

GreenKraft and Ikea Partnership Progress Report



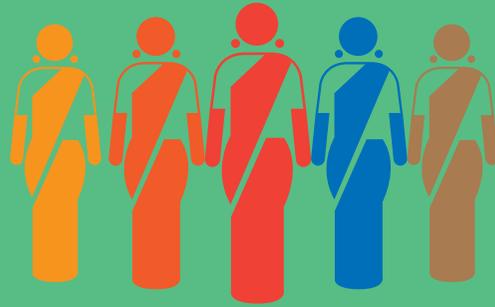
Growth

In the last 3 months, GreenKraft has moved the entire operations to Madurai. This time has seen the establishment of a **globally compliant** production unit, a warehouse, mobilisation of the artisans and the start of production.

There has been an exponential growth with a **1050 producers (720 weavers) mobilised in 3 months**, **8.5x** increase in production capacity and **2x** increase in factory size.

This 3 month turnaround means that the facility is now equipped to handle growing orders and expanding business.

Total Artisan Reach:
started with 80 now at 1,050

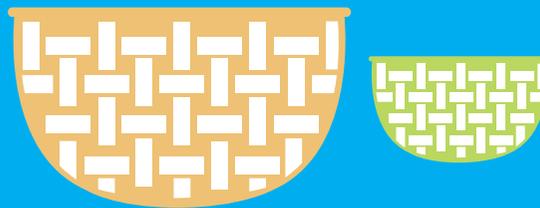


Professional management Team Size:

30



Current Capacity:
5,000 pcs/week



Our 1st shipment done over 4 months was of 7,219 pcs in 2013

Overall Impact:

