

CREACT4MED Mapping: Best Practices

Application Number: BP_74

| 1. Basic info* | |
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| Email Address | ibrahim@kiliim.com |
| Title of the Best Practice | KILIIM |
| Name of the Applicant | Ibrahim Shams |
| Is the BP a registered legal entity? | Yes, I will send the certificate of registration by email |
| Website | https://kiliim.com/ |
| Country | Egypt; |
| Subsector | Arts and culture (cultural heritage, gastronomy, visual arts, performing arts, leisure and recreation, crafts); Design (software, advertising, architecture, interior design, graphic design, industrial design, fashion); |
| Category | a) Cultural and creative entrepreneurship; |
| Year of establishment and duration | 6/19/2016 |
| Target group of the BP | 1. Customers: Our target customers are mostly women, aged 23-40 furnishing new homes. We target international customers along with locals & expats who need something trendy, authentic and ethically/sustainably sourced. 2. Craftsmen: We partner up with local craftsmen who left the profession due to lack of stable income & demand. |
| 2. Best Practice Characteristics | |
| Problem Statement | 1. The handwoven kilim rug industry which is one of Egypt's heritage crafts is dying. Mainly due to the following: - Craftsmen with no formal design backgrounds designed, selected colors and materials themselves, making their final product less sell-able in contemporary homes. - The economic recession. 2. We could hardly find a known Egyptian brand/store that specifically sold modernly designed handmade kilim. We tackle these problems by taking care of the branding, sales, marketing, and designing the rugs/textiles so that the craftsmen are able to focus on what they do best which is the weaving itself. Through this, we were able to generate a constant local demand for the products, allowing us to retain current craftsmen in the craft while giving them a higher stable income. |
| Mission Statement & Value proposition | Kiliim is an Egyptian social enterprise and lifestyle brand that aims to revive and sustain local, Egyptian crafts and their communities by introducing modern designs to time-honored techniques. We manufacture our kilim rugs in Fowa, a small village situated along the lush Nile Delta. Our craftsmen come from a long line of kilim artisans who consider the craft as part of their heritage. Decades ago, Fowa used to be home to over 2,000 kilim weaving workshops, however when we first visited back in 2016, there were less than 200. When the craft was at the brink of extinction from Egypt's cultural heritage, we thought to rethink the value chain in hopes to bring the craft into the 21 centuries so it can stand a chance at sustaining a future. |

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| <p>Results and growth</p> | <p>Our goals are divided onto three main pillars:</p> <p>1. Product Development: Innovate & diversify our product assortment by experimenting with different types of dyes, materials and techniques to further differentiate our products to put Egypt on the map of international design scene. We also run continuous online polls and questionnaires to see the type of products customers are looking for. We follow those with scouting trips in different craft clusters to choose craftsmen/artisans who can transform our designs into products that are in demand.</p> <p>- Goals:</p> <ul style="list-style-type: none"> > Launch one new craft annually. > Launch one new (trendy) collection from existing crafts every 3-4 months. <p>- How we'll do it:</p> <ul style="list-style-type: none"> > Research trends, run polls/questionnaires with customers. > Scout new products/craftsmen communities and start testing out curated items. > Design our own lines, photoshoot and launch both physically and online. <p>2. International Sales: Our main sales goal is to increase our export sales exponentially. In the past year the Egyptian pound (our local currency) was devaluated/diluted by over 100% causing a huge spike in raw material prices, gas/transport prices and above all caused a 50% drop in our sales when calculated in USD. Furthermore, our profitability was severely hit as all raw material prices were doubled, salaries/compensation of craftsmen and employees had to be increased to curb inflation, yet we could not raise our local selling prices with the same percentage causing huge hits on our bottom line. Accordingly, our strategy will be completely shifted towards increasing our export sales to offset the local drop in sales and profitability.</p> <p>- Goals:</p> <ul style="list-style-type: none"> > Increase the percentage of international sales Vs local sales. <p>- How we'll do it:</p> <ul style="list-style-type: none"> > Attend 1-2 International trade shows annually. > Shift two thirds of spending on ads to international markets. > Target to be onboarded on at least 1-2 new online platforms annually. <p>3. Social Impact: This goes hand in hand with the above two metrics. As we generate more demand for our products, we'll need to scale our production capacity hence grow our pool of craftsmen. With us adhering to fair trade standards, we hope to create enough interest to encourage new younger generations to learn the crafts from their ancestors.</p> <p>- Goals:</p> <ul style="list-style-type: none"> > Increase number of craftsmen whom we work with at least 10% annually. > Increase financial compensation of each craftsman by at least 20%. > Add new younger generation of craftsmen to each craft. <p>How we'll do it:</p> <ul style="list-style-type: none"> > Generate enough demand to increase number of craftsmen we work with. > Add value in our products (in terms of design, product innovation, etc) so we can sell it for the right price to be able to compensate our craftsmen fairly while of course making good margins to sustain and grow the business. > Run an apprenticeship program for younger generations in villages/towns where we produce our products to start sparking interest in younger generations to shadow, learn and practice the craft of their ancestors. |
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| <p>Strategy to be financially sustainable</p> | <p>We operate in a very cost-efficient model: We make our products to order so we have no money trapped in inventory (except for a healthy 25% of average monthly sales).</p> <p>We have no major fixed costs as we use our craftsmen's own workshops and weaving tools while paying them fairly above market averages for their weekly production. Opposed to fixed salaries this model keeps them motivated and committed to a higher efficiency to make more income. This also always keeps us cash flow positive (broke even in 6 months), using our high gross profit margin to spend more on marketing to increase our demand and scale faster.</p> |
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3. Impact (please complete at least 3 of the 6 sub-sections)

