

Kalani: Product Development and Leadership in a New Venture

by

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B.A. Business Administration (2010)

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Submitted to the Integrated Design & Management Program in partial fulfillment of the requirements for the degree of

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at the

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Integrated Design & Management Program

May 18, 2018

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Certified by _____

Matthew S. Kressy

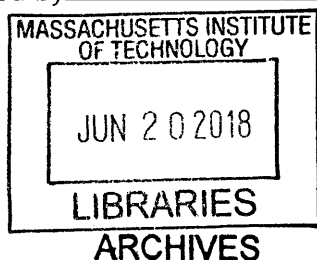
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Abstract

The development of a start-up creating physical products follows a different path than those working in the digital space. The process of creation requires multiple steps, with many disparate people involved in those steps. Kalani was created to work with artisans to promote their disappearing crafts, thus supporting their economies and providing an opportunity for the continuation of the craft. The first product was to create blankets in Portugal, with artisans in a village in Serra de Estrela. The blankets are ultrafine merino wool, with fabric manipulation done by hand that are techniques unique to the artisans.

The thesis aims to provide an overview of the process for physical product development, and the way in which leadership as the CEO of an international start-up functions. Creating a physical product requires many iterations in concept development before actual product development is launched. Managing both product development and working with artisans in a different country and culture provided many challenges and rewards. The thesis aims to prove that products can be made that meet the demands of the luxury market, while maintaining high social and ethical standards.

Thesis Supervisor:

Matthew S. Kressy, Executive Director, Integrated Design & Management Program

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1. Introduction

Goals and Scope

The premise of this thesis is to assess if it's possible to create a viable high-end business where products and the business operate at the highest ethical and environmental standards. The goal is to review the process of starting a physical product retail company, Kalani, which focuses on having a positive impact socially and environmentally. The review will be of setting up the mission and processes of the company to reflect its values, the work done with artisans and how to achieve the high standards, and the outcome of these efforts.

The scope will be limited to the company Kalani, started by the author Attia Qureshi. The focus will be on her experience starting the company and development of the first product. Best practices from the industry will also be compared to show viability and feasibility of the goals of the venture.

Success for the company means producing a product that manages the tension between cost, high quality and positive social impact. The thesis digs into the following four tensions:

Raw materials that are still very high quality but sustainably sourced.

High production value with a rigorous production processes that creates a lasting product rather than a disposable/planned obsolescent one.

Manufacturing with a manufacturer that defines success as employment opportunities ahead of money.

Business model creation that supports each of these components, finding a way to create and sell a product that is expensive to produce

Market validation that shows there can be enough sales to maintain the company and factory.

These tensions lead to an inherently higher priced product, but provides more economic value to the producer and both tangible and social value to the consumer.

In addition to the economic value to both sides, there is a critical cultural and community component that merits mention. The product supports crafts that are cultural historic to the communities that create them. They are art forms, and textiles are one of the oldest art forms in the world, used to pass down stories through generations. There is a significant cultural loss if these crafts disappear due to lack of demand or economy. This added cultural value is to both the artisan and the consumer. The consumer appreciates the sense of connectedness and vibrancy that a handmade object provides. The story provided with the product makes the consumer feel more invested in the product they are buying, which is a general consumer trend taking place. These values are further highlighted in the user interviews detailed later in the thesis.

While the manufacturer that Kalani is working with currently makes blankets, they are at a lower quality and price point. The collaboration between Kalani and the artisans allows knowledge sharing to take place, and opens a broader audience for their wares. It opens up a huge market, that can drive additional demand, and employ hundreds of more craftsman in the village. The success of Kalani means success in the village; economic stability, a revitalization of their population, and the preservation their most precious cultural asset.

2. About Kalani

Mission

Kalani is a boutique, luxury brand whose mission is to preserve century-old artisan crafts that are in danger of going extinct due to a lack of awareness, funding, and apprenticeship. Handicrafts are dying. With them go the livelihoods of hundreds of thousands of individuals worldwide. Most of these men and women are from low-income communities, where their hands and creativity have been the only currency they've even known. Kalani plans on solving this problem through the development and sale of customizable handmade blankets, made of ultrafine merino wool. Kalani is focused on the distinct beauty found in traditional textiles around the world. Our goal is to not only provide a luxury product of unparalleled quality, but to also educate consumers on the importance of preserving extraordinary handicrafts. Kalani hopes to drive the market away from "faster and cheaper" towards "quality and consciousness" by challenging our competitors to make better, do better, and be better.

Sustainability

Materials

Kalani specifically selects materials that don't have a strong negative impact on the environment. The first blankets being created are made from recycled ultra-fine Australian merino that has a micron count of 19. This wool is not post-consumer recycled, but is

“waste” from sales of the wool to other large retailers. When small amounts are left over, it is collected as scrap wool and that is what Kalani uses. The wool itself comes from sheep that are ethically treated and not damaging the population, and Kalani is utilizing materials that would otherwise be thrown out, minimizing its impact in the consumer cycle.

Carbon Footprint

Kalani works hard to find every avenue to minimize its carbon footprint. First, no wool is dyed in the current process of creation. Many dyeing processes add a great deal of pollutants into the environment from the toxic chemicals that go into the dyes. Kalani avoids this impact by using the natural colors the fibers come in. Next, Kalani also has the factory in Portugal do all the processing from cleaning to blanket production. This avoids the need to unnecessarily transport the material back and forth between cities and countries.

Pros and Cons

Pros

Environmental sustainability is a strong component of Kalani's mission and corporate values. Maintaining this value at the forefront of every step in the production process allows the company to tap into a market where consumer values align with this.

Additionally, protecting the finite resources in our environment is a significant benefit to all of humanity. We are able to showcase to the rest of the industry that a lucrative retail company is possible while still focusing on sustainability in the value chain.

Cons

The difficulty with maintaining high sustainable standards is the cost. It can be much more cost effective to buy materials in bulk from producers who don't practice sustainable operations. This would allow for a lower price point for the product, and thus drive additional demand, or allow for higher margins.

A second con is the difficulty in sourcing sustainable materials. There is much more time investment involved in finding the right retailers for the materials, and tracking the value chain to ensure that the materials are actually sustainable.

Social Excellence

Pros and Cons

Pros

Commitment to helping underprivileged communities is a strong component of Kalani's mission and corporate values. Maintaining this value at the forefront of every step in the production process allows the company to tap into a market where consumer values align with this. Additionally, protecting these craft economies helps preserve art forms that have been around for centuries, which are at risk of going extinct. There are not only economic

benefits, but artistic and preservation benefits associated with a focus on social impact in artisan communities.

Cons

The difficulty with working with artisans who do much of their work by hand is the cost. It can be much more cost effective to buy products that are mass manufactured at scale through machines. This would allow for a lower price point for the product, and thus drive additional demand, or allow for higher margins. Additionally, the time associated with working with artisans who do a lot by hand makes the delivery time much longer, putting product sales at risk in a market where consumers are used to receiving products within two days.

Founders

Attia Qureshi, CEO

Attia Qureshi is Chief Executive Officer of Kalani. Most people don't know that Attia is an artist. Creation as a whole has always been a part of her life, and her world travels have only enhanced her appreciation. From a young age, she started separating art into a hobby bucket, especially when focusing on her professional life. She went to Ross Business School at Michigan for undergrad, and then straight into consulting after that. While she enjoyed the problem solving, she wanted to be a part of integrating solutions, so she moved to the startup world. Loving the fast pace and ability to make large impact at these companies, she moved from analytics into product management. This is when she re-found her love for creation, and realized she wanted to pursue that passion further for her career. That led her to MIT's IDM program, where she spends her time learning CAD, Illustrator, and how to use all the machines in the shop (she loves the ShopBot and Laser Cutter).

