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San Luis Los Ranchos  
Vivaz  
Women's Cooperative



# Executive Summary

***Mission: We are a cooperative of independent women who, despite all obstacles, come together to improve the quality of life for our families and ourselves. It is a pleasure to be able to offer you our products that come from our culture, hearts, and a healthy and safe work environment.***

Vivaz is the women's cooperative of San Luis Los Ranchos responsible for transforming lives and producing personalized, quality, uniforms and indigo fashion products. Vivaz, was formed by a group of driven women who wanted to change their lives and the lives of those within their community. With help from the Centro de Intercambio y Solidaridad (CIS) in 2005 Vivaz was born. Forming a women's cooperative within the municipality of San Louis Los Ranchos allowed the women of Vivaz to gain financial independence and self-worth. The women are now able to procure a sustainable income while caring for their children and maintaining a primary role in the development of their community. In 2007 some members of Vivaz were trained in the highly skilled process of dying indigo, and in 2010 with donations from various non-government organizations were able to increase their capacity to sew commercially. Vivaz produces a variety of indigo garments--each with a beautiful and unique, hand-made design. The cooperative also measures, sews, and tailors school uniforms for two schools for Comasagua, the closest town to San Louis Los Ranchos.

Vivaz is a cooperative that employs 21 rural women and is independently directed by an administrative council. The administrative council holds monthly meetings where they assess the successes and failures of Vivaz, troubleshoot, and plan for the future. Vivaz also has a cooperative member who currently training to be an accountant. This will become a great asset for the business and help the cooperative successfully manage growth.

Every piece of clothing sold is important to the women of Vivaz. Not only do they take pride in their work, but every product sold has a tangible financial impact on the cooperative. Vivaz hopes to expand their market through exports. The target market of exports would include socially conscious buyers from around the world who have greater disposable incomes. Possible outlets to reach these markets include creating accounts with artisan websites such as Etsy.com. Progress toward export can be seen by Vivaz's development of an English tag and care directions for their indigo products as well as an effort to build up a larger inventory of indigo products.

## Section 2

# The Company

Vivaz is a cooperative that sews and dyes indigo products and was legally founded in February of 2011. Currently Vivaz is becoming a verifiable business through the treasury ministry of El Salvador. They are expected to operate with value added tax registers and comply with other legal measures to complete the process of becoming a registered business. Yet the desire for a cooperative like Vivaz has been present in the San Luis Los Ranchos community for a long time. The cooperative traces its roots to a 2001 earthquake that first brought the non-governmental organization Centro de Intercambio y Solidaridad (CIS) to the Comasagua region of El Salvador. Responding to women's disenfranchisement and their limited opportunities to generate independent, sustainable, financial income the CIS developed a supporting role in the early development of Vivaz. The CIS began working in tandem with the women's cooperative in May of 2005.



In 2007, with the help of the CIS and Salvadoran Enterprises for Women (SEW) Vivaz received intensive training in artisan indigo dyeing. Japanese experts taught Vivaz 25 different indigo dyeing techniques. Trained in the indigo process, Vivaz started their business by using funding from the CIS and SEW to invest in capital such as sewing machines, dyeing vats, scales, material, and sewing supplies. In 2010 the Ministry of Agriculture and Farming offered Vivaz an opportunity to connect with other cooperatives through a program called Talents of Brazil. Through the Talents of Brazil program Vivaz was able to take part in a national effort to build a network of cooperatives whose goals included promoting their products nationally and internationally. As part of the program, 40 cooperatives competed for a trip to Brazil. In 2010, Vivaz, the San Luis los Ranchos cooperative

was one of ten groups selected to travel to Brazil in 2011. This trip was important for the growth of Vivaz because it educated the women about developing a future exporting process as a way to grow their business. Although indigo dyeing generates sustainable incomes, Vivaz has diversified with the development of a sewing operation to employ more women.

