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Mary Conway Dato-On

Isabel A. Walker

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Sustainable Fashion: A Hybrid Model for Social, Economic, and
Environmental Responsibility in Haiti

Mary Conway Dato-on, Rollins College, Crummer Graduate School of Business, USA

Isabel A. Walker, Rollins College, Crummer Graduate School of Business, USA

Author Note(s)

Mary Conway Dato-on

Rollins College, Crummer Graduate School of Business

1000 HOLT Ave. Box 2722, Winter Park, FL 32789, mconwaydatoon@rollins.edu

Isabel Walker

REBUILD globally

106 E. Church St. Orlando, FL 32801

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Abstract

This case explores two Haiti-based organizations, one a non-profit (REBUILD globally) and one a sustainable fashion business (*deux mains*), that work interdependently to combat poverty through business. The business model addresses complex social, economic, and environmental issues prominent in Haiti and provides actionable solutions consumers can take through their purchases to help alleviate negative outcomes the fashion industry has had in the world. By presenting a ‘successful’ hybrid model for sustainable fashion, the authors offer challenges and opportunity for how the fashion industry can create positive influence in emerging countries while meeting demands presented by the growing consumer segment in developed markets. From this discussion, the questions of how to grow and replicate the business in order to increase positive impact are posed. The case is framed within Epstein and Yuthas (2014) model to identify inputs and activities to achieve organizational vision as well as desired outputs and outcomes.

Keywords: Haiti, sustainable fashion, hybrid business model

1.1 Introduction

In an emerging world of global consumerism, the rise of fast-fashion and the subsequent world-wide concerns over its social, economic, and environmental impact has led to a growing interest in identifying and defining business models for sustainable fashion (Joy, Sherry Venkatesh, Wang & Chan, 2012). In part, the popularity of fast-fashion has given rise to a new wave of fashion companies combatting various aspects of fast-fashion's detrimental approach. Some companies highlight transparency in supply chains, while others promote safe and dignified working conditions for employees, but the fact remains that there is little research providing tested theories and concrete examples of viable, scalable, and replicable models of sustainable fashion (Jang, Ko, Chun & Lee, 2012). This chapter seeks to present a case study of a successful business model for sustainable fashion while discussing the opportunities for emerging market producers and developed market consumers. To accomplish this, the authors explore a sustainable fashion ecosystem in Port-au-Prince, Haiti: REBUILD globally, an organization that incubated a for-profit sustainable fashion business, *deux mains*, and operates under a for-profit/nonprofit hybrid model (Haigh, Walker, Bacq, Kickul 2015). This case study, combined with relevant research from the social entrepreneurship literature, provides readers with an understanding of processes, challenges, and successes of one entrepreneur to inform others of methods to create a sustainable fashion business in a mature industry replete with large, profitable players. To begin on this journey, a definition of sustainability in the context of fashion is required.

1.2 Defining Sustainability

In both the academic and practitioner domain, sustainability has numerous definitions. Ultimately, sustainability is “about much more than our relationship with the environment; it’s

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about our relationship with ourselves, our communities, and our institutions” (Siedman 2007, p. 58). Each organization is thus challenged with examining and acting on this complex phenomenon amid changing dynamics of interests across the environment, livelihoods, and socio-political systems in local and global contexts (Joy, et. al., 2012). *Deux mains* defines a sustainable fashion business as one that pays its workers a living-wage, minimizes its environmental footprint, preserves local craftsmanship, encourages local leadership, and contributes to the growth of the local economy. This definition shaped *deux mains*’ organizational characteristics, which created business-oriented solutions that utilize local resources, markets and talent with a commitment to long-term impact. The authors note these characteristics as key factors of economic sustainability for businesses and communities.

With this higher order understanding of sustainability in mind and its own definition of how an organization wishing to work within this premise should conduct business in the fashion industry, the REBUILD globally and *deux mains* team faced challenges developing a successful business to achieve desired outputs (e.g., sustainably sourced shoes, bags and accessories) as well as outcomes (e.g., increasing dignified employment in Haiti, trained craftsmen, educated children). Like any business, *deux mains* seeks to run a profitable enterprise but its goals go beyond just being profitable to include all elements of sustainability – people, planet, profit, and purpose. Over the course of its development, *deux mains* came to realize that it must use its products to educate consumers about the power their purchases have to drive change in the global marketplace. Keeping production local guarantees that payments, assets, and expenditures associated with running a business (legal, cost of goods sold [COGS], operations, taxes, etc.) are kept within country, supporting many other businesses and contractors. These indirect impacts (i.e., outcomes) augment the direct impacts of the business model (i.e., outputs of sales and

employment), to ultimately increase community-wide development.

