

Bianca Alvarado is the founder of Baja Urban.

Below she describes her reason for forming Baja Urban:

*As a child, seeing my aunt's experience working in a maquiladora (a manufacturing plant that imports and assembles duty-free components for export) in Tijuana made me aware of how women around the world work very hard yet do not earn a living salary. With her low salary, my aunt's family suffered very precarious living conditions like having an outhouse made of scraps, instead of household plumbing.*

*While visiting San Cristobal de Las Casas, Chiapas, in 2016, I was reminded again of this injustice. Indigenous women sell their handmade products on the streets for tourists at very low prices while their children beg for food or money. Many businesses sell handmade products from artisans online; however, just because those products are handmade and businesses' marketing portrays indigenous women, there is no guarantee that they are paying artisans a fair wage. I recently became more aware of this problem as part of my practicum class in the Social Innovation program at the University of San Diego. Here, my partner and I served as consultants in fall 2017 for SOLO Eyewear, helping the owners identify a handcraft product to add to their line that was made by an artisan collective that produced quality products. Along the way, we became aware that artisan collectives are not producing modern, high-quality, and trendy products that can be sold in the market for high prices, and that profit-seeking companies that are selling these kinds of products are not transparent about how much of the purchase goes to the artisan.*



## 1. Social Impact

### a. Summarize your understanding of the problem you are trying to address and its root causes.

Indigenous women in Chiapas, Mexico sell their handmade products on the streets for tourists at very low prices while their children beg for food or money. Today, many businesses sell handmade products from artisans online; however, just because those products are handmade and businesses' marketing portrays indigenous women, this is no guarantee that they are paying artisans a fair wage. I recently became more aware of this problem as part of my practicum class in the Social Innovation program at the University of San Diego. In the fall of 2017, my partner and I served as consultants for SOLO Eyewear, helping the company owners to identify a handcraft product that was made by an artisan collective producing quality products to add to their line. Along the way, we became aware that artisan collectives are not producing modern, high-quality, and trendy products that can be sold on the market for high prices, and that the profit-seeking companies that are selling these kinds of products are not transparent about how much of the purchase goes to the artisan.

Within México's craft industry, the textile industry represents a challenge. Out of the 10 million artisans in México, nearly 70 percent live on under two dollars a day (Lane 2016). One of the biggest reasons behind this is that what artisans are producing is stylistically inconsistent with what people wear day to day (Lane 2016).

### b. Explain who will benefit from your social innovation.

This social innovation will benefit artisans from Huixtan Chiapas, Mexico, specifically those members of an artisan collective called Las Dos Flores (The Two Flowers). Las Dos Flores is led by Margarita Enriquez Bolon from Huixtan, Chiapas, who I recently interviewed. Her collective consists of working moms between the ages of 20 to 25 years old. The only sewing machine the workers have access to is one leased for a few months at a time a by Na Bolom, a local nonprofit, and only when Las Dos Flores does contract work for them. Margarita told me that sometimes they get training from Sonart, a government program from México City, which is supposed to give them training on design and entrepreneurship and provide them with basic materials. However, she also told me that she hasn't collaborated with Sonart for about a year as the municipal president of her town hasn't reestablished the collaboration. She is aware that the products that she needs to create need to be modern, saying, "Times change, we can continue to do handcraft embroidery to preserve our tradition. People change, and we can create a mixture of our handcraft with modern products so that it can provide an income for our families" and compared her products with those "modern products" produced by boutiques. She further explained that they lack the technology to create quality products and need

orientation to create clothing that is modern. I have so far only met Margarita, but I plan on visiting the entire collective in May to learn more about them.

**c. Explain what your social innovation does.**

In a 2007 report titled *Handicrafts and Employment Generation for the Poorest Youth and Women*, UNESCO noted that handmade craft represents an approach to alleviating poverty and building community improvements around the world. This report illustrates “the relevance of developing and reinforcing handicraft production as a way to promote employment and development for the most marginalized populations, especially the poorest youth and women” (Richard 2007, 15). UNESCO notes in the report that in order for this sector to thrive, investment must be made in “marketing, design and management training” as countries where craft has flourished have invested in this too (Richard 2007, 14). UNESCO also explains that investing in training can be a successful way to increase the living standards of artisans in developing countries (Richard 2007, 15).



Figure 1

My solution is to develop the sustainability of our social startup, Baja Urban which sells products that make a statement around the world, being both fashionable and having an impact in a local community (see Figure 1). At Baja Urban, we will continue to sell our products to our target market Hispanic women/Latinas and anyone that loves our products.