The entrepreneurial environment at MIT was infectious, and she searched for an inspiring idea to join... only to find she was drawn back to her own creations and art again and again. After hypothetically talking with her sister all fall about starting a company, they came up with a venture they were both excited about. Attia is committed to learning and constantly growing to be the best version of herself. She absorbs as much knowledge, wisdom and experience as possible, with a drive inside her to combine it to deliver amazing things to the world. She has never stopped when someone says no, and though her determination is often quiet, her power to make things happen is formidable.



Umbreen Qureshi, CCO

Umbreen Qureshi is Chief Creative Officer of Kalani. Umbreen Qureshi grew up exploring the world through her sense of touch. It started in her grandmother's sari closet and quickly propelled her into the world of fashion design. She began her educational career at the age of 15 with a semester at Pratt Institute before going on to get her Bachelors of Science at the University of Cincinnati's College of Design, Architecture, Art and Planning. A semester at London College of Fashion drove her further into her studies, urging her to focus on global markets from a very early stage in her design career. Umbreen spent her years at school fruitlessly trying to convince people that she could indeed 'save the world through fashion' before entering into the corporate world upon graduation and losing faith in that mission herself. A year later, she quit her 'dream job' in New York City and started to travel in search of anything at all to believe in. She found it while living in Quetzaltenango, Guatemala. After (quite literally) stumbling upon the loom of an artisan in San Juan de Laguna, Umbreen remembered the real reasons she entered design in the first place. She spent two months working with women's textile cooperatives in Guatemala before returning to the states with a renewed sense of purpose. Since then, Umbreen has continued her travels and is currently working as a freelance designer in Belgium, visiting textile rich communities around Europe and eating as much chocolate as humanly possible. Her desire to start this company came from the renegade philosophy that she can unite her opposing worlds of fashion and tradition. While working at luxury companies including Ralph Lauren, Diane Von Furstenburg and The Natori Company, Umbreen saw first hand the shortcuts being taken and grew confident that she could make luxury better. Better quality, better design, better treatment of our environment, better treatment of makers, and better integration of culture and tradition. Her goal is to disrupt the market by illuminating the quantity of bullshit being produced through the development of beautiful,

ethical products. Her convictions center around the belief that authenticity trumps misappropriation every time and that, if harnessed correctly, the power and wealth within the luxury goods industry can be a catalyst for positive change.



Product

First Product

Kalani's first product is a 210cm x 130cm ultra-fine merino wool blanket, at a 19-micron count. The pattern is "coffered" to create texture on the blanket. Additionally, there are no dyes added to the blanket, it is the natural color of the wool. This blanket is made on traditional looms. The process for developing the wool into yarn is done at the same factory that weaves the blanket. The process is the following:

- Raw Materials
- Picking
- Drying
- Carding
- Drawing
- Spinning
- Preparing the Warp
- Preparing the Shuttles
- Weaving
- Quality Control
- Washing
- Final

Raw Materials



The ultra-fine merino wool is sourced from Australia, and is recycled material from larger orders that would otherwise be discarded. Before arriving to the factory, the fleece has already been graded (broken up into sections of different quality fibers from different parts of the body), scoured (cleaned of dust, dirt, suint [sweat], and lanolin [a natural grease found in the wool of animals]) and is ready for processing.

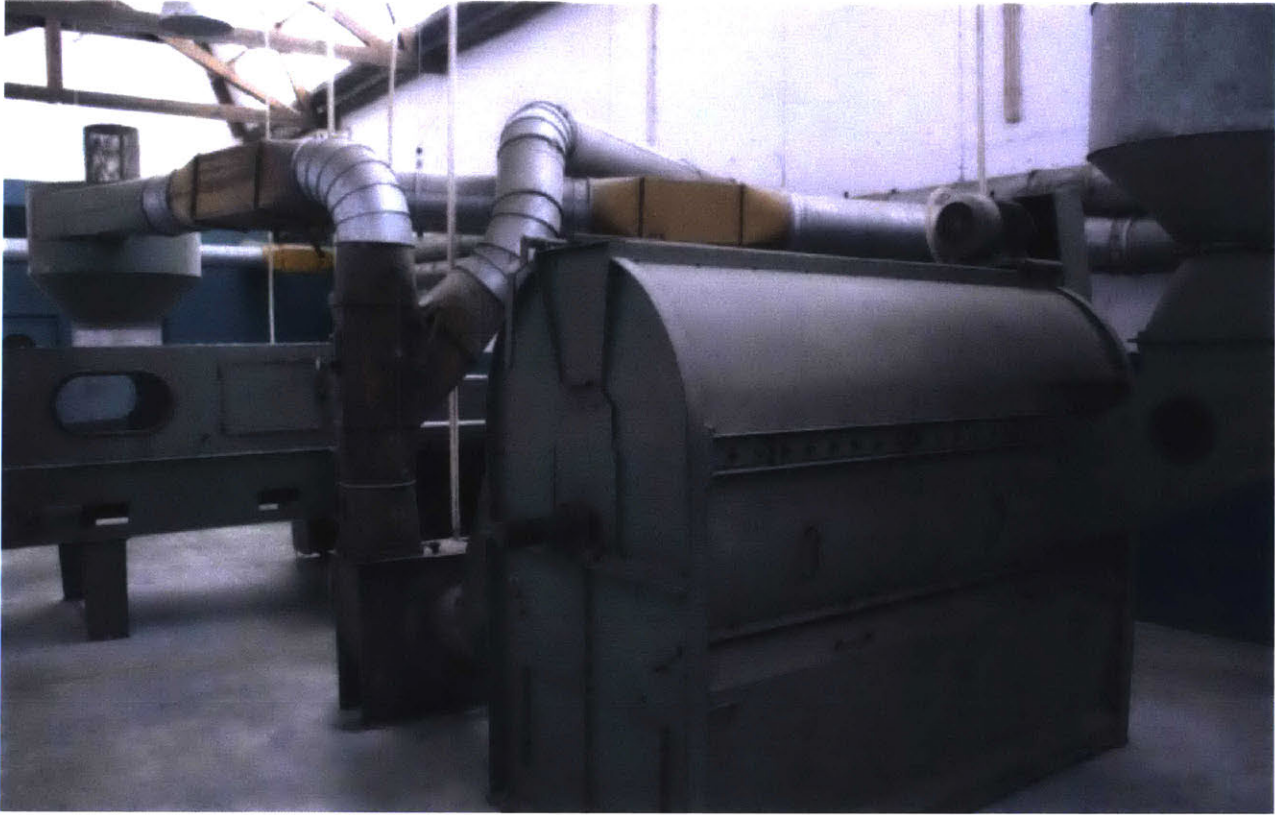
Picking



The bales enter a machine called a Loba Abridora or Loba Misturadora that open up the locks of wool, transforming it into a web like structure. The Loba also adds a finishing oil that softens the wool and helps the fibers slide against each other during carding and stick together during final processing.

