

Shotodol Handicrafts: Weaving Dreams into Reality

“Take your needle, my child, and work at your pattern; it will come out a rose by and by. Life is like that - one stitch at a time taken patiently and the pattern will come out all right like the embroidery”

- **Oliver Wendell Holmes**

Holmes’s quote brilliantly encapsulates Maksuda Hasnat’s journey from being a young girl who loved sewing to a lady who has weaved her dreams into a reality. Her unstoppable zeal to build something of her own has created “Shotodol *Hostoshilpo* (Handicrafts)” where her team of 5 has grown to 34. A project that she started hoping to make her financially independent by doing what she loved now enables other women to do the same for themselves. What separates a talented individual from a successful one is hard work and pairing talent with hard work creates the cocktail recipe for success. Persistent hard work has broadened her clientele from neighbors and relatives to customers of all over Bangladesh. At present Shotodol Hostoshilpo earn an annual profit of BDT 1.8 Mn.

Early days

Ms. Hasnat’s talent for sewing was discovered rather early in her life. She hand-sewed all her dolls at the age of eight and even stitched dresses, frocks and *sarees* for them.

Her first official job was at a college. However, he gained a taste of entrepreneurship even before that. She used to buy products from a handicraft business owner and later sell those products for a profit. She quickly realized that, since she knew how to sew, she could stop being the middleman and start making her own products for sale. She wanted to quit her college job and invest all the time into her new handicraft project. But her family did not allow that, which is why she kept the details of her business operations a secret from them. Eventually Ms. Hasnat’s tenacity won against her family’s disapproval. She quit her job and started sewing full-time at home. She received immense support from her friends and teachers at her university. During 1997 one of her teachers recognized her potential and registered her business at the Department of Women Affairs, Government of the People’s Republic of Bangladesh. This allowed her to be enrolled at a training program with her team of 30 full and part-time employees.

Gaining momentum

Ms. Hasnat worked from home for the first 6 months and eventually stepped into retail by buying a store in Jamalpur. Her husband supported the venture and helped her to run the business. She was the creative and technical brain behind the business-selecting sewing patterns, matching colors, creating new designs; while her husband used to look after the operations. Her husband helped her to get a loan of BDT 1.5 Mn from Agrani Bank, part of which they used to build a showroom for her store. They finally started reaping the benefits of their hard work. Shotodol Hostoshilpo amassed massive popularity amongst its customers all over the country and she was awarded for her performance in business by SME Foundation in 2018.

Mr. Hasnat had a different way of approaching work which gave her an edge in terms of employee commitment. Although the final processing of the products and payments were used to be completed at the store, Ms. Hasnat allowed her employees to take their work home. This allowed women to earn a living at the comfort of their own home. She selected some leaders whom she gave training and later the trained leaders took charge on behalf of her by performing a number of responsibilities including dividing the tasks among the group. They were also responsible for submitting the finished work within a given time frame. Through effective resource management, Ms. Hasnat's passion project grew from a room in her house to a factory and showroom.

Bangladesh handicraft industry

Crafts are unique expressions that represent a culture, tradition and the heritage of a country. Bangladesh is well known for its exotic crafts legacy and tradition. It is the land of art and crafts, a country of rich culture, history and traditions. Bangladesh's first handicraft product was introduced in the market after the 1970s. The handicraft products received market acceptance in the 80s and that was the inception of its growth. After 2000, the sales of handicraft products decreased because of its old, poor design and poor quality.¹ However, after 2010 the market regained its momentum somewhat. There are more than 1000 large scale handicraft manufacturers in Bangladesh, where only 300 are enlisted with Bangla-craft (The Association of Handicraft Manufacturers and Exporters). A large number of handicraft manufacturers sell their goods in the local market and a few of them are involved in export as well.

Variety of designs and finishes are available in the Bangladeshi market that reflects excellent artistic skills of craftsmen which are in great demand globally. Bangladesh is one of the many suppliers of handicrafts-based products in the world market. In the fiscal year 2017–18 export earnings from handicrafts fetched USD 16.69 million, registering a growth of 15.26 per cent, from USD 14.48 million during the same period of the previous fiscal year (2016–17), according to the data provided by Export

¹ www.textiletoday.com.bd/textile-handicrafts-and-its-prospect-in-bangladesh/

Promotion Bureau (EPB), Bangladesh. Low cost of production, relative accessibility to loans with single-digit interest rates, continuous exploration of untapped new markets, availability of raw materials, value-addition to the product and skilled labor have contributed to such stable growth. However, Bangladesh is yet to be regarded as a significant player in the global market. Currently around 5 Mn people are employed in the handicrafts industry across the country.² It has the potential to create even more employment in this sector if Bangladesh can exploit opportunities available in world market.