Funded by the Salvadoran Enterprises for Women (SEW), the sewing operation began in April 2010. CIS promoter Mercedes Arias, a tireless advocate for the women of San Luis Los Ranchos, was instrumental in securing sewing training on their behalf. Though no longer with us, she continues to live on through the passion displayed by the women and quality of the sewing operation. The initial sewing training was held on June 16, 2010 with 17 women. These women, ranging from 14 to 52 years old and education levels from 2<sup>nd</sup> grade to high school graduates, worked as a team to learn how to produce quality products. The Salvadoran Government agency INSAFORP financed the training, Salvadoran Enterprises



for Women (SEW) paid for cementing the patio where the workshop took place and Comasagua Municipal Government contributed to the transportation of the sewing machines to San Luis los Ranchos and the installation of lighting. Utilizing the Salvadoran Ministry of Education's policy of contracting rural women, Vivaz began making school uniforms. In January of 2011, the women secured two government school uniform contracts with the smallest and largest school in Comasagua.

Currently the women's cooperative Vivaz consists of 21 women. For the first time working in their community, 15 women now have marketable skills and generate their own income for their families. As Vivaz continues to grow, the women's self-esteem and capabilities have grown as well. Vivaz is directed by an administrative council who holds monthly meetings. The administrative council consists of

- Delmy - president
- Antonia – vice president
- Patricia - secretary
- Amanda – treasurer

Management, sales and other positions are voluntary and women are compensated based on a piecework system.

## Section

# 3

# Products

The San Luis los Ranchos women's cooperative has multiple products. The indigo dying business dyes:

- Shawls (bought from another cooperative)
- Blouses (sewn by the women of San Luis los Ranchos)
- T-shirts (bought on the local economy)
- Table clothes and napkins (sewn by the women of San Luis los Ranchos)

Other items are made, but at lower quantities. Due to the high labor time involved in multiple stages of the dying process daily production is limited to roughly a dozen products. Smaller items such as shawls are more profitable. Products are primarily sold at the CIS solidarity craft stores and artisan fairs in Comasagua, Santa Tecla and other showcase venues.

In addition to sewing products for indigo dying, the sewing cooperative produces school uniforms under a government contract. Uniforms are produced using the personal measurements of each student and hand delivered to families.

## Section

# 4

# The Market

The existing market of the San Luis los Ranchos women's cooperative is largely local. The sewing business is dependent on government programs requiring school uniforms and slight preference by local administrators for women's cooperatives versus larger, urban businesses. The contractual process is bureaucratic and at risk for changes in government policy and personnel. Additionally, work on uniforms is only available for 4 months out of the year.

The indigo business has fewer restrictions and sales largely occur at local fairs. Set prices are not possible as competition at fairs and the need to cover the costs of attending fairs drives negotiation of prices. Often products are sold at cost. The most common customers are comparatively wealthy tourists visiting El Salvador that are socially conscious and appreciate artisan products. Vivaz desires to create a stronger market regarding international tourists. This is currently being pursued by sales through the CIS store and the local mayor giving Vivaz's indigo products as gifts to visitors. A tag is being developed by Vivaz with local university students to create a brand for fair trade, and marketable to others interested in artisan products.

## Section

# 5

# Competition

There are 27 other similar women's cooperatives in the same region of El Salvador. Like Vivaz, these cooperatives have a similar status in terms of bidding for government contracts, aimed at employing women. However, Vivaz does have a competitive edge. While these other cooperatives sew, none are trained or have the capacity to dye indigo. The indigo process is complicated, tedious, and acts as an entry barrier. If untrained, the skills can be difficult if not impossible to acquire.

Vivaz does have a competitor in the indigo market that sometimes renders Vivaz subject to price predation. This competitor is Alma de Añil, a group of women who dye for a wealthy woman. This group has the ability to use predatory pricing locally to put other groups out of business. For example, many women's cooperatives spend all proceeds and do not have funds left for purchases needed to support additional sales. International tourists are less price sensitive, but other artisan products provide indirect competition. For example, jewelry made from coconut shells, hand crafted and painted wood products, and other items.