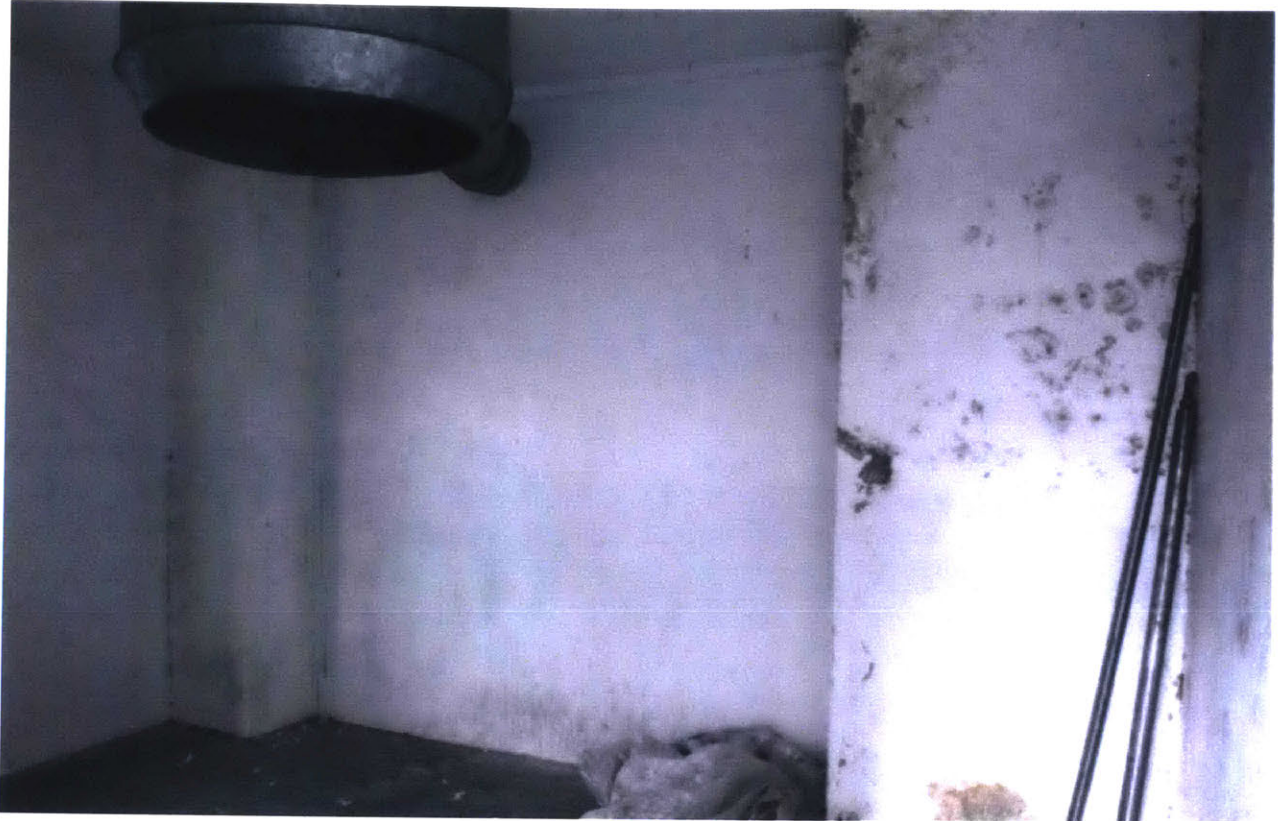


The bales of fleece are fed into the Lobo through a conveyor belt that ensures consistent feed speed.



The fleece's final stop to be oiled before moving on to the drying chambers.

Drying

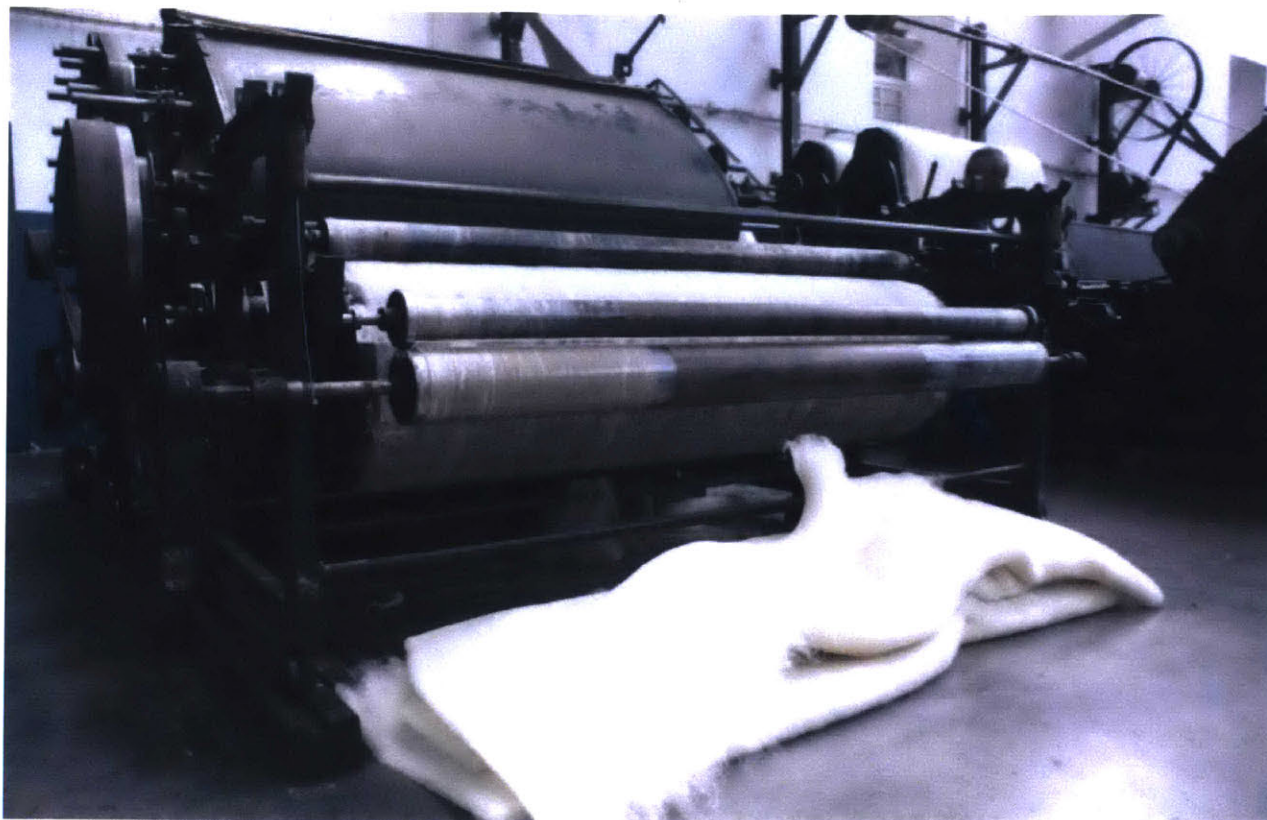


After the wool has been washed and oiled, it is sent through three drying cycles. As the air passes through the fibers, the wool retains air and gets fluffier. After this it will rest for a few hours in the drying chambers before beginning the carding process.

Carding



The dry wool is sent through the first carding machine where it is transferred back and forth to drums covered in various grits of card cloth. The wool goes through four stages during this process: 1. The remaining stray pieces of brush and dust are removed. 2. The fibers are combed to achieve uniformity in color and texture. 3. The fibers are tamed and oriented in the same direction 4. The fibers are merged to form a thinly laced web, or sliver.



The result of the carding process, sliver, after being combed and merged into a web is ready for the next stage in the process: drawing.



The sliver is set to rest before being weighed and drawn.



The sliver is weighed before being drawn and amalgamated onto roving rolls.

Drawing



The sliver is continuously fed into drawing machines where the remaining dust will be removed and multiple pieces of sliver will be joined together to create a continuous roll of roving. The sliver is passed through several rollers, each increasing in speed, attenuating it to a suitable thickness for spinning. The process is repeated several times to ensure regularity and evenness of the roving.