We currently have a swimwear line from Colombia; my vision with Baja Urban is to help build sustainable communities by ensuring that the products we already sell and those we add to the line in future have been sustainably produced. We will ensure this by starting our own production line and paying women a fair wage. We want to produce our own products because right now we are buying handcrafted swimwear from a third-party supplier and as a result do not have control of or any say in how much artisans and producers get paid. We will continue to sell from third-party suppliers until the business is self-sustainable, allowing us to do research and the necessary product development to

produce our own products. Once we start producing, we will have our manufacturing center in Tijuana hiring local women and import fair trade handcrafted designs from Chiapas, Mexico.

With this assurance, when a customer purchases a handcrafted product from Baja Urban, women from impoverished communities around the world are being empowered. This innovative social business helps bridge the gap in the artisan industry by producing quality and fashionable products while paying artisans a fair wage (see Figure 2).

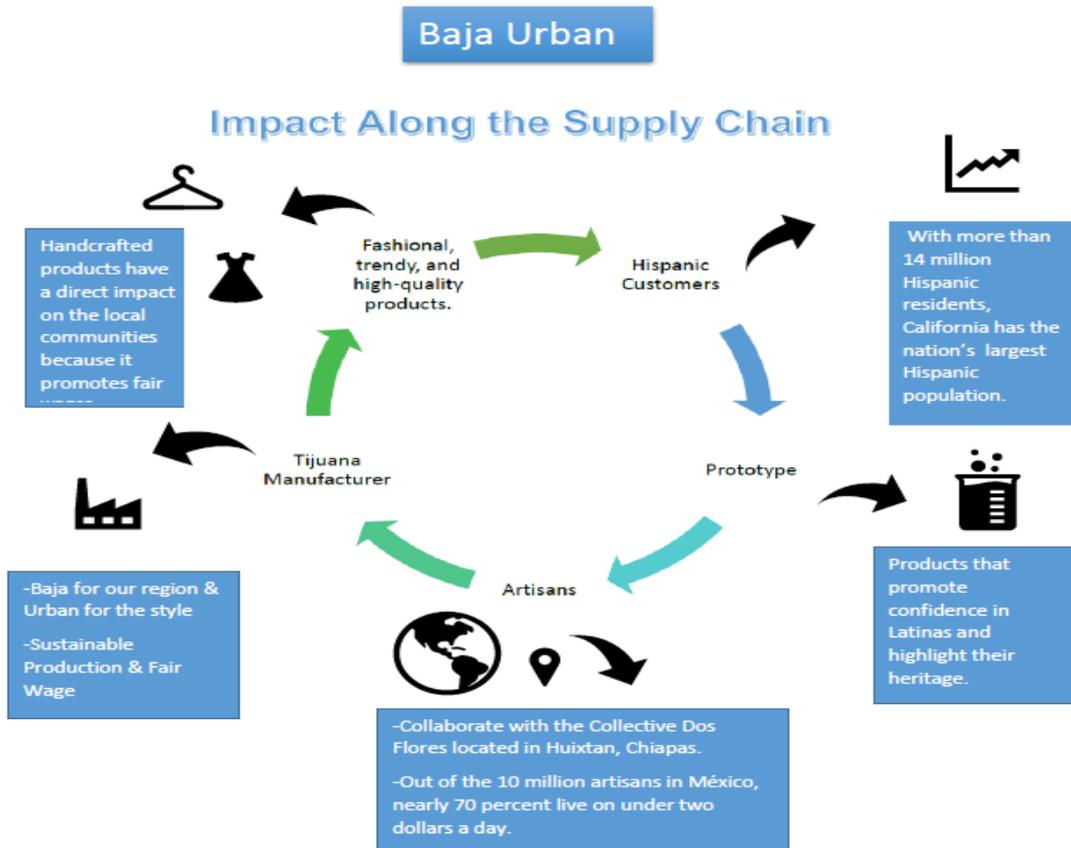


Figure 2

Baja Urban will sell handmade products from South America and Mexico, targeting Hispanic customers between the ages of 25 and 35. Our target customer base visits México regularly and knows some Spanish and English. 10% percent of the sales from each purchased product will donated toward scholarships for youth in Tijuana (see Figure 3). This reflects Baja Urban’s interest in Hispanic women for our products, which is a segment of the market that is not usually targeted for social good products. This is also a key element in our social business because our products come from communities that our customers can connect to because they promote Hispanic Cultural Heritage. They can also connect with the products because their purchase allows them to make an impact in local communities from Mexico and South America. I have personally witnessed Hispanic people sending remittances back home and the products that we sell will allow them to make an impact at home. Finally, 10% from each product sold will go towards scholarships for Hispanic youth so customers will once again feel the connection with the brand because they are indirectly helping the community.