Started with 400 now at 5,250



Locations

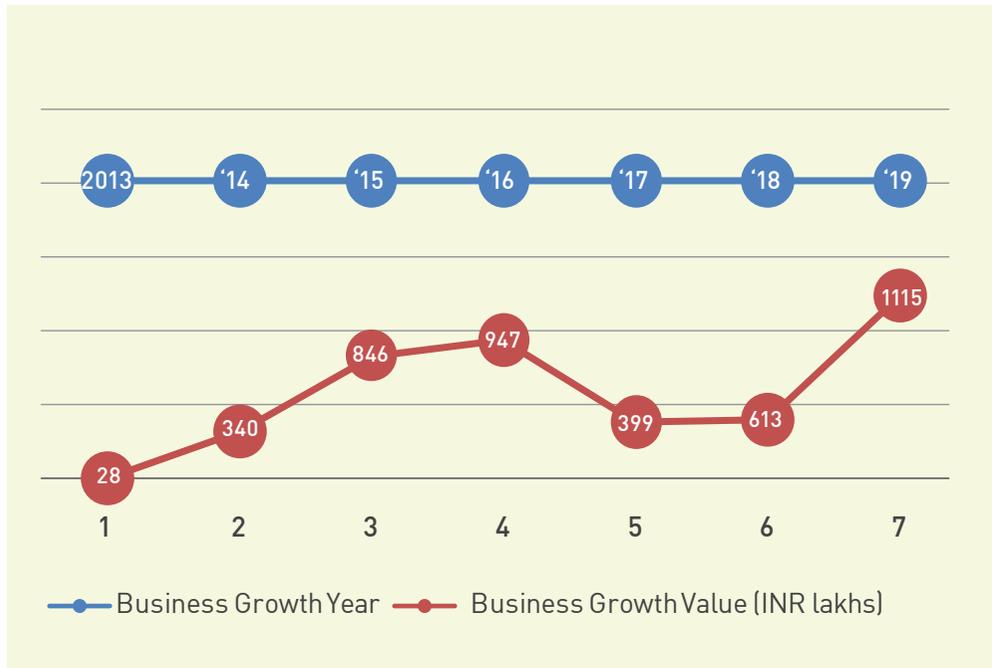


Why the move to Madurai

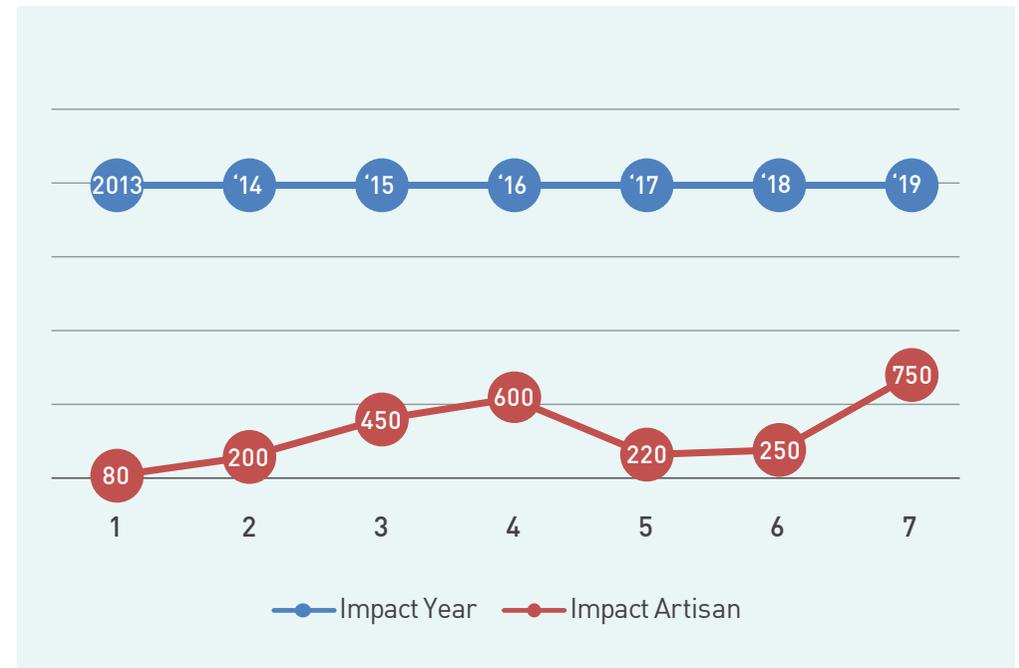
The move to Madurai, Tamil Nadu is crucial for scale up and expansion. Now, production is **closer to the raw materials/farmers, closer to artisan homes and closer to the port.** The weather in Madurai is also suitable for banana bark production.

The move has streamlined logistics and thereby **increasing cost efficiencies.** Also, finding suitable space in Madurai has allowed for the set up of state of the art facilities which will aid production and expansion.

Business Growth



Impact



Production Unit

- Multi skilled artisans
- Expandable facility
- Lean manufacturing processes implemented
- Globally compliant facility
- Outdoor as well as Solar powered drying facilities
- Raw material banks