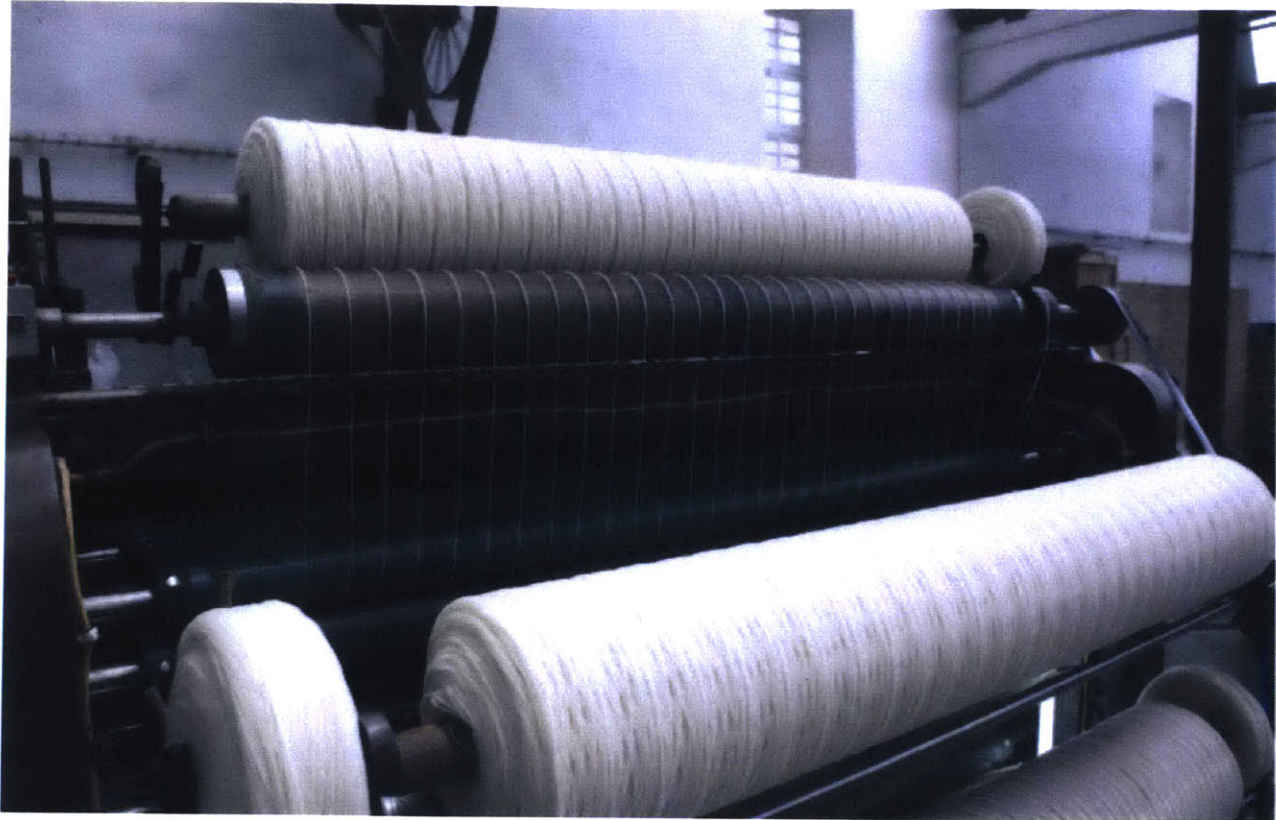
Drawing machine.



Roving rolls ready to be separated into pencil roving.



The roving is lightly finger combed by an expert to ensure thickness and quality before being fed into the final machine which will create pencil roving.



Pencil roving is achieved through a process in which alternating rubber belts pick up and lightly spin the roving wool to create thin, loosely spun strips to prepare for the next step: spinning.



Three meters of pencil roving are removed from the machine, measured, and weighed to ensure the correct grams per meter. The grams per meter informs the thickness of the yarn when spun.



Rolls of pencil roving awaiting the spinning process.

Spinning



The pencil roving rolls are mounted upon the traditional spinning machine where each individual pencil roving is threaded through several tension bobbins, passed through cardboard straws, and wound into spools.

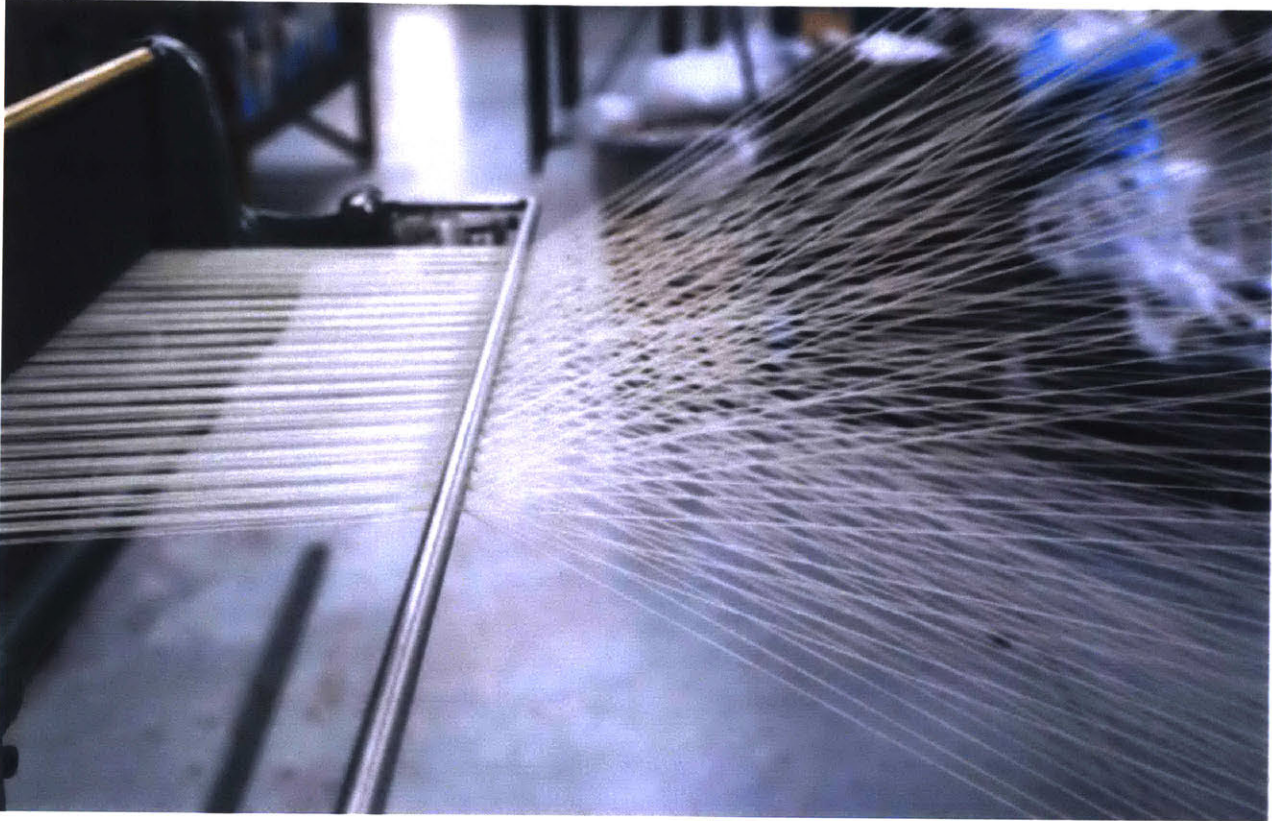


The spinning machine spins the roving yarn tighter and tighter until the yarn is strong enough to be woven with, then winds the thread onto the awaiting spools.

