

In Focus: Leadership

ACCESSORIES

Soko: Reimagining the Supply Chain

● Ceo Joanne Calabrese shares the jewelry brand's approach to making beautiful and ethical goods.

BY ARTHUR ZACZKIEWICZ

Meeting consumer demand for sustainably produced fashion products that are also ethically made remains an industrywide challenge. But jewelry maker Soko is pioneering in this area via a business model that reimagines the supply chain by leveraging cloud-based technology and mobile tools to deliver artisanal, handcrafted pieces made in Kenya for a global consumer.

The self-proclaimed "Ethical Fast Fashion" brand was founded in 2015 by Gwendolyn Floyd, Ella Peinovich and Catherine Mahugu with a business ethos centered on putting people first. So far, it's paying off. The brand was recently featured in an *Essence* cover shoot of former first lady Michelle Obama. And on the financial front, Soko is currently in the midst of raising "Series A" financing.

As part of an ongoing series of executive interviews, Tim Boerkoel, founder of global executive search and strategic consulting firm The Brownstone Group, talks with Joanne Calabrese, chief executive officer of Soko, about the business model, its innovative approach to ethical production, and the employees and artisan-entrepreneurs at the center of the brand.

Tim Boerkoel: What was the impetus behind the founding of this groundbreaking brand, and how did you join the company?

Joanne Calabrese: On the surface, to most people, Soko is just another jewelry brand but in actuality, we're so much more than that. We are a lifestyle brand founded by three amazing women who identified the opportunity to interact with the local artisan community in Kenya. The artisan craft industry is the second-largest employer in the developing world, but it is an industry plagued by barriers, the largest being access to the global market, as well as a lack of financial infrastructure, which keep artisans trapped in poverty.

So our founders desired to make an impact on as many artisans as possible. They also knew that they wanted to avoid the environmental and human pitfalls of actual factory manufacturing. The solution is what we now call a "virtual factory" with a vertically integrated supply chain where we own and operate every part of the business. Gwendolyn, Ella and Catherine chose to build a business from the ground up so that they could infuse and monitor the entire global organization with ethical values at the top of mind and business plan.

I first joined Soko as an adviser to the board in 2016 before being asked to step into the ceo role in late 2017. And throughout, it's important to note that the board, our founders and I are all driven by our passion for purpose; to empower marginalized artisans and the communities in which they live by preserving artisanal production techniques and cultural heritage for future generations.

T.B.: Can you share more about the virtual factory and this novel approach to connecting design and the supply chain?

J.C.: Well, we are leveraging technology with human ingenuity to capitalize on our global supply chain innovation. I know, there are a lot of words in there! Basically, we are not only a brand, we're a manufacturing platform and technology company, too. Our supply chain is a distributed manufacturing model that uses mobile technology to manage a responsive, scalable distributed artisan network. There are thousands of artisans spread across Kenya, and our proprietary mobile application coordinates over 2,300 Soko artisan-entrepreneurs as if they are in the same place. This enables us to create scalable, sustainable and dignified work for thousands of artisans in an underserved community.

The founders built the company in this way to avoid the shortcomings of centralized factories making mass-produced products. That system relies on logic that we refer to as a "race to the bottom" – the legacy of a global manufacturing model is that it relies on cheap labor and components in order to reach economies of scale that are really terrible for people and the planet. The founders wanted to turn that upside down into a "race to the top."

T.B.: The brand's approach and ethos seem to be in alignment with what consumers are demanding now: handmade, ethically produced, sustainable products. How has the market been receiving Soko?

J.C.: Yes, very much so. Actually, the original concept was sort of like an Etsy model where all of these artisans making beautiful products could be on a platform to sell their creations. But what the founders found early on, after having created the platform, was that the white space was, in fact, the technology part of the manufacturing platform. There was not necessarily a huge market for African products in the U.S. market, but there was a desire from the Millennial consumer to do exactly what you said – to buy products that align with their values. So, rather than just selling artisan products designed and manufactured in Kenya, we decided to design the product ourselves for a modern, global, conscious consumer. Soko designs our product in San Francisco, and we manufacture responsibly in Kenya. We utilize this distributed network of independent artisans working together with the dignity and rewards of independence and entrepreneurship that a central manufacturing model cannot offer.