Figure 3

**d. Explain the potential depth of impact.**

Create a sustainable social business that empowers both the producer and customers by:

- Paying a fair wage to the artisans who produce the handcrafted designed for the products. The goal is to raise their living standards by paying a fair wage for their labor, thus helping to lift them lift out of poverty.
- Creating a sustainable supply chain in order to produce sustainable, environmentally-friendly, and fair trade products that have an impact on the lives of artisans and in their local communities around the world
- Strengthening the community of our Hispanic customers by forming our outreach and marketing content around education and leadership

**e. How scalable is your social innovation?**

The solution is scalable because other businesses are also investing in the handcrafted industry. Most notably, according to UNESCO’s 2007 report, one third of Italy’s GDP comes from the handcrafted industry. Investment must be made for artisans to produce modern, fashionable, and trendy products in order for artisans to receive a fair wage for their labor.

Once Baja Urban becomes sustainable in resources, the vision is to continue to grow the artisans products that we offer by reaching out to more artisans around the world and assisting them but also investing in them to produce high-quality, modern, and trendy products that they can sell.

## 2. Acceptability/Desirability to Customer

- a. **How would your target customer / beneficiary define the social challenge you are addressing in their own words?**

For this project there are two beneficiaries. The artisans who will benefit from selling higher value products and the customers in the U.S. who will purchase the products.

The artisans would define the challenge that I am addressing as a lack to access to resources and customers. Most of them live in rural villages so they would describe the problem as access to customers. Most sell their products to another person from the city that resells them on the street. Artisans would also say that they lack access to technology to produce modern products, without noting that they need other components too to create high-quality, modern, and fashionable products.

Our Hispanic female customers who we will sell the products to in the U.S. are somewhat aware of sustainability or environmental problems (see Figure 4). I became aware of this by surveying some of our current customers. Most of the time they just buy because they like the product or because they know the brand. This gives us an opportunity to educate our customers on sustainability and fair wages.

**Selling modern products for Latinas...  
and more!**

- 1.** Each swimsuit is designed specifically to contour the body, and is created with vibrant colors to promote confidence in Latinas and highlight their heritage.
- 2.** Handcrafted products have a direct impact on the local communities because it promotes fair wages and exposes and upholds the Hispanic heritage
- 3.** 10% of profit from each product sold is directed to a Hispanic Youth Scholarship

Figure 4

**b. Explain how your activities will create your desired social impact for this customer.**

Our Theory of Change is that we can help lift artisans out of poverty in developing countries by paying them a better wage for their labor. We will help them create more value in their products by investing in the resources available for them.

**c. Explain how you have tested the assumption(s) that your idea will work and what customer insights you have gleaned in this process.**

**Interviewed Artisans**

1. I will be interviewing two artisans from two different collectives to understand their needs. I am planning to visit the artisans' communities in May to get to know them better.
2. I will be interviewing a nonprofit from Chiapas, Mexico, that serves the artisan community I hope to serve. During my travels to Chiapas, I will also meet with them to learn more about the community that I want to serve.

**Startup Results**

1. Sold 15 bathing suits to my target customer base.
2. 30 Subscribers to the website, who registered because they want to learn tips for women's empowerment. I know this because the registration box where they subscribe to the website advertised this.
3. Through a collaboration with Gente Bonita (a local magazine that serves my target market) I created a raffle promotion and have obtained the email addresses of 60 subscribers from among my target customer base. These subscribers were very interested in registering for the raffle because they loved the bathing suit.
4. I have interviewed five potential clients to create the prototype of the embroidered dress that I will be developing with artisans. In this interview, I learned about clients' past purchases, having them share their details of their favorite dresses and their reason for purchasing them. Among other things, discovered that customers loved when dresses have pockets, marked their waistline, and included a bra in the dress design.