1.3 History & Context

In 2010, disaster hit Haiti with the devastating 7.0 magnitude earthquake that shook the capital city, Port-au-Prince to its core, quickly catapulting Haiti and its people into international headlines. Within days of the disaster that claimed over 220,000 lives (DEC 2016) and caused upwards of US \$8 billion in damage (UN 2016), hundreds of NGO's, mission groups, and individuals flocked to the poorest nation in the Western hemisphere to help recover and rebuild. An estimated \$13.5 billion USD in aid poured into the country through various means, all with noble intentions of rebuilding the country and its people (Knox 2015). However, seven years later, it is widely accepted that these recovery efforts were a failure in terms of ongoing economic and social prosperity of Haiti. Instead, the well-intentioned efforts nurtured a culture of aid, dependency, corruption, and distressed markets. The failure to see how the negative long-term impacts of aid suppress true growth and perpetuate the root causes of poverty (Simmons 2016) is evident in Haiti.

1.4 The Business Model

To understand how a business makes decisions while developing a sustainable fashion enterprise, the authors outline critical path milestones that REBUILD globally and *deux mains* took in the first seven years of operation. To accomplish this, the authors deploy Epstein and Yuthas (2014) model for measuring social impact. The 5-step process helps social enterprise leaders clarify impacts that matter most to their mission while providing methods to measure and improve those impacts. While full explanation of the model is beyond the scope of this chapter, the authors show how Julie Colombino, founder and CEO of REBUILD globally and *deux mains*, used the model to understand what investments (inputs), activities, and processes were

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needed to achieve desired outputs (e.g., immediate results of employment) outcomes (e.g., mid- and long-term results such as increased savings from employment), and impact (e.g., reduction in systemic poverty in Haiti). In outlining these steps as they apply to REBUILD globally and *deux mains*, the case provides a structure other social enterprises may follow while also acknowledging challenges along the way.

Born from the Haitian natural disaster in 2010, REBUILD globally emerged as a nonprofit with an ambitious vision to approach recovery and poverty alleviation differently. Colombino – a true bricoleur, wanted to implement solutions with more sensitivity to local resources and needs, with a steadfast focus on sustainability, and a commitment to empower survivors through business and employment (Zahra, Gedajlovic, Neubaum & Shulman, 2009). After five years on-the-ground in Haiti providing job training and education programs in Port-au-Prince, REBUILD globally incubated *deux mains*, a partly Haitian-owned sustainable fashion and lifestyle brand that hires Haitian talent to handcraft sandals, bags, and accessories made from local leathers and upcycled materials. Colombino created an interdependent ecosystem in which REBUILD globally trains local Haitians to become skilled craftsmen / craftswomen who, upon successful completion of training programs, are hired by *deux mains* with the guarantee of dignified, living-wage employment. Figure 1 demonstrates the hybrid business model.

----- Insert Figure 1 Here -----

1.5 Organizational Successes & Milestones

Establishing the distinction and interconnectedness of the two organizations, REBUILD globally and *deux mains*, was the first major milestone that allowed *deux mains* to emerge as an ethical fashion business and to pivot from a charity to a true business structure and strategy. There are many like-minded ethical fashion organizations that operate in this field, however, it

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was critical for *deux mains* to distinguish itself and identify what factors made its model different. The three key factors that set *deux mains* apart are its: (1) relationship to REBUILD globally, (2) legal status as a Haitian business, and (3) co-employee-owned business structure. These elements speak directly to the consumers' desires to support businesses that treat workers with dignity while producing quality products (White, MacDonnell, Ellard, 2012).

Colombino and her team approached the challenge of combining for-profit and nonprofit operations into a hybrid organization (and all subsequent ones) by first setting a vision for the efforts, then worked through the Epstein and Yuthas (2014) model to identify inputs and activities to achieve the vision, as well as desired outputs and outcomes. The section below explicitly demonstrates each step of the model as it applies the Colombino's first challenge. Subsequent paragraphs summarize model stages to show the cumulative efforts of the team across the first seven year of operation as they moved toward achieving impact in Haiti.

1.5.1 Aligning activities with desired outcome and impact

Vision. Establish distinction between nonprofit and for-profit organizational structure to define and solidify the business model in order to create the highest level of impact in Haiti

Goal. Provide dignified employment and a chance for an empowered life for locals; invest in local economy through Haitian business status, drive business and economic growth through the vehicle of ethical fashion

Inputs. Local expertise and knowledge, craftsmanship training, workplace and entrepreneurial training

Activities. Legal processes to launch a Haitian business, creation of distinct strategic plans and goals for nonprofit and for-profit entities

Outputs. In 2010, Colombino launched the nonprofit with four local women. In 2017,

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REBUILD globally expanded to two job training workshops that provide paid job training to over 100 Haitians. As of July 2017, *deux mains* employed 64 Haitians.

