

Beyond Profits: FabIndia Entrepreneurial Model of Capitalism

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Abstract

Fabindia is India's largest private platform for products that are made from traditional techniques, skills and hand-based processes. Fabindia links over 55,000 craft based rural producers to modern urban markets, thereby creating a base for skilled, sustainable rural employment, and preserving India's traditional handicrafts in the process. Fabindia promotes inclusive capitalism, through its unique COC (community owned companies) model. The COC model consists of companies, which act as value adding intermediaries, between rural producers and Fabindia. These are owned, as the name suggests, by the communities they operate from; a minimum 26% shareholding of these companies is that of craft persons. Fabindia's products are natural, craft based, contemporary, and affordable. Fab India business models is based on cooperative attitude towards its suppliers (artisans) and healthy HR practices. It has established its own social standard in India and abroad. Fabindia clearly shows that its success as a major player in the retail handloom sector in India is due to the fact that the company has always believed in "good business practices and never compromised on best quality". This revolutionary organization is said to be the next big thing in societal betterment. FabIndia believes that a delighted customer is their best Brand ambassador. Their USP in marketing lies in quality of fabric and cultivated image of Indianans. They heavily rely on word of mouth marketing. They say 83% of customers go satisfied and 59% go highly satisfied. Fabindia which, over more than 50 years, has refined the art of sourcing from craftsmen: middlemen are a strict no-no and artisans receive a share of the profits. Artisans form the backbone of India's rural economy, and the handicraft industry is the second-largest employment generator in villages after agriculture. While official estimates put the number of artisans in the country at about 70 lakh, unofficial numbers peg it closer to two crore.

About the company

FAB INDIA was Founded in 1960 by John Bissell to market the diverse craft traditions of India, Fabindia started out as a company exporting home furnishings. By the early eighties, Fabindia was already known for garments made from hand woven and hand printed fabrics. The non-textile range was added in 2000, while organic foods, which formed a natural extension of Fabindia's commitment to traditional techniques and skills was added in 2004, with personal care products following in 2006. Handcrafted jewellery was introduced in 2008. Today, with a pan-India presence; Fabindia is the largest private platform for products that derive from traditional crafts and knowledge. A large proportion of these are sourced

from villages across India where the company works closely with the artisans, providing various inputs including design, quality control, access to finance and raw materials. Fabindia's endeavor is to bring customers a choice of products and lifestyle that offers an alternative to the mass-produced, while creating sustainable livelihoods in the rural sector. Today it is present in 6 countries, 74 cities, with 169 stores.

"When you recognize the value of crafts, you will be paying a higher price for it. When you pay a higher price, it translates into higher wages for weavers and craftspeople," Bissell said. 2010 marked the 50th anniversary of **Fabindia**, one of the most successful companies in India. "We have made nearly 700 employees shareholders of the