Preparing the Warp



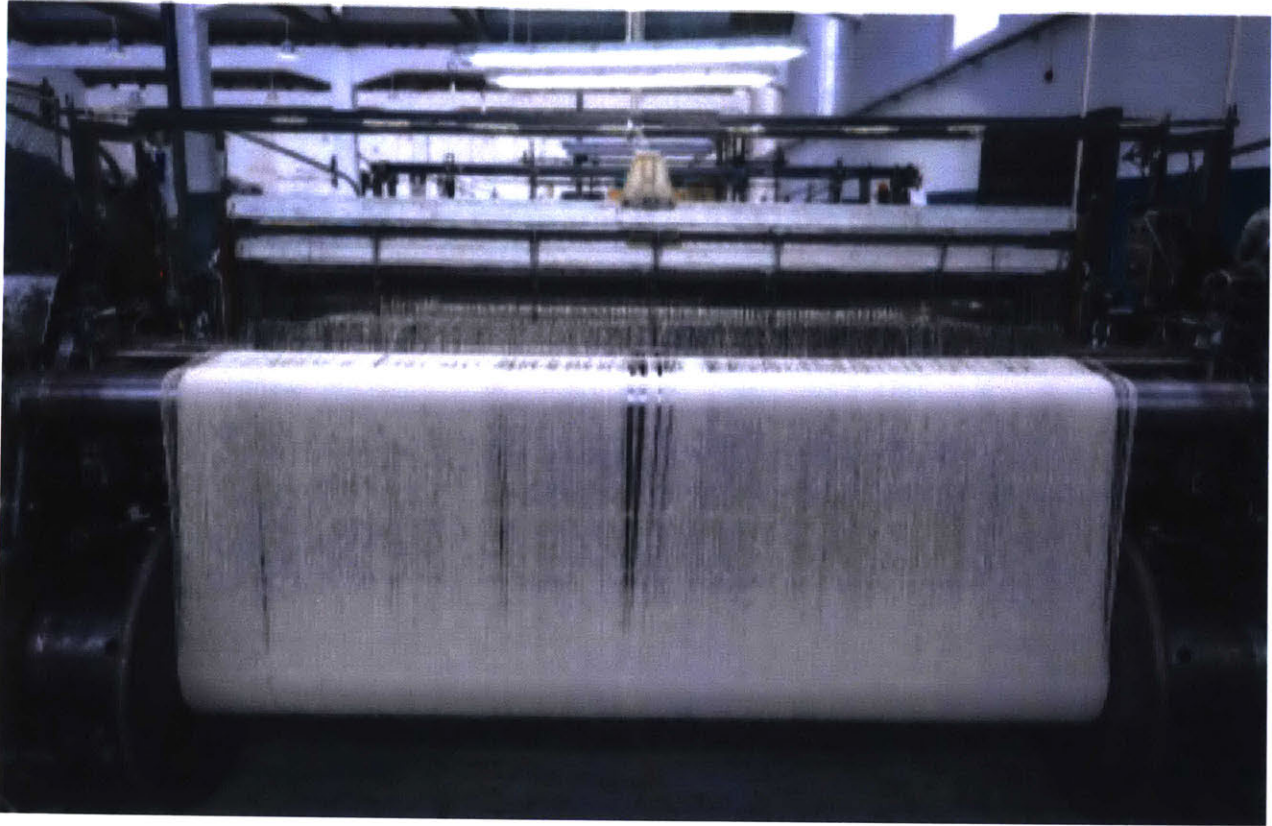
The spools of thread are then taken to a machine where they are fed through multiple tension bobbins and organized into the warp, the backbone of a woven product.



The warp threads are individually threaded through slots in the machine...



...then rolled onto a cylinder where they are measured and cut for each weave.



The warp is cut to size and transferred onto the loom, where each thread is sorted and threaded through individual needles. The weft thread is held taught and parallel throughout the entire weaving process. The warp is separated into parallel adjacent threads belonging to the opposite group that run in two planes so the shuttle can be passed between them in a straight motion. Then, the upper group is lowered by the loom mechanism, and the lower group is raised, allowing to pass the shuttle perpendicularly.

Preparing The Shuttles



In the meantime, the weft, or filling thread, is dyed to the desired color and transferred from large cones onto small spools meant to fit into the shuttles which will carry the yarn across the warp threads. Here, a father teaches his son how to properly thread the coned yarn through tension bobbins for re-spooling.

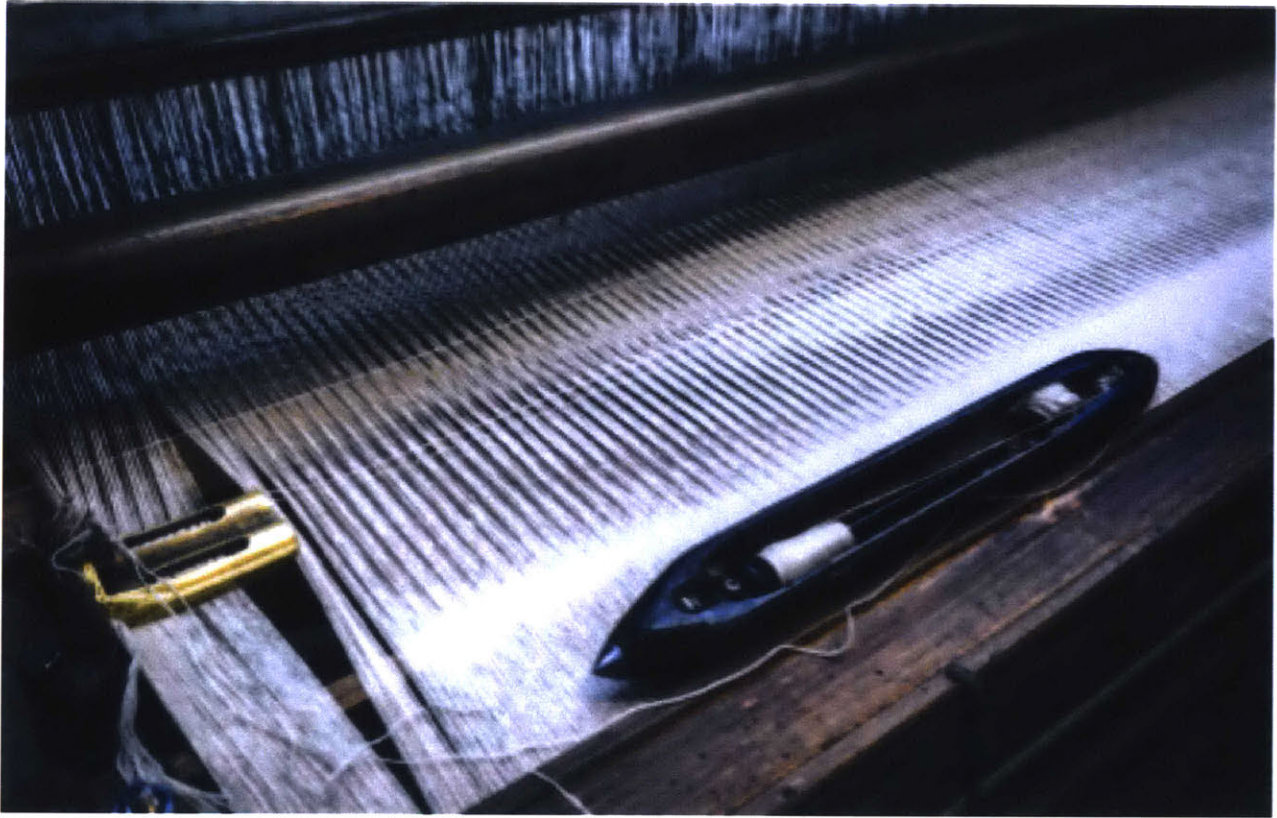
Weaving



Before weaving begins, the machine is manually programmed with a secret weaving pattern known only to the factory manager. These patterns are passed down in an encyclopedia of patterns from one generation to the next and are kept hidden from even the loom technicians.



The advantage of using a hand loom as opposed to an automated loom is the beautifully finished edge that is a direct result of the craftsmen that operate the loom.



A shuttle encasing the threads is ready for weaving. The small spools are fastened into each shuttle before being threaded onto the loom.

Quality Control



The blankets, once woven, are sent to quality control where a quality control expert will sweep every single inch of the blanket searching for impurities such as knots, snags, design errors, or incorrect tension within the weave.



Quality control experts finish the process by individually mending each impurity with a needle and thread by removing the impure thread and replacing it with one of the correct color and thickness.

Washing



The final process in the creation of a blanket is to send it to be washed. Special enzymes used in the washing process break down the coarse fibers, resulting in a softer hand feel for the customer.



The final blankets are brushed and put onto rolls to be shipped to Kalani for finishing touches.

Current Practices in Industry

Case Study: Patagonia

Patagonia is known in the retail industry as a strong leader in positive social and environmental practices. Detailed below are some of their main practices, and how this impacts their business model.