Outcomes. Dignified jobs for locals, skilled Haitian workforce, increased business skill and acumen, improved financial literacy among employees, enabling initial savings to withstand short-term personal dilemmas

After the business model was solidified, the next step in growing as an ethical fashion brand was to align *deux mains* with experts in the fashion industry and create partnerships that would increase design expertise and exposure in the world of fashion. This happened in a few different ways. Colombino sought advice from a Nike Shoe Expert – who helped close the knowledge gap in the craft of shoemaking. Soon after, Colombino met renowned philanthropist and fashion designer Kenneth Cole who, after visiting the *deux mains* factory, moved forward with a private label partnership. This partnership propelled *deux mains* into the world of fashion. The same year, Colombino met fashion model Heide Lindgren, who volunteered to design a new sandal for *deux mains*. This sandal helped *deux mains* expand its product offering and enter new markets segments. Building on this success, beginning in 2015, *deux mains* fostered partnerships with organizations such as Konsense Local (<http://www.konsomelokal.com/>), Norton Point (<https://www.nortonpoint.com>), and Thread International (<http://www.threadinternational.com>). Each of these partnerships contributed to sales, through wholesale and co-branding agreements, and helped elevate *deux mains* in the domain of ethical, sustainable fashion.

1.6 Challenges and Setbacks

Deux mains' distinct business model and key partnerships helped the business grow, gain exposure, and reach new markets and consumers. However, this growth presented some challenges that all businesses, ethical fashion or not, face.

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Growing sales emerged as a main challenge for *deux mains*. Despite numerous grass-root efforts, increasing sales was difficult for a number of reasons, including external factors: a crowded marketplace, shifting consumers' mindsets towards conscious consumerism, and internal constraints: limited financial resources to invest in marketing.

Consumers, especially millennials, express interest in purchasing from companies that deploy sustainable sourcing and production practices; many, however, are unwilling to pay the higher prices that come with such endeavors (Ditty, 2015; Gam, 2011; Joergens, 2006; Niinimaki, 2010). The overwhelming market presence, extensive marketing, and easy access to fast-fashion retailers add additional barriers for *deux mains* and other like-minded organizations. However, research supports Colombino's belief the opportunity for growth in this sector of the fashion industry is substantial and will continue (Joyner, Armstrong et al., 2016). The key is to create, and consistently communicate, the value proposition for the consumer that comes from purchasing ethically produced, sustainable fashion. Beginning in 2016, *deux mains* set a vision and goal from which the team took action to combat these challenges and increase sales.

1.6.1 Telling the story

Deux mains moved forward with its vision to inform, inspire, and equip consumers to take action against harmful practices that exist in the fashion industry by supporting *deux mains* and other sustainable brands by developing an integrated marketing and communication plan. Key action steps included inputs such as an expert-guided staff retreat to create target consumer profiles and construction of an e-commerce focused plan to resonate with consumers in order to gain brand awareness and increase sales. As a result (i.e., outputs), *deux mains* increased year over year sales by 100% since 2015 and reports increased exposure in the global marketplace, as measured by website traffic and press coverage. The success facilitated *deux mains*' growth and

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developed dignified employment opportunities in Port-au-Prince (i.e., outcomes). The company continues to provide craft and life-skill training for employees – who have shared in the economic success of the business – and will hire an additional ten people in 2017 and 2018 to keep up with increasing sales.

1.7 Opportunities for the Future: Replicating and” Franchising” the Business Model

Colombino remains confident that the hybrid model she developed with REBUILD globally and *deux mains* is not only the true path to fighting poverty in developing nations, but also a scalable and repeatable model for ethical fashion moving forward. The innovation of REBUILD globally mirrors human-centered design thinking methodologies (Powell, 2014; IDEO <https://www.ideo.org>) and is based on immersion into the Haitian community. By becoming deeply embedded in Haiti, the team was able to customize skill development and job-training programs that resulted in positive response from the community. *Deux mains*' employment of the skilled workers, and their available skill set for other potential employers captures the “sustainability” side of the model - dignified employment and community development. More trained workers make Haiti a viable environment for additional business investment, thus enabling the outputs and outcomes to become scalable.

Repeatability of the business model is found within *deux mains* itself. Based on the initial work in Port-au-Prince, Colombino expanded *deux mains*' production to a refugee camp located on the Haitian-Dominican border. This expansion nearly doubled employment and demonstrates the ability to duplicate impact in different communities.