Bangladesh's handicraft industry predominantly produces and exports products like pottery and terracotta, bamboo craft, home furnishing items like pillow covers, jute bags, executive bags, laptop bags, shaving kit bags etc.

Challenges along the way

Just like other Bangladeshi SME entrepreneurs, Ms. Hasnat didn't get a lot of support and recognition for pursuing her career as entrepreneur. Tackling the peer-pressure of getting a job instead of becoming an entrepreneur was a challenge in itself. Eventually as her business gained momentum and more people started to follow her business model, she finally started receiving the recognition she deserved. However, this came with its own set of challenges by bringing in a wave of "me-too" competition. The market quickly became saturated. It was becoming increasingly difficult to tackle competition and sustain sales figures. To scale up the business, she tried to get into a B2B (business-to-business) distribution model using intermediaries like *Oikko* but that didn't help her much. Rather it added another layer of complexity by increasing the required working capital investment as *Oikko* had a policy of making payments only after they could sell the products.

Ms. Hasnat faces some basic operation-level challenges as well. For example, scarcity of skilled labor drives up the training and recruitment cost. It is also becoming increasingly difficult for her to source good quality raw material which causes manufacturing costs to rise. With various overhead costs rising, it is paramount for her to find new sources of profitability.

Strategies for success

Shotodol Hostoshilpo's long sustenance can be attributed to a mix of its business-level strategies of focused cost leadership and focused differentiation.

Targeting primarily the niche mid-tier customer segments, Shotodol pursued a Cost Focused Strategy where it offered customers specific types of products at the lowest possible prices. Due to the focused nature of the market and the target group for whom

² Handicraft sector, The Independent, August/2018

price is one of the key criteria for making purchase decisions, the business made sure it stayed afloat.

Aligning with her focused strategy, Ms Hasnat adopted a Focused Differentiation strategy as well. She invests her time and effort in understanding the latest design trends and responds accordingly with specific products for her focused target markets. This has ensured a consistent brand loyalty among a niche segment of her customers who buys repeatedly from her. This has also made the firm less sensitive to changes in price and raised a certain level of barrier to entry for other firms to carve into Shotodol's market share. Interestingly enough, the realization of differentiation focus mostly prevented the Shotodol Hostoshilpo from achieving a high market share, which is due to the fact that the products are often perceived as exclusive for a particular small target market. This strategic pursuance does not go with the target of achieving a high market share.

SME Foundation intervention

Maksuda Hasnat received the SME Foundation award in 2018. Nearly 20 years after the establishment of her business, she saw sizeable growth in recent years. She acknowledges the support provided by SME Foundation in particular the financial support and extensive training programs provided by them. Ever since the Foundation discovered Shotodol Hostoshilpo at SME fair in Jamalpur, they continue to act as a catalyst for growth for the business.

Table 1: A brief profile of Shotodol Hostoshilpo

Total Investment	During getting SME award in 2018	Current condition
	21.5 Mn	25 Mn
Total Sales	During getting SME award in 2018	Current condition
	22 Mn	26 Mn
Net Profit	During getting SME award in 2018	Current condition
	1.3 Mn	1.8 Mn
Total Manpower	During getting SME award in 2018	Current condition
	32	34

The way forward

Ms. Hasnat's ultimate goal is to pave the path for Shotodol Hostoshilpo to be a self-sustaining business. She wants to expand her operations and build showrooms across the neighboring districts. She is also hoping to establish her own showroom at the capital city, Dhaka. To be able to create employment opportunity for the employees is her biggest source of motivation. The happiness of building something of her own acts as a fuel behind everything she does and she hopes to go miles ahead with this fuel.

Discussion Questions:

1. Is passion for a certain trade enough for someone to be a successful entrepreneur? Considering Maksuda Hasnat's case, do you think her passion for sewing was a reason enough to start an entrepreneurial venture? Provide logic in support of your standing.
2. What are the impacts of small entrepreneurial ventures like Shotodol Hostoshilpo on society and larger firms working in the clothing industry of Bangladesh?
3. If you were in the entrepreneur's shoes, what growth strategies would you have pursued to scale up the business?
4. Critically assess the existing generic strategies adopted by Shotodol Hostoshilpo.
5. Based on your assessment in Question 4, are the strategies adopted by Shotodol Hostoshilpo sustainable in terms of competing with big national brands? Justify your arguments with examples.