Providing Living Wages: Patagonia keeps track of all the wages at their partner factories, to ensure the factory workers are earning living wagesⁱ. This is in contrast to minimum wage. Patagonia ensures that factory workers receive a wage that they can actually live on, rather than what's minimally required in that region. Patagonia describes a living wage as one that covers all the basic needs, including food, water, shelter, health care, education, transportation and child careⁱⁱ. Since there is no world wide benchmark, Patagonia is working with Fair Trade USA to create a living wage program. Though this initiative come at an increased cost to Patagonia, there have been benefits to bringing it to the factories. It has sparked dialogue about the needs of workers in the factory, and allows managers to address these needs in a fair way.

Patagonia Wool Standard: In the Fall of 2018, Patagonia is going to offer products containing wool that has been sourced at this standardⁱⁱⁱ. This standard has strict guidance on animal welfare, on the transportation and slaughter of animals, shearing injuries, age ranges and consistent availability of food and water. Additionally, responsible land management, which makes sure there the land isn't being overused or abused. Lastly, standards on quality, which has a thorough inspection of the quality of wool in every product^{iv}.

Patagonia's focus on the environment: Patagonia has a strong emphasis on their focus on ensuring they reduce the environmental impact of the company and supply chain^y. They do this by paying an Earth Tax to support grassroots activists, using their brand to advocate for systematic change, empowering customers by making quality products that can be repaired, and supporting responsible land use. They regularly measure their carbon footprint, increase their renewable energy use, operate green buildings, pay a 1% earth tax, limit the use of paper and provide driver-less programs to incentivize employees to drive less.

Overall Patagonia's emphasis on social and environmental responsibility has both costs and benefits. The cost is a financial one to the company, where they pay more than other companies for the creation of products and the running of their company, indicated in the policies above. However, the benefits to Patagonia outweigh the costs. They have fierce brand loyalty, and their consumers are willing to pay a higher price for products that are less harmful in their creation. Brand loyalty is becoming increasingly difficult to maintain, and Patagonia has been successful by creating strong values that are intrinsic to the company, and sticking by these values. Consumers trust the company to focus on doing more good than harm, and it serves the company well.

Location

Portugal

In a small village in Portugal, 800 people lost their jobs when the last two remaining factories, SV and LI, finally closed their doors due to a lack of funding from the public sector and private clients. In the years following, the population of this 101-year-old village slowly declined, as the younger generations had to relocate to the larger surrounding cities, such as Coimbra and Porto, to find jobs to sustain their families.



Mill Selection

One woman, Isabel, decided to revive one of the factories in this village. She quit her c-suite corporate job of a major food distributor in Portugal, and spent a great deal of time and money to open her factory. She refurbished old looms that had gone into complete disrepair to showcase the history and value of construction between old and new, and now employees over 200 people throughout Portugal. For the village itself, this has been a game changer. The population has finally stabilized, and for the first time, the population of children is growing. The economy is also much more stable as the factory employs several people from the village, in particular female artisans. While the village is in much better shape now, additional work and demand at the factory would allow the opportunity to open another mill... driving even more economic support. Kalani hopes to be a source of that demand.



Kalani spent time searching for the right mill to work with over a period of three months. It was crucial to find a place that was both in need of help, and could produce high quality products. Kalani also hopes to support women, as women reinvest 90% of their earnings back into their communities. The process to find the mill involved going to Portugal, networking in Porto, walking around to all the different suppliers and wool shops until we were connected to Isabel. From there, it involved getting to the village for a visit, spending time with the people and finally after a week, discussing opportunities with Isabel.

Materials

Merino

The factory primarily works with Bordelero wool, a rough felt-like wool that comes from Portuguese sheep. They also use Portuguese merino, which is of a rougher quality than what can be found in South Africa and Australia. Because the factory is accustomed to working with these materials, Kalani decided to try making the first blankets out of ultra fine merino wool sourced from Australia. The wool was also recycled (remnants of large orders that would have otherwise been thrown away), and a natural cream color. The factory spent a week learning how to use that materials, and processing it appropriately (shown above). The blankets made out of the merino are wonderful, with a “coffered” texture to them. The merino also becomes softer as it is brushed, but when there is a textured pattern, too much brushing can cause that pattern to be lost.

Alpaca

The next step will be adding alpaca to the blankets, to increase the softness. Baby alpaca is a naturally hypo-allergenic material, which can be very valuable to those who suffer from

allergies. Alpaca is a much shorter fiber than merino, despite being softer. Given this, it has a tendency to pill, and needs to be treated with care. Kalani plans on using only a portion of alpaca in the blankets, to reduce the risk of pilling while still providing the soft feel.

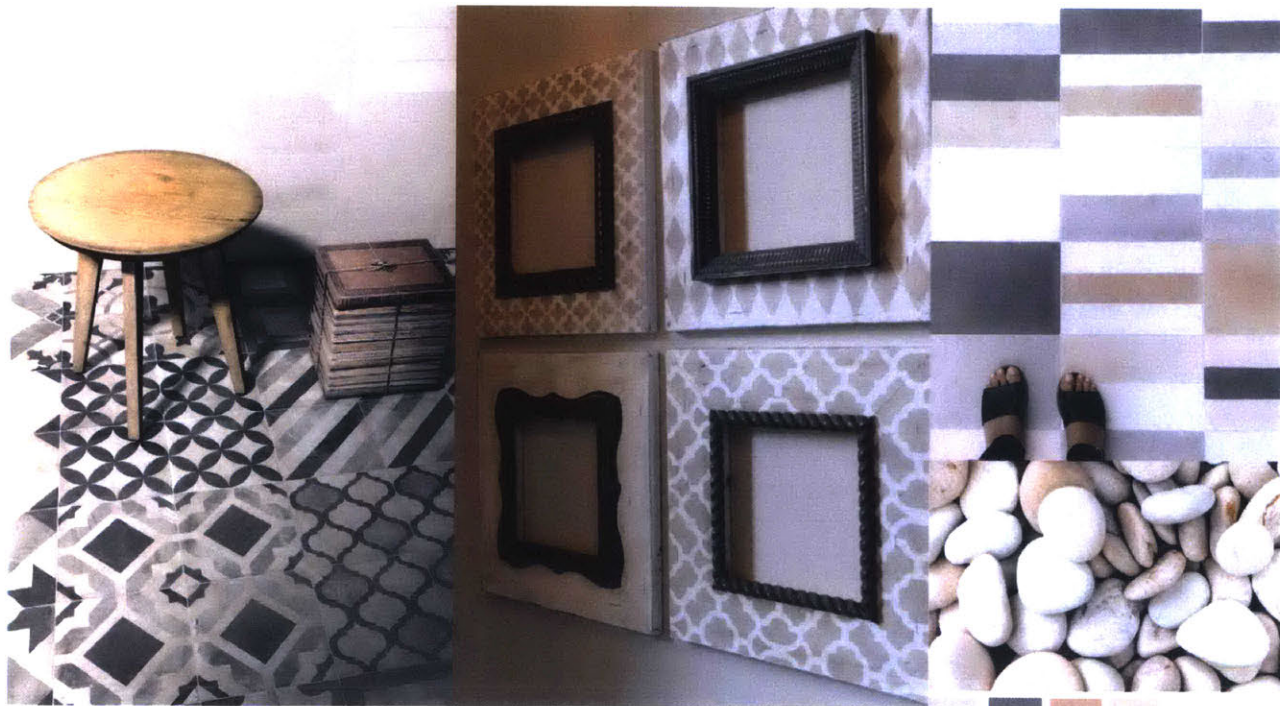
Alpaca is generally sourced from South America, in particular Peru and Ecuador.