1.8 Conclusion

Seven years after the launch of REBUILD globally and two years after the official launch of *deux mains*, both entities are optimistic about their growth and impact in Haiti, as well as their

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role in redefining how consumers should approach their fashion consumption habits. (see Figure 2). *Deux mains* leads by example, showing how fashion companies can take a stand against harmful, commonplace industry practices while appealing to consumers' growing demand for sustainable, ethical products.

---- Insert Figure 2-----

Over the seven years of operation, 1,000 people have directly or indirectly benefited from the REBUILD globally/ *deux mains* social enterprise ecosystem. The ripple effect of the work has resulted in hundreds of children gaining access to secondary education and university, and over 100 dignified income-earning opportunities created for men and women in Haiti. Furthermore, REBUILD globally and *deux mains* have invested nearly \$800,000 in the Haitian economy since 2010, spurring growth and local development in communities. Environmentally, over 8,100 tires have been upcycling into *deux mains*' products. These significant social and environmental impacts create value for global consumers, the Haitian business owners, their families, and surrounding communities. While Colombino's work created an initial drop in the pool of alleviating poverty in Haiti, she believes that through replication true social change (i.e., long-term impact) will be experienced.

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Figure 1:

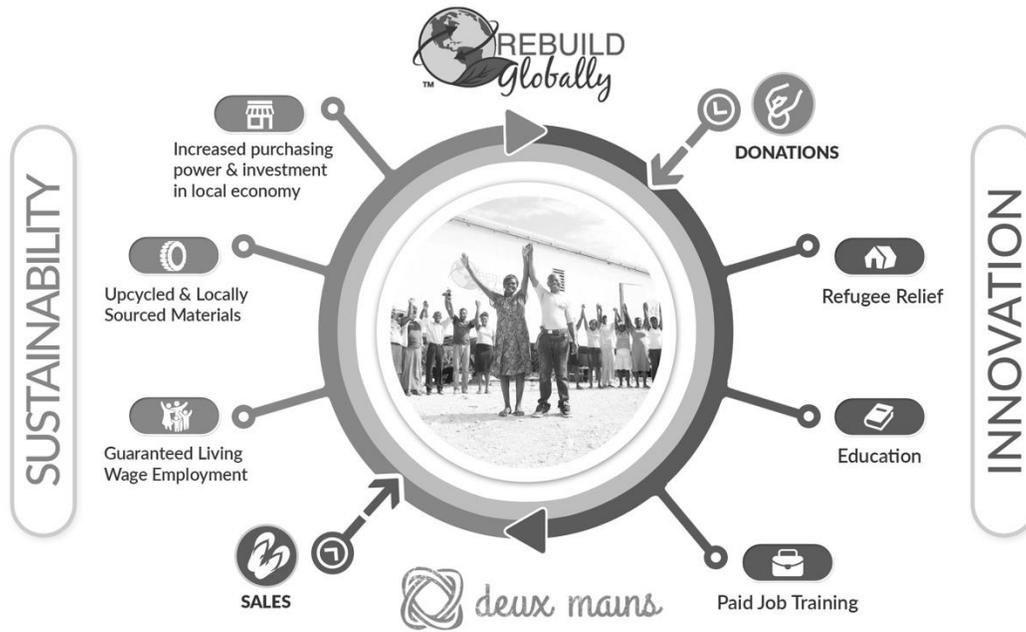


Figure 2:



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Mary Conway Dato-on received a Marketing PhD from University of Kentucky and currently holds a professorship at Crummer Graduate School of Business and visiting professor at IPADE in Mexico. She is the Faculty Mentor for Global Links Program and a Fulbright Scholar (2013). Her teaching areas include international business, marketing, and social entrepreneurship. She has taught in numerous countries including Denmark, Spain, Japan, China, and the Philippines.

Her corporate experience spans diverse sectors of executive training, manufacturing, and marketing in the Philippines, Japan, and USA. She continues to consult in these areas.

Research interests include international and nonprofit marketing and branding, social entrepreneurship, as well as gender and ethics in marketing. She has published a book, several book chapters, articles in leading academic journals, and presented at numerous national and international conferences. She reviews for several academic journals and has served as dissertation chair across different institutions.

Isabel Artemis Walker is the Director of Impact Partnerships at REBUILD globally. A non-profit and social enterprise professional, she executes marketing strategies and manages strategic partnerships for REBUILD globally. Isabel has experience working with various social enterprise initiatives with operations in India, Haiti, and Afghanistan and applies this experience to grow and promote organizations that adopt impact-oriented business models.

She obtained her MBA from the Crummer Graduate School of Business at Rollins College and her BA in Economics from Rollins College, Florida, USA.