no circumstances should you provide product to a middleman without full payment for those products.

VII. Concluding Remarks

While many of the Marquette University Applied Global Learning team have traveled extensively, including travel in other parts of the developing world, the level of poverty and need that we witnessed in Delhi were unprecedented. Nonetheless, we were very impressed with the programs and initiatives being put forth by St. Vincent DePaul's. As students and faculty of an institute of higher learning, we recognize the importance of education, and the educational efforts of Fr. Jose are truly inspiring. There is also remarkable drive among the residents of the neighborhood around St. Vincent DePaul to improve their conditions and their future through hard work and we were inspired by their energy and passion. We believe that our recommendations can make the self-help group for women, that is currently organized through the V-Care program even more successful. We look forward to a continued collaboration between MU-AGBL and St. Vincent DePaul's.