T.B.: It is clear the company takes a "human-centric" approach. What are some of the other elements of that?

J.C.: One aspect of the brand is our belief in transparency. We aspire to create transparent end-to-end availability of our products and create shared value between our customers and the artisans who produce the product that we supply. We want to inspire the consumer to engage in the social impact mission of the brand, so it was fortuitous for us when we were founded that the Millennial consumer was starting to make conscious buying decisions.

Additionally, we are deploying technology that challenges the traditional, large-scale factory production model. We're driving industry transformation by creating a market for high-quality, handcrafted, ethical products for a conscious consumer. And let's not forget sustainability, which is a central pillar of the business, increasing value to all stakeholders, from artisan to consumer.

For the artisans, we are giving them responsible production and skills development that they weren't utilizing previously. We are enabling our technology to empower artisans to become entrepreneurs. Not just a person making one single piece of jewelry, but they're actually becoming entrepreneurs and owning their own businesses. And in Kenya, where the average artisan makes \$1 per day, our artisans make 4.8 times that and use that extra revenue to buy land, pay for schooling, invest in other businesses...that, combined with the technology platform and local upcycled materials used, creates true sustainability.

In total, we are delivering value to the artisan entrepreneurs we do business with, to our employees, to our customers, to our investors and to the environment. We're bridging economic, cultural, technological and geographic divides by creating a truly sustainable business.

T.B.: Given that you're taking a highly innovative approach to the gig economy, what lessons have you learned from a workforce management perspective?

J.C.: First, it's important to note that all of our technology was created in Kenya, and the U.S. team only represents 25 percent of the company, mostly in sales, marketing and e-commerce. We all collaborate through our Virtual Resource Planning tool. I think we've made progress this past year in automating information as much as we possibly can, given our geographic challenges. We use a lot of tools, computers and mobile phones, as well as tools like WhatsApp, Slack, Asana, Basecamp and other tech solutions to manage communication throughout the function groups in Kenya and the U.S. We do benefit from the reality that many people in Kenya, due to the country's timing of development, are very connected

via mobile devices.

Our biggest challenge for our decentralized workforce is probably that we work in five time zones. I'm also in Kenya four or five times a year, and we're doing our best as a start-up to get as many people from Kenya to come here and vice versa. Obviously, it's a bit of a challenge financially as a start-up, but we want to make sure that culturally, we are really aligned as a company.

And I must say, the best thing about this company is the passionate people that work here. Everyone that works in this organization is here for the right reasons, completely understands the mission and is wildly proud of it. We recently received B Corp certification as well, which is huge for the way we approach the business and the passion with which we do everything – our reason for our success thus far.

T.B.: This experience is quite different for you compared to your time at Gap, The Body Shop, Fossil and other businesses. Can you share some of your early mentors that helped to prepare you for this very new adventure?

J.C.: The majority of my career background is retail, and I was lucky to have started with traditional training at Marshall Field's in Chicago. Then at Gap, I learned brand development and commitment to excellence from Mickey Drexler. At The Body Shop, founder and pioneer Anita Roddick's stance "against animal testing" was truly inspiring. Chairman of The Body Shop, Adrian Bellamy, another inspirational and highly detail-oriented leader, took a risk in hiring me and tasking me with "figuring it out." Lastly, at Fossil, Kosta Kartotis was simply the kindest, most caring leader I have ever had the pleasure of working for.

I am so appreciative of my time with those brands and leaders, but I am still learning very much every day. For instance, we are a start-up with limited resources, and our talent is a decentralized network of employees and artisan-entrepreneurs. But with our founders' vision, innovative technology, great people and a powerful mission; we are proving we can do things better.



Joanne Calabrese with one of Soko's artisans, Samuel Sumba Aghayo, in his workshop.