**Prototype**

During the summer of 2016, I worked with an artisan in Chiapas to create a swimsuit prototype, (see Figure 5). The cost of the bathing suit soon reached \$80.00, because the artisan was both designing and producing every single part of the product. While I am aware that products must be high-quality to sell at a desirable price, I realized at this point that I wasn't going to retail the product at a profit, and decided to learn more about the production business. Now that I have experience selling a high-quality finished product, I have become aware that I need



*Figure 5*

to collaborate with designers and learn from the current practices of manufacturers in order to create a more sustainable supply chain. With the benefit of my increased experience and understanding, the next prototype that I will build is in collaboration with a designer from Tijuana, México. Right now, we are prototyping the greeting card because a small product is allowing us to reach the high-quality value that we want to create in future products. Our next goal is to create a dress with embroidery.

### **3. Resource Gathering and Financial Sustainability**

#### **a. Explain how you will connect with crucial stakeholders for building your social innovation.**

I will use three channels to reach my customers. My customers are a community that we care about deeply and want to empower with Baja Urban. I want Hispanic youth to become aware of Baja Urban because we are making a difference in their community. We will stay away from advertisements because we want our customers to fall in love with the impact that we are having in the community, fostering Hispanic Youth Leadership and Women Empowerment, rather than learning about us through ads. Once our target customers fall in love with our purpose and visit our website to purchase our products, we will be able to connect them with our products. We will use the three following methods to reach our customers:

1. Newsletter: Having been exposed to us at events, target customers will subscribe to one of our newsletters because they want to become aware of opportunities for youth. We will have a second newsletter to promote women's empowerment. Each email newsletter that we send will contain company information featuring a collection of available products to buy. These emails will also contain a flyer that allow customers to understand that their purchase is making an impact in the community, informing potential customers that 10% of each purchase goes towards scholarships for youth in Tijuana.

2. Events: Baja Urban will seek a display booth in events that empower and support the Hispanic community. For example, we were recently part of a series of events that empower women. For three consecutive Mondays, Gente Bonita (a local Spanish magazine) hosted talks on empowering Hispanic women in areas such as nutrition, finance, etc. They allowed me to use a display booth featuring the swimsuits and to do a raffle. I obtained around 60 email subscribers as a result of this series of events. Baja Urban will continue to participate in such events. We want our customers to find out about us because we are part of a community that is empowering them.

3. Social Media: Our target market is somewhat aware unaware of fairtrade and sustainability. Baja Urban will share the work that we are doing in the community, but we are also going to promote a lifestyle about sustainability, fair trade, traveling in Mexico, and ethical and sustainable fashion.

#### **b. Explain the financial model for launching and running your social innovation.**

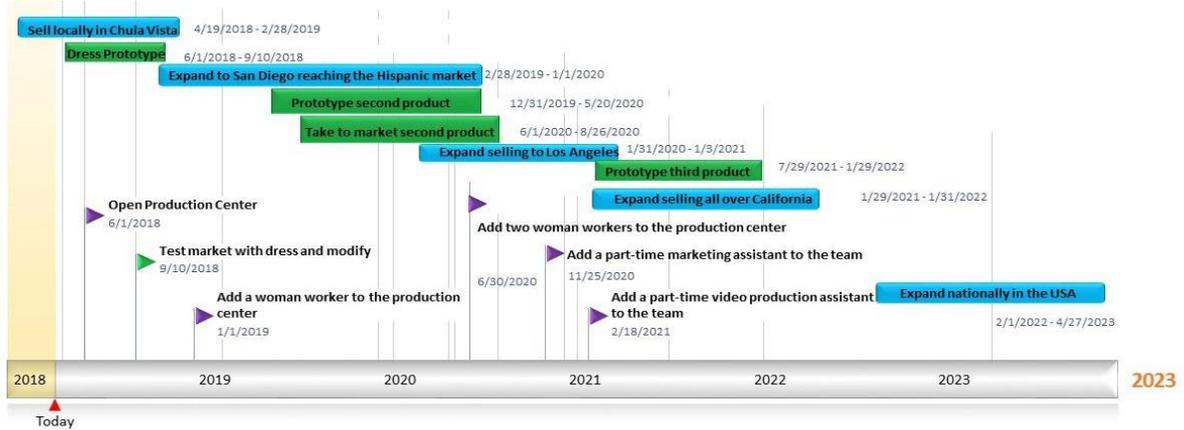
**Startup cost to produce our own products \$25,000**

Establish production centers (\$3,500) • Website + E-commerce (\$4,500) • Equipment, tools, R&D, etc. (\$5,000) • Marketing Outreach (\$4,000) • Initial Inventory (\$8,000)

This total startup cost displayed on top is to start Baja Urban’s own manufacturing company. This is a long-term goal. The plan is to start with providing fair wages to one manufacture producer in 2019 once the production center has been established and provide more women with employment as our production center and sells grow.