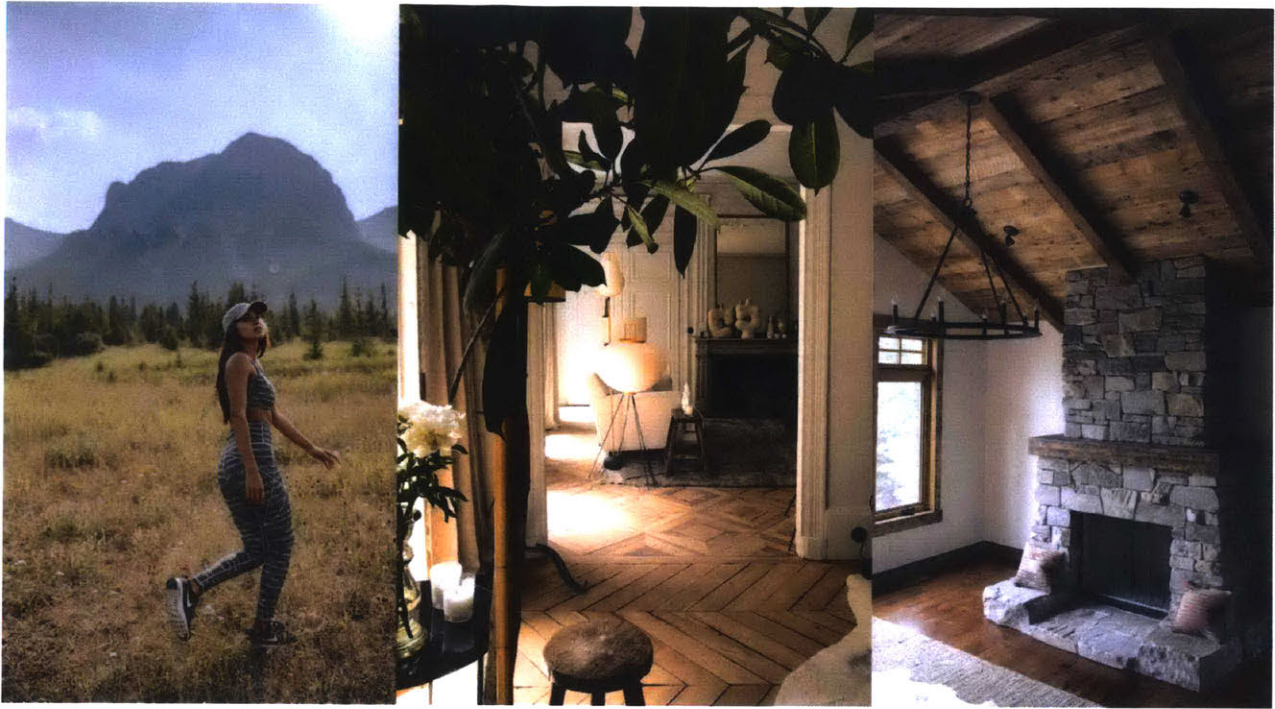
Cashmere

Cashmere is the ultimate luxury material for blankets in the mindset of consumers. It is also a short fiber like alpaca, and thus needs to be combined with other materials, perhaps silk, to ensure that it doesn't pill. Kalani is also looking into doing a cashmere border on some of the blankets to provide a contrast in texture and the luxury component.

Cashmere is often sourced from Mongolia or Nepal.

Mood Boards







Final Product





The final Kalani blanket is made of ultra-fine merino wool that is undyed, in a “coffered” pattern on an antique loom. The blanket measures 210 cm x 130 cm. The blanket is finished with a monogram that is hand-embroidered by a woman in Cambridge. Each

tassel is subsequently wrapped in silk thread to add the finishing touch of luxury, and delivered in a large, glossy white box with a white satin bow.

Entrepreneurial Leadership

Working Abroad

There are significant leadership challenges when working abroad, in a country you cannot easily or quickly get to if an issue crops up.

Cultural Sensitivity. There are significant cultural differences in working in a small village in Portugal. For example, hierarchy is very prevalent and needs to be respected. Even if there is something a middle-manager can do, they need approval from their superior (the creative director) for every step before actually taking action. Additionally, Portugal is still a very male-dominated society. As a leader, all of this needs to be managed appropriately. This means taking the time to understand the inner workings of the factory and the village itself. In such a small place, everything is known and shared by everyone. Dramas that take place within the village can become huge issues, and it's important to be very mindful of what is said, and to who. Alternatively, this needs to be balanced with a great deal of curiosity from the villagers. The best way to navigate this is by always having a positive or neutral response to inquiries, especially until the social landscape is better understood.

Timing: In Portugal, work is done on a much slower time frame than in the US. There are a great deal of holidays, and working hours are strictly from 8am-5pm. There is no "over time" and often the factory is closed due to religious observance. There is also an attitude of "it will get done..." without there being an exact time frame of when that would be. It's critical to be sensitive to these observances, and relax and work within their pace. At the same time, sharing the timeline of why products need to be created within a certain period of time is important so they can understand. Additionally, giving the factory a long lead

time so they can organize their work appropriately is very important. Coming in with a short deadline is very disrespectful and can ruin the relationship.

Trusted Advocates: Building a relationship within the place we are working has been the most important part of our success so far. Spending time in the factory with the artisans and managers has ingratiated us, and this means that they are willing to be more flexible with us than the other clients they have. We have build an especially strong relationship with one of the middle managers, who now provides us transparent information on what's going on and will advocate on our behalf with the creative director, who makes all the final decisions. There is no substitute for spending time at the factory, with the people.

Working with Artisans

Working with artisans has involved a large learning curve. It's important to be able to create a system in which to work with the artisans, and share needs clearly. Spending the time to learn exactly what the artisans do, and how they create, provides a lot of insight into our own creations and how we can adapt to be innovative and still true to their crafts. Additionally, spending time to teach them our own techniques to further elevate the craft is important as well. It's crucial to note that this process requires a willingness to be open and learn on the sides of both parties. This means adapting and being flexible to the others' expertise, and working together to come to the best solution. Building personal relationships with artisans can also be important, as these are the people we most want to help at the end of the day. Understanding their lives and needs allows us to be a part of it, and know how we can best help improve their circumstances. Additionally, this time investment makes them more invested in the work we do together, and creates a more collaborative environment.

User Interviews

Name: Mary

Age: 65

Employment: Retired Interior Designer

Date: February 26, 2018

Luxury is brand, quality, and finishing touches all combined. It is crucial to have all components, as they are each critical to a customer's satisfaction. Consumers want to know the product will last, and that it has elegant touches like a finely finished edge to make it look cohesive. In addition, they want to tell a story about the product if purchased at such a high price point – and often the branding is what provides this story.

When I think of a luxury blanket, I think of materials like cashmere, alpaca and merino wool. The “hand” of the product is most important, it has to feel like butter to me. I want it in neutral colors, and I want there to be something that stands out to me… some finishing that makes it unique and not dull.

The Kalani blanket has an amazing texture and pattern to it, and the neutral colors and tassels are lovely. The idea of monogramming is of great interest to me. The blanket does need a cleaner edge, and there should be no flaw to any thread.

When you tell me about the blanket, I want to first feel and see the quality. Then, tell me about what makes it special… the story comes second, the quality must be first otherwise I will walk away.

Name: Belkis

Age: 42

Employment: Entrepreneur

Date: March 21, 2018

Luxury in today's world needs to show something different and unique, and you should try to incorporate unique techniques based on your backgrounds... for example, some type of materials technology from MIT. Every component needs to be curated, and you need to have beautiful pictures and short phrases that are easily captured by your customer.

In a blanket, I want to wrap myself around it. I want to take your blanket as a cape and walk around NYC in it. I want it to be durable, and I want to be able to wash it or clean it if it gets a stain. In addition, it's important that it doesn't create any allergies for me or my family.

An element of wow needs to be in your blanket... something that is totally unique to what the market has to offer. Try to think of a way to mix materials or add leather. In addition, you can have different product lines for different types of consumers.

