

In Focus: Business Insights

JEWELRY

Jewelry Brand Leverages Mobile Tech With Kenya-Based Artisans

- Ethical jewelry company Soko leverages mobile technology to support and communicate with its Kenya-based artisans.

BY TRACEY GREENSTEIN

As consumer demand for handcrafted accessories and apparel continues to grow, brands are employing new technologies to develop and engage with global artisan economies.

And companies such as Soko, a sustainable handcrafted jewelry and accessories company, created a wholly unique business model that leverages mobile technology to support and communicate with its Kenya-based artisans. Founded in 2012 by entrepreneurs Gwendolyn Floyd, Catherine Mahugu and Ella Peinovich, the firm is venture-backed by social impact investors. Soko's Kenya headquarters is based in Nairobi and its U.S. headquarters is located in San Francisco, with satellite offices in Los Angeles and New York.

The company employs mobile technology to advance "more inclusive and productive societies" by communicating with Kenyan artisans via smartphones. Through Soko's proprietary commerce app called "VRP," or Virtual Resource Planning, the brand operates a distributed virtual supply chain by streamlining requisite information such as purchase orders; delivery of goods; inventory management; the generation of control logs, and tracking for payments and financial histories for each of its workshops. Employing more than 2,000 Kenyan artisans, its products are ethically manufactured and made of natural materials such as brass and locally sourced Ankole Longhorn cattle, native to the Rift Valley of East Africa.

Soko jewelry is available at more than 400 international retailers, including Reformation, Urban Outfitters, Goop and Nordstrom, as well as through its own e-commerce platform. The company is partnered with the United Nations Trust Fund to End Violence Against Women and The Adventure Project.

Here, cofounder Gwendolyn Floyd talks to WWD about sustainable and ethical manufacturing and how its business model enables artisans to become entrepreneurs.

WWD: How is Soko's business model differentiated in the market? What problems did it solve in the artisan community?

Gwendolyn Floyd: Soko was born out of a passion for handcrafted design, a synergy of global perspectives, the desire to connect and empower entrepreneurs through technology, and a pervasive belief that women can transform the world. Inspired by these tenets, our business model uniquely addresses common problems for both, the artisan and consumer.

Soko exists because the consumer market is ripe for disruption. The fast-fashion industry relies on a broken production model of cheap labor and low-quality, environmentally destructive inputs – which, are horrible for people and planet – to reach economies of scale. Atrocities like Rana Plaza have exemplified that this model is literally a race to the bottom in



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Soko cofounder Gwendolyn Floyd.

which we will all lose should it continue. What Soko offers for consumers is an answer to the false dichotomy that one must choose between ethical, slow fashion and fast fashion. We have the technology available at our fingertips to work both ethically and time-efficiently, which we have employed through our artisan-enabled mobile interface.

Most consumers are unaware that the artisan industry is the second-largest employer in the developing world. But it's also one of the most disenfranchised. The majority of artisan production happens in small, informal workshop settings and sales are limited to the inconsistent, limited local market, trapping artisans at or below the poverty line. We recognized a global need, as well as global opportunity, to disrupt the systemic patterns of poverty

found across Africa's creative economy, and have addressed this through our "virtual factory."

WWD: Soko employs a distributed manufacturing model. How does this enable sustainable and ethical manufacturing? Can you elaborate on how this model helps artisans become entrepreneurs?

G.F.: As a vertically integrated brand and supply chain solution, we've used design and technology to coordinate distributed, independent artisans – as if they were all in the same place. We built a system so that no matter where artisans are, they have direct access to the global fashion market.

The global mobile revolution has helped make this possible. We've elevated the mobile phone, already in the artisan's hands, to coordinate more than 2,000 independent, informal artisans into an efficient and powerful production force we like to call a "virtual factory." Because of this, artisans are able to work from their personal workshops at their own pace, fulfilling orders that they've individually set, using heritage techniques with sustainable materials, which do not harm people or our planet.

This results in a model so time-efficient and affordable that artisans retain an unprecedented 20 percent of total revenue – increasing their income on average by a factor of four within two months of joining Soko. Through their additional earned income, artisans can then invest in and pursue entrepreneurial endeavors, while also honing in and perfecting their artisanal skills through Soko manufacturing.

WWD: What inspired Soko to leverage mobile phone technology?

G.F.: We wanted to build a race to the top model wherein all stakeholders could

dramatically benefit – from the artisans, to retailers, to end consumers. In order to do this, we needed to invent a new model of manufacturing wherein hand-made production and heritage materials could provide immense value, not just to artisans and local economies, but to customers as well. We knew that through leveraging innovative technology, we could enable artisans to compete at scale, on the international market, and validate a future where handmade goods can compete with machine-made for certain, yet significant, segments of the market.

In essence, the Soko mobile technology helps artisans make a better product, faster. Soko's key to achieving this is our model of distributed micro-manufacturing that employs a vast number of small-scale, independent artisan entrepreneurs spread across a city or region. Soko's supply chain innovations use the mobile phone to transform production at workshop level, enabling us to match marginalized, developing world artisan production with real-time global demand for Soko's designs.

WWD: How does Soko work with Nairobi culture instead of against it?

G.F.: The culture of Nairobi is vibrant and enduring. It's referred to as the Silicon Savannah. At Soko, we work to create a market for heritage production, maximizing career and creative opportunities both for artisans within our networks, as well as Soko employees.

Understanding the complexities of Nairobi and Kenya is truly critical to the way we've built our model. Distributed manufacturing cannot happen anywhere, we are reliant on the systems, cultures and communications local to the place. In addition, we must meet artisans at their individual skill level, and allow them to refine and grow their handcrafting capabilities as they develop product with us.

Since Africa is at the forefront of mobile technology use, we wanted to implement a relevant way to encourage entrepreneurialism in our model. Through building this virtual factory model, Soko has transformed the artisan's phone into business tools to manage product orders, timelines, dynamic inventory and more. Soko's technology has overcome many of the traditional barriers standing in the way of global brands and companies working with marginalized artisan communities around the world.

WWD: Why is Kenya the area of focus? Are there plans for geographic expansion?

G.F.: Kenya as a country was an early adopter of mobile currency, so we are able to pay our artisans through the use of M-Pesa (a mobile phone-based money transfer, financing and micro-financing service), and thus provide not only financial but social equity. Our vision for the future of work are complementary systems that weave together the best of human capital and creativity with accessible technology – Kenya was ripe for this evolution. In many ways we've done something oxymoronic – we've used technology to preserve the value of human contributions to productive systems, creating a market for human hands.

The way companies build their businesses has massive implications on the values it brings into the world. Our goal with Soko's business model is to rebrand "Made in Africa" so it connotes the best in class, ethical, fashion forward, high quality, and innovative products and processes. With that said, our current attention is focused on the continent, and we've considered programs in Asia as well as Latin America.