## Section 6

# Sales & Marketing

Sales and marketing are currently limited and result from volunteer efforts by the women in the cooperative and other groups. A logo is being developed with local university students, and a service-learning trip by an American university has helped develop a product tag targeted at international customers. The goal of the group is to move beyond the local market to the less price sensitive international market. Fair trade groups also represent a possible distribution channel to international markets. Internet sales through artisan websites such as Etsy.com also represent a possible connection to the desired market. Vivaz has a computer, but Internet access to the area is limited. Other barriers to Internet sales that need to be addressed are information technology training, language barriers, limited shipping options and infrastructure (daily bus service and paved roads are several kilometers away).

## Section 7

# Operations

Operational limitations are restraining the Vivaz women's cooperative. Earnings of \$1/hour for piecework from sales to the government and art fairs is comparable to local wages picking coffee. Indigo dyeing is less seasonable and enables women to work within their communities and care for their children. Children below school age accompany their mothers to the cooperative and school age children attend school in the morning and arrive at the cooperative in the afternoon. A clear need for the cooperative is a facility for the children. If built, El Salvador has programs to bring in teachers and to provide meals for the children. This would have a significant impact on the cooperative's operations and also improve the lives of their children. Having a place for children at the cooperative would enable expanding the pool of labor to additional women in the community.



Beyond the lack of adequate facilities, the equipment available limits the sewing business. Sewing machines are manually operated and have limited maintenance, and all fabric used is cut by hand using scissors. Additionally, tracking of fabric pieces that make up a shirt could lead to mismatching of collars to garments.



Currently, production is targeted at filling orders or supplementing the women's income. Products are made when sales are available or are needed. Limited to no inventory of indigo items are kept in stock to fulfill orders leading to lost sales. One woman is studying accounting at a local university, but bookkeeping is limited and the costs of products are just beginning to be tracked. For example, indigo dyeing is labor intensive and a tablecloth can take 5 days to produce with prices in the local market not supporting the opportunity cost for labor. Also, the cloth for a tablecloth represents a significant capital investment.

Operations are funded from a small capital fund to purchase materials and supplies. Indirect costs for thread, rubber gloves and other necessities are now beginning to be included within product costs. Indigo is purchased once a year from another cooperative at \$105/kilo. A microloan from CIS is used to buy 5 kilos. The loan is repaid from product sales through the CIS store. Production of one of the popular products, shawls, is constrained by lead times from another cooperative and a lack of infrastructure in the country. Relationships with suppliers and customers are important and largely involve a single point of failure with the cooperative's president, Delmy.

## Section 8

# Financials

**Financial information for the San Luis los Ranchos women's cooperative is basic. Initial startup costs were funded by the El Salvadoran government and other Non-governmental Organizations (NGO).** Continued operations are funded from a small capital account and microloans. There is no marketing or sales budget and sales at craft fairs is done on a volunteer basis. Management of the cooperative is also not funded and performed by volunteers. Capital expenditures are beyond the ability of operations to fund and met by NGO grants that are written by volunteers.

# Appendix

The breakeven price and daily production currently possible for Vivaz products are provided below.

	<u>Break Even Price</u>	<u>Daily Production</u>
Scarf (Bufandas)	\$8.06	8
Medium Shawl (Chales-Mediano)	\$9.90	5
Large Shawl (Chales-Grande)	\$13.66	5
Bouse (Blusas)	\$14.69	5
T-Shirts (Camisas)	\$13.69	5
Skirts (Faldas)	\$19.08	5
Set of 6 Napkins (Individuales)	\$21.54	5
6 person Tablecloth (Mantel)	\$87.14	multiple day effort

## Notes:

- 1) El Salvador uses U.S. currency
- 2) Labor cost assumed \$1/hour
- 3) Fixed cost of recharging the indigo dye each day is approximately \$9, so when it is recharged making as many products as possible can lower the breakeven price
- 4) Breakeven price is per item and daily production is the approximate maximum, as items are done in batches with multiple dye immersions
- 5) Smaller items have the potential for greater profit as they are less labor intensive and use less dye