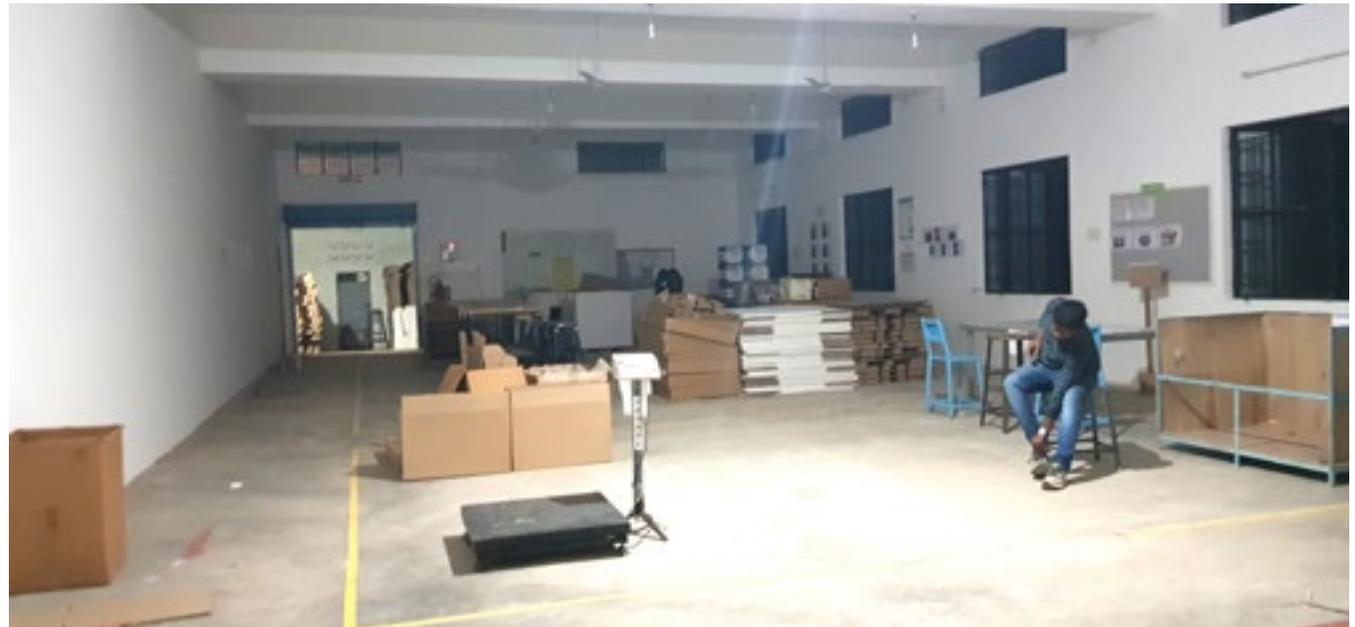


Factory Size:
20,000 sqft

Expansion Possibility:
Upto 20,000 sqft

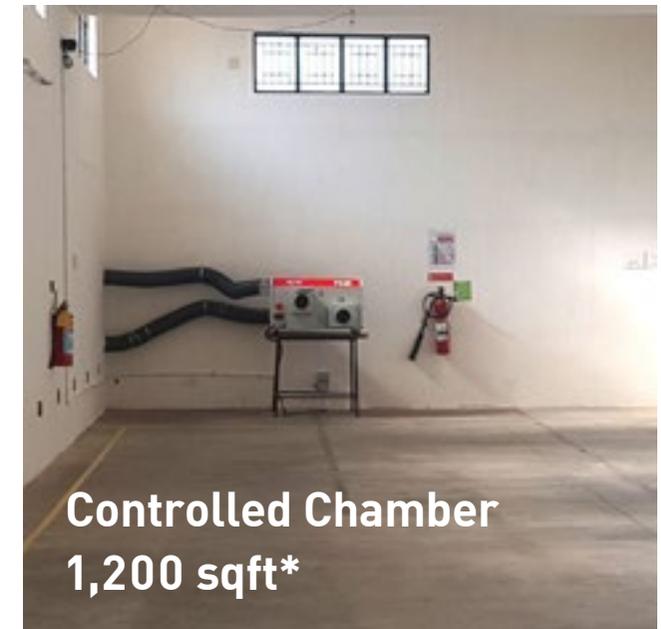
Warehouse

- Equipped with state of the art equipment
- Expandable facility
- Capable of executing daily dispatches



Facility Highlights

- * Lacquering chamber for systematic and stream lined processing
- * Control chamber and heating chamber for improved insect management systems
- * The heating Chamber is solar operated making it eco friendly
- * All these facilities are expandable