You need to represent yourselves as change makers and people who are dealing with two opposing worlds: the old world of textiles and the new world of technology and consumerism. Highlight that you are merging the two in an ethical way, and make sure to have a strong social media presence. Start building your branding and messaging, and make sure you have a clear tag line that represents the company.

Name: John

Age: 70

Employment: Retired Blanket Entrepreneur

Date: November 20, 2017

Luxury purchases are often impulse buys, and you need to be in the right place, at the right time. It's important that you are in brick and mortar locations for a long time, as people need to see and feel the product. Often, people are hesitant to buy their own and depend on a third party, like an interior designer, to ensure they are getting high quality.

A blanket needs to be made to last. I want to make sure that it will be around for awhile. I want something that fits into my home, and is big enough to be spread on the couch.

Your product needs to be solid and dependable. Don't anticipate tens of thousands of sales – the market isn't that big. There certainly is one and it's big enough to be worth it, but it's not going to drive tens of millions in revenue.

It's critical to get PR for the company, that's what drives a lot of initial early sales. Figure out the best way to position your product in the region, and use the resources and quirks you have to drive interest. Develop relationships

with the right new sources and blogs, so they can do some of the selling for you.

Name: Beth

Age: 51

Employment: Retired Marketing Executive

Date: April 8, 2018

Luxury is a product that has everything put together, there is no messiness. Generally, I purchased housewares from Bloomingdales, but then outgrew that with the desire to have more unique pieces. I do have an interior decorator who helps me with larger purchases, as I don't have total confidence to make it myself.

I want neutral colors that is incredibly soft, and I'm able to wrap myself in it and lay on the couch. It's great to be able to personalize it and give it as a gift, and there should be no kitsch associated with the product. I don't want boring, but I do want it to work in many locations in the house.

Your product needs to be softer for the price point that it's at. I also need a story associated with it, perhaps a book that tells me who made the product and why it's important to them. Additionally, personalization helps me feel more comfortable with the price point. Color would also drive the price higher for me.

I want the messaging to be positive rather than negative. We already hear so often about the tragedies in the world, and there isn't something tangible I can do in that moment... but if I can feel good about supporting something positive, that makes me feel a lot more inclined to make the purchase. Focus on creativity and artistry, and the help for preservation.

Name: Lalita

Age: 65

Employment: Retired Social Worker

Date: February 12, 2018

Luxury isn't overt, it's understated and you know about it because the quality speaks for itself. You intrinsically trust the brand, and know that there is a guarantee in what you are purchasing. It also isn't easily accessible, and not available in mass.

In a blanket, I want something that keeps me warm, as I'm often cold. I also want it to be incredibly soft, I don't want a blanket with wool that itches. I want it to be large enough to cover me and my husband on the couch, and I want it to be durable – I don't want to have to worry about it as I use it.

The product needs a bit more color, or options for other colors. I have a neutral room and would like a pop of color to accent the neutral colors. Perhaps my tassels could be a different color with the wrapping, which could add the color I want. It would be great if that was also a customization option available to us.

In terms of messaging, I want to know that the product is impeccable, and that the materials are sustainable. I then am interested in hearing about the artisans, but that's not the primary reason I would buy the product. It certainly helps in my decision, but I also want to know why the product itself is unique... what do you have that I can't get anywhere else?

Name: Millicent

Age: 55

Employment: Boutique Owner

Date: April 20, 2018

Luxury is something subtle, that isn't found everywhere. It also needs to fit in to the theme of my store... I need to sell things of great quality, to ensure people will come back and make repeat purchases. Additionally, it has to really stand out to be a part of my mostly clothing store.

I want the blanket to have subtle color, and I love the texture provided in yours. It's also great how soft it is on the skin. The depth in the stitches are great. The price point can be even higher for the colored blankets, and I think the \$400 range is appropriate for the starting for this product.

It's great to sell in boutiques, where the people working there can convey the story to the artisans to the consumers, rather than depending solely on the book. Leather is certainly "in" right now, though it's not critical to add that and my affect the texture of the overall blanket.

The messaging is critical for this kind of product, as you see them everywhere and start becoming immune... and it can get lost in a really busy/full boutique, or look like the décor. Think about having a stand that goes with it, or where it can drape, to really make sure it stands out and people see it as a piece to purchase.

Name: Caroline

Age: 48

Employment: Former CEO of luxury company

Date: April 4, 2018

True luxury are the companies that don't even need to provide visible labels or logos, but are known for the quality and perfection of the craftsmanship. Luxury products are known through word of mouth, and aren't necessarily the things you would see frequently.

The first blanket you come out with needs to be even softer, and at a higher price point. The wrapped tassels are something I haven't seen before, and certainly add that luxury element that makes it stand out. If you enter the market at \$650, you will be able to go down to \$450 but it's hard to go up in pricing if you enter lower. Then, you can have an even more exclusive product at a higher price point, though you'll sell fewer.

The product needs to have the final materials you want to enter the market with. The texture is great, try other patterns that may be softer. Make sure there is no pilling, and I have to be cognizant of allergies. Additionally, leather isn't washable, so avoid that if you are going to add a tag... and it doesn't need to be on the border.

The messaging is strong, and you've been able to create a solid product with the artisans. Make sure that you have simple messaging that people can take in quickly and easily, you will be very wrapped up in the world so take a step back and figure out what really resonates with people. Test messaging frequently and often.

Conclusion

Learnings

Kalani has gone through exponential learning through the process of ideation to product creation. When creating a physical product, the process of sampling, adjusting and approving final samples takes much longer than anticipated. Additionally, conducting user interviews during this process is critical in creating a product that people love. Focusing on both positive social and environmental impact can be difficult, and it's important to have key values to focus on, rather than trying to do everything from the start. Patagonia is a strong testament to this.

Kalani has been able to validate several key components of its mission, and managed the tension between price, quality and impact. These tensions, introduced at the beginning of the thesis, are:

Raw Materials: The company found a source for sustainable material from Australia, that is of impeccable quality.

High production value: The company found a manufacturer that can create products of very high quality, that are guaranteed to last several decades based on historical production

Manufacturing: The company found a manufacturer that places number of people employed above their bottom line revenue, with a big focus on positive work environment and quality of life.

Business Model: The company established a business model (i.e. selling to the luxury market) that allowed these products to be made a higher cost, but sold for a large margin to sustain the business economically.

Based on the user interviews, there were several learnings that have been adopted into the business model. First, the price point: rather than selling this blanket at \$300, we were instructed to hit the bottom of the luxury market at \$450. Additionally, adding the wrapped tassels is a crucial luxury touch. Furthermore, a story book offered with the product is critical to convey the cultural and social impact elements. Lastly, look at opportunities for different materials and patterns to allow an even softer touch to the blanket.

Additionally, through the process, there always be challenges. The key in meeting this challenges is being adaptable, and thinking creatively on how to adjust to meet the new needs. Having an open mindset and the patience to experiment, fail and try again is critical in achieving a successful outcome with a new venture.

Moving Forward

One tension has not yet been addressed in this thesis, which is **validating the product with the market through sales**. Thus, over the next year, Kalani's focus will be on selling 2,000 blankets. These sales will be enough to make the company financially independent, support the factory's operations, and establish that there is a large enough paying market for the product. The efforts to make these sales will be to focus on marketing, and building the brand through social media messaging, public relation efforts with the media, and working with bloggers and writers in the industry. Additionally, developing sales channels will be another main effort, with a focus on third party retailers like boutiques.

Moving forward, Kalani will continue working on products that support artisan economies and crafts. Over the Summer of 2018, Kalani will create V2 of its next blanket offering, while launching sales of the V1 blanket. In a year, the company hopes to expand to an offering of several blankets coming from Portugal, in addition to other products such as shawls. After a couple years, the company plans on continuing work with the mill in Portugal, and expand to another artisan community. The venture is a lifelong commitment of both founders, who plan on working on this for several years.

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