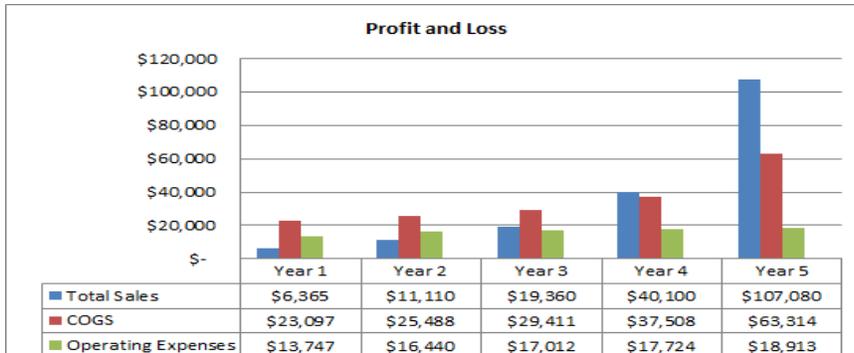
**Timeline**

Start selling locally and scale nationally by targeting Latinas.



**Breakeven**

We will break even the fourth year once we are producing our own products and will then start to expand regionally in California and nationally.



**Current Financials**

Bianca Alvarado, the founder, started Baja Urban with her own resources. She has registered the business in the county of San Diego and established a website using Shopify. Eric Alvarado, one of the team members, has some video production tools so we have started to record videos of the products. In order for Baja Urban to reach a profit and financial sustainability, we must manufacture the products and sell in large quantities per month, This will come in the fifth year once we are mass producing (see Figure 4). Right now, we are still in the process of prototyping our future products. For the next two years, team members will depend on their own earned income until we can rely financially on the manufacturing. The cost below is the current cost for the startup. Right now, we do not yet have a steady revenue stream. However, we do sell at least two bathing suits per month.

#### **Current outgoing cost for startup**

Website maintenance: \$40.00

Booth setup fees per event for two events a month: \$50.00

Wholesale buying products every 6-month: \$3,000

-One-piece bikini: wholesale price: \$60.00, retail price: \$95.00

-Two-piece bikini: Wholesale price: \$40.00, retail price \$90.00

Materials: \$500

#### **4. Feasibility and Team Readiness/Capacity**

##### **a. Describe your current resources, partnerships and support network.**

**1. Artisan Collective:** I met Margarita Bolon in 2016 because I was taking an embroidery class with her. We continued the relationship, creating a swimsuit prototype together. Today, I want to learn more about artisans by visiting her community and the artisan collectives so that I can form a partnership between Baja Urban and her collective. She is an indigenous women that had to leave her town to look for a better job in the city; she knows Spanish and understands the issues that her collective is facing like the lack of tools available and the lack of knowledge in design to produce modern products.

**2. Fashion Schools Partnerships in Tijuana & Chiapas:** I reached out to a school and fashion student from Mexicali; however, due to time commitment no relationship formed. I have sent an email recently reaching out to Modiat and Instituto Yaneem, two fashions schools, in Tijuana and Maniquier, in Chiapas. I hope to meet with them soon to collaborate with one of their students. I am also in the process of establishing a relationship with Vivi, the owner of No Pos Gua, a dog clothing brand in Tijuana.

**3. Customers:** Our community is the most important asset that we are creating in Baja Urban. We have 15 customers that cheer for us and help make this company a reality. They have participated in video production and promote our company. We will grow this community through events, newsletter subscription, and social media.

##### **b. Explain how your team is equipped to turn your idea into a reality.**

Our team is a multidisciplinary and diverse team that is committed to make Baja Urban a reality. We lack a designer and are in the process of forming this collaboration.



The graphic features a decorative border at the top with pink and purple floral patterns. Below the border, the title "Baja Urban Family" is centered in white text on a teal background. The team members are presented in four columns, each with a descriptive trait, a photo, and their name and role.

Visionary	Outgoing, creative, & fun	Entrepreneurial spirit	Risk Taker
			
Bianca Alvarado Founder	Jessica Aparicio Business Development Strategist	Eric Alvarado Media Production	Bernie Jordan Marketing & Outreach

Our plan is to find a full time job after graduation this May, 2018 and devote 2 hours per week to Baja Urban until it become financially sustainable. Bianca the founder will invest around 10-15 hours per week.