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| <p>Economic significance</p> | <p>As explained earlier, due to the currency devaluation in Egypt. The country's strategy is now betting on local production and export to bring in foreign currency which aligns perfectly with what we do. We started by widening our product base and scaling our production capacities then focusing on foreign markets including the US and GCC.</p> <p>This helps us push our sales, profitability to sustain our financials through paying the new inflated quality raw materials without compromising quality while maintain fair compensation for our craftsmen and employees to provide them a better standard of living in these tough times.</p> <p>Furthermore, while many exporters now focus on white labeling and suffice with producing international brand designs, we also firmly believe that we're ambassadors of our culture and heritage through our product quality and design inspirations that are grass rooted to our region. Sending a message that Egypt and the region has design and production talents that can compete, win international awards and get featured amongst the top global brands and trade shows.</p> |
| <p>Replicability and upscaling</p> | |
| <p>Employment generation</p> | <p>Aside from the craftsmen communities we partner with, and due to our increased demand and scaling. We grew from being just two business partners working every aspect of the business to a team of 20 working in between our Cairo office, warehouse, and showrooms.</p> <p>We also take pride in growing small service businesses that complement our work:</p> <ul style="list-style-type: none"> - Upholster workshop that finishes our cushions - Logistics companies that handle our local and international shipping - Truck drivers who transport finished products to our Cairo warehouse - Raw material, print and packaging suppliers |
| <p>Inclusiveness</p> | <p>Back in 2016 when we started, we partnered with just 4 kilim weaving craftsmen in one workshop and we were fortunate enough to generate more demand that grew that number to 26. Intrigued by the impact we've done in Fowa for the kilim weavers, as we continue our work there, we could only image the potential this kind of collaboration would have on other crafts around the country. This led us to launch 'Curated by Kiliim', it is a line of handpicked, handmade home decor items sourced from craft communities across the country. These products from Qena to Fayoum to Luxor tell stories from our cultural heritage that complimented our rugs but mostly allowed us to widen our impact and diversify our product offerings.</p> |