A Sustainable Raw Material

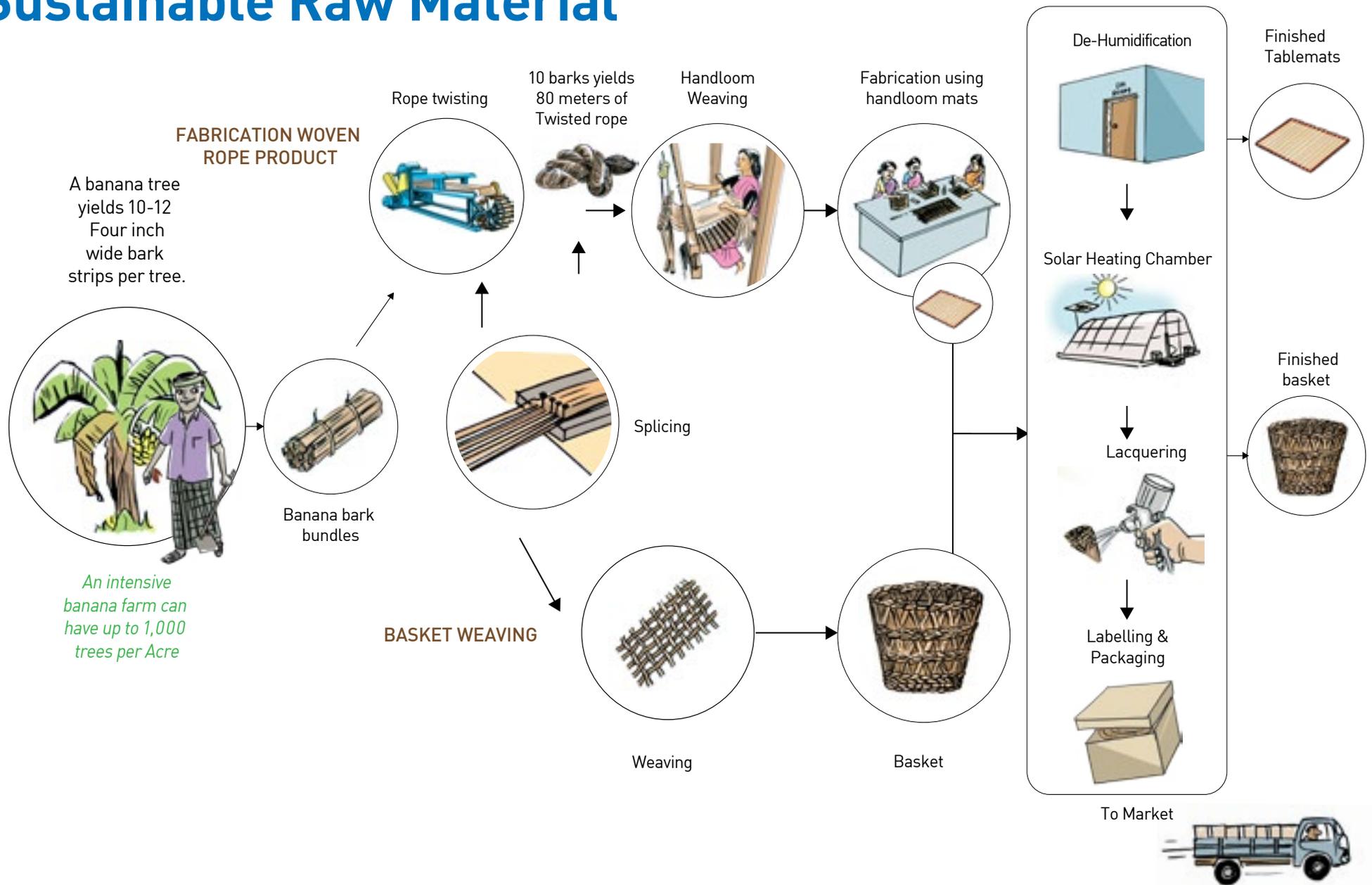
India is the **second largest producer of banana** fruit in the world. And the Indian state of Tamil Nadu is among the largest banana producing states in the country. Tamil Nadu has a history of producing numerous woven products out on banana fibre such as baskets, mats, bags and more. The raw material is abundant in supply and eco friendly in nature.

As **banana is a consumable**, there is **no scarcity** and the raw materials are available all year round. Instead of disposing of the bark post harvest, it is **upcycled to create banana bark products**.

This craft has long resided within the informal production sector however, is now moving into formal retail markets rapidly. The facilities set up by Social Enterprise are unique in nature and **one of a kind** in India. This is the first time in India that a formal set up of this kind has been established which is **scaleable and has systematic processes** in place for **high standards in production**.



A Sustainable Raw Material



Skills

Macrame, Basket Weaving, Rope Twisting, Handloom





The Ikea Story

It all started when Robert Max Metcalfe, who was heading the Ikea India operations at the time, called our co-founder Neelam Chhiber and expressed interest in engaging with Greenkraft as a prospective vendor. He had visited one of the social enterprise's retail outlets in Chennai and was impressed by natural fibre products that he had seen there.