## 5. Innovation & Competitiveness

### a. Explain your understanding of what is already being done to address this issue

Popular brands on social media such as Hiptipico, DRACO Tradición Textil, and other handmade product lines appear to be producing sustainable products that are fairtrade. As consumers browse those companies' official pages and social media accounts, it is easy to assume that buying those products will make a difference in the lives of artisans; however, these companies provide little to no transparency on their supply chain and on how much artisans are receiving. 70% of millennials are willing to pay more for a product that makes an impact on issues they care about and businesses understand this (Denver Branding 2018). The resultant "cause marketing" can be a powerful social business strategy but it also enables companies to exaggerate their own level of impact on a community. For instance, taking advantage of the lack of transparency, the European designer Louboutin priced his collection of Mexicaba bags for \$1,490 while paying artisans approximately \$12.81-\$13.43 for each bag (Estaff 2018). The company represented the Mexicaba bags as being fair trade, however as the difference in labor cost and market price shows, this is debatable. While the artisans created an essential part of the bag, this design would've still prevented them from being able to profit off their handcraft because they are not producing an end product. Although artisans might not know the market value of their designs, companies and wholesalers should provide a fair pay for the manufacturing of their handcrafts. Several companies and even foundations advertise responsible consumption and production, but many times this is not the case.

As it has been reported by various Mexican newspapers like El Pais, El Universal, and Milenio, Hacienda del Mundo Maya, a foundation that is supposed to look out for the interest of the artisans and collaborated with Louboutin, will be receiving 10% from each bag sold earning about ten times more than the artisans. According to this entity, artisans received a fair paid price because they received what they asked for. Because their handcrafted designs are usually low-paid, in today's market it is not enough for artisans to receive just a fair pay for their work. They must acquire the tools, knowledge, and resources to produce high quality, modern, and fashionable products in order to better their livelihoods and promote economic development in their communities. This week, at the start of April, I will be attending the 2018 National Fair Trade Conference in Washington D.C. where I will be able to learn from experts and share my vision in the field.

In México there are different startups and organization that are trying to bridge the problem of artisans not being able to produce the fashionable products that are demanded by millennials.

Someone Somewhere is a startup in México started after volunteering in artisan communities. The founders saw that the only way to support artisans improve their livelihood was by "combining traditional handicrafts with modern products;" moreover, they produce products for millennials by integrating the artisans' work with modern materials. An example of this is that "the team orders small, traditionally embroidered pockets from the artisans to stitch onto classic t-shirts." (Lane 2016). The startup is helping solve the fairtrade challenge by collaborating directly with the artisans and producing fashionable products for millennials. However although their website states that they are fairtrade, they don't provide readily accessible information, data, or metrics that proves this statement.

Aid to Artisans (ATA) is a non-profit organization that is trying to solve the challenge by connecting artisans with designers in order to produce high quality products. According to my interview with a staff member of ATA in Chiapas, Mexico, they only provide basic training to artisans in this region and offer limited resources in order for them to learn to produce modern and high-end products. When ATA is approached by a business, they support their artisans by making sure that they get a good pay; however, most of the profit goes toward the company that produces the end-product. Because the artisans only produce the handcrafted portion of the product, they do not yield high profit.

**b. Explain what is innovative about your social innovation and what differentiates it from what already exists.**

1. Fashionable and ethical products will fit the body and style for diverse woman with diverse bodies.
2. 10% from each product sold will go towards scholarships for youth in Tijuana (making us one of the first Hispanic business that gives back to their community).

3. Handcrafted: Our customers will connect with the story behind the products because the handcrafted design will come from Mexico and some of the communities from where they came from like Oaxaca, Chiapas, ect.

## 6. Risk

- a. Describe any potential obstacles, risks or threats that might affect the progress of your project.

Risk: Not being able to produce high-quality, trendy, and modern products, not selling the products that we produce, not being able to reach our customers, the products that we produce fair trade might be too expensive for our market to purchase.

*How do you plan to address these risks?*

We plan to address these risks by reaching the guidance of our advisers and continue to seek guidance and support from our network.

## Advisers

<p><b>Karen Henken</b></p>  <p><b>Business Development</b></p> <p>Professor of Practice, Social Innovation and Entrepreneurship at Kroc School</p>	<p><b>Catherine Stiefel</b></p>  <p><b>Accounting and Finance</b></p> <p>CPA with 20 years of business experience</p>	<p><b>Andrea Reyes</b></p>  <p><b>Ethical Fair Fashion</b></p> <p>Founder of New York City Fair Trade Coalition/Retailing and Intro to Fashion Business Adjunct Professor</p>
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## References

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