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| | <p>We then picked the lines that were doing good sales and created our own designs from it, here's a breakdown of the crafts, artisans and locations we work at:</p> <ol style="list-style-type: none"> 1. Flatwoven Kilim weavers: <ul style="list-style-type: none"> - 26 Men - Location: Fowa, Kafr ElSheikh 2. Hand-knotted carpet weavers: <ul style="list-style-type: none"> - 15 Women, 5 Men - Location: Abeis, Alexandria 3. Handloomed textile weavers <ul style="list-style-type: none"> - 5 Men - Location: Akhmim, Sohag 4. Handcrafted Ceramics Artisans <ul style="list-style-type: none"> - 6 Men, 2 Women - Location: Tunis Village, Fayoum 5. Quilted patchwork products <ul style="list-style-type: none"> - 4 Women - Location: Khalta Village, Fayoum 6. Natural Soaps, Fragrance Oils, Incense sticks: <ul style="list-style-type: none"> - 6 Men - Location: Obour, Cairo |
| <p>Social impact</p> | <p>Our mission is to revive and sustain local crafts and their communities. Our four social impact indicators are:</p> <ol style="list-style-type: none"> 1. The number of current craftsmen efficiently practicing/rejoining the workforce 2. The average income increase each craftsman makes 2. Average age & diversified background of newly trained craftsmen 3. Market growth determined by total revenue generated. <p>We address the above metrics by the following measures:</p> <ul style="list-style-type: none"> - Retain & Regain talent: We're starting to re-employ old craftsmen who left the profession due to lack of stable income & demand while retaining current craftsmen efficiently we started at 4 craftsmen & expanded to almost 70. By efficiently we mean that we guarantee that they work in fair working environments, giving them fair wages that actually guarantees they make a good living for themselves and their families. - Pass it on: Starting 2024 we aim to start the "Kilim Apprenticeship", which targets marginalized younger generations. Each craftsmen would be assigned one kid after school, to start shadowing and learning the basics of the craft. Bit by bit they talented ones are to be included in our workforce with financial and moral incentives to prepare a new generation of craftsmen. - Indirect impact: In the past two years especially when the devaluation hit, we've seen a major shift in consumer behavior shifting to local companies opposed to expensive imported products. Tens of startups and even second-generation family businesses started copying our model, employing more craftsmen & adding healthy competition which further grows the market, adds more revenue and helps revive the craft once more. |
| <p>Innovation</p> | <p>Back in 2016 when we started, handwoven kilim rugs were extremely redundant, you could see the same repeated patterns, materials and techniques all over the local market lacking trendy designs that suit</p> |

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| | <p>contemporary homes. That was one of the main reasons behind the decline of the industry and craftsmen quitting the craft.</p> <p>We built our whole value proposition on the added value generated from design and tech innovation while being grass rooted to our origins and rich culture. The below steps summarize how we deliver innovative products that suit both international and local markets:</p> <ul style="list-style-type: none"> - Design: Our design team continuously researches international trends, colors and techniques while digging deeper into our own patterns, symbols and motifs to bring about the creative marriage that re-introduces our own inspired motifs patterns in an authentic, trendy and internationally accepted way. - Technique: We were the first to introduce elevated textures in the Egyptian local market back in 2017. We studied new weaving techniques used in countries like India, Morocco and Latin America and started training our craftsmen on those. We created new designs using those different textures which were a huge success that competitors started following. The local market and craftsmen are now mostly practicing these techniques creating huge demand opposed to old-fashioned flat weaves. |
| <p>Environmental sustainability</p> | <p>All our products are handmade making them a much more sustainable and eco-friendly option.</p> <ul style="list-style-type: none"> - Our looms require no gas, diesel or oils to run them, so they produce zero carbon emissions. - We use recycled wool yarn that comes out remains of huge local carpet factories. Those factories leave out small batches of colored yarn after every production lot, those are collected by traders who compile and re-group same colors together into larger yarns that we later purchase and use in our own products. - We adopt an all-paper packaging strategy (except for international shipments that require plastic wrapping) to reduce our plastic waste and minimize the damage of plastic to our environment. |
| <p>4. Challenges and lessons learned</p> | |
| <p>Challenges</p> | <p>Our biggest challenge is currently the huge inflation caused by the Egyptian pound devaluation. Our raw material prices, shipping prices and craftsmen/employees' compensations more than doubled while we couldn't double our prices as customers are currently saving on disposable income and focusing more on commodities and basics that got inflated.</p> |
| <p>Lessons learned</p> | <ol style="list-style-type: none"> 1. Diversifying our product offerings always opens up new opportunities and brings back loyal/return customers to see what you have to offer. 2. Export is key. It's they key source of financial sustainability. 3. Retaining our key team members is key to our company growth. We started new compensation schemes like promotions, vested equity and profit sharing to our key team players to keep them financially compensated and motivated to stay on the team and lead the company's growth. 4. Innovation is the main driver of growth. As explained earlier, we were the first to introduce many designs and techniques to the market which was later adopted by many competitors, so we need to always stay one step ahead with the product offering to always stay ahead of the market and be the top-of-mind brand to our customers. |
| <p>5. Demographic Information</p> | |

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| Is the organization led by a woman? | Yes |
| What age is the lead of the organization? | Between 16 and 35 years old |
| 6. Reference contact information | |