Neelam then arranged for Max and the Ikea team to visit the Self Help Groups (SHGs) that were involved in the production of the natural fibre products. Greenkraft, at that time, bought products directly from SHGs. While the Ikea team loved the inclusive, social enterprise model that Social Enterprise was following to empower artisans, they flagged that it would be quite the challenge to get Social Enterprise on board as vendors, since it would not meet IWAY compliances. IWAY or Ikea Way was the supplier code of conduct, outlining environment and social & working conditions, that all vendor of Ikea needed to adhere to. And Neelam was more than happy and willing to take up the challenge.

The very first order from Ikea was for about 8 SKUs for their exhibition in Germany. The team worked very hard to complete this

order – this was at a time when the team was small and the structure, very informal. This engagement gave insights into how difficult it would be to fulfil compliances.

Neelam understood that in order to work towards social empowerment of artisans, customers who insisted on following social and ethical compliances were key. By engaging with customers like Ikea, Greenkraft would need to ensure that social norms were embedded in the ecosystem that it was building for artisans. Another key fact that came to light was the scale of operations. At low scale, it was practically impossible to ensure compliances; this meant that producers had to be aggregated. To ensure that environmental compliances and safety norms could be monitored centrally, common facility centres were required. All of this required investment!

In 2013, 5 years post the first interaction with Ikea, Neelam approached them to reinstate the partnership. Ikea was at the time looking to tie up with social enterprises in India for their 'Next Gen' initiative, which aimed to enable social entrepreneurs gain access to

global markets. And thus, the partnership was restored!

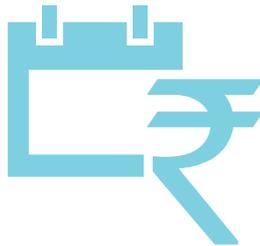
Since then, 5,250 artisans have been embedded in the end-to-end value chain of banana bark products and have benefitted through the partnership. Over 6 lakh pieces manufactured by producers in areas like Madurai, Erode and Bangalore have made their way to Ikea stores across Europe, USA and Asia.

Core Impact Areas



*Women's empowerment
at home and at work*

*Increased
and regular
incomes*



*Improved standard of living
for the next generation*



*Decent and
equitable work
conditions*



*Resilience to
life crises*



With the support of Ikea, impact is being achieved in the above areas. The partnership has helped create the environment for continuous and sustainable impact for many producers.

Connection to Sustainable Development Goals



Gender equality: The social entrepreneurship model with an emphasis on creating livelihoods for women contributes towards the fifth United Nations Sustainable Development Goal of Gender Equality.



Decent work and economic growth: The social enterprise and producer-owned distributed manufacturing model generates increased incomes and job stability for artisans and contributes to the eighth United Nations Sustainable Development goal of Decent Work and Economic Growth.



Responsible consumption and production: By creating a market for natural fibre products and converting waste material into useful products, the social enterprise's work is contributing to the eleventh United Nations Sustainable Development Goal of Responsible Consumption and Production.

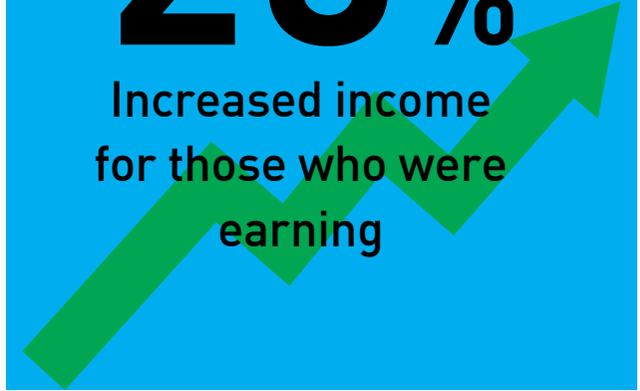
Impact on Producers

Engaging first time earners



23%

Increased income for those who were earning



Increased spending on education, nutrition and health

100% producers have ATM cards



Next Steps

1. Continued improvement of quality
2. Processes implemented to reduce cost further
3. Maintenance of IWAY standards
4. Expansion plans (on right)



Next Expansion



Andhra Pradesh

Mobilisation of 1,000 banana farmers



Assam

Development of water hyacinth value chain



Tamil Nadu

Continued potential to expand as it is close to raw materials and close to port



Thank You!

