

**The Aspen Network of Development Entrepreneurs (ANDE)** is a global network of organizations that provide critical financing and business support services to small and growing businesses (SGBs) in the developing world. ANDE members believe that support for SGBs will create jobs, stimulate long-term economic growth, produce environmental and social benefits, and ultimately help lift developing countries out of poverty. We also believe that in order to thrive, SGBs need an entire ecosystem that promotes their growth. This series of stories from the SGB sector highlights the power of collaboration among ecosystem actors.

## Case Study: WEConnect International, Fidenza Disegno, S.A., and Walmart

### About the Case:

#### ANDE Members:

WEConnect International, Walmart, USAID

#### Where:

Peru

#### Who:

Milagros Johanson, founder of Fidenza Disegno

#### What:

Market Linkages

### About WEConnect International

**WEConnect International**, a corporate-led non-profit, helps build sustainable communities and economic growth by empowering women business owners to succeed in global markets. Since 2009, WEConnect International has provided certification, resources, mentoring and peer/corporate connections to businesses based outside the United States that are at least 51 percent owned, managed and controlled by one or more women. WEConnect International corporate members represent \$700 billion in annual purchasing power and are true pioneers in inclusive sourcing and global supplier development.

Small and growing businesses are the engines of growth in emerging markets: they are the key to job creation and inclusive private sector development. In the last decade, Latin America has seen a boom of entrepreneurial activity which has led to a reduction in poverty, an emerging and bustling working class, and an increased presence in global markets. In addition, the level of women's participation in entrepreneurship in Latin America is among the highest worldwide. **Over the past 10 years, 15% of Latin America's economic growth can be attributed to women's economic activity.** And economists suspect that poverty would be 30% higher if not for this activity<sup>1</sup>

Women are central to the region's growing prosperity. But women entrepreneurs face higher barriers than their male counterparts, and often show slower growth. Women are more likely to participate in low productive sectors than their male counterparts, and receive lower wages than their male counterparts, regardless of the sector. Women entrepreneurs often need support to help them overcome these challenges—support that ANDE members can provide. WEConnect International provides valuable resources to these women entrepreneurs, helping them to formalize their businesses and integrate into the supply chains of large multinational corporations.

## Peru

In Peru, one of the fastest growing economies in the world, entrepreneurship is deeply embedded in society. Nineteen out of every 100 people participate in early stage business activities. Over 40% of these businesses are women-owned.<sup>2</sup> These entrepreneurs, especially women, face significant challenges including government bureaucracy, lack of access to capital, and deeply held gender roles. When surveyed, women in Peru identified the **lack of quality training as the greatest barrier to business success.**<sup>3</sup> WEConnect International helps build sustainable communities by empowering women business owners. They provide valuable resources and assist with integration into the supply chains of large multinational corporations. Corporate commitments to inclusive procurement create significant opportunities for female entrepreneurs looking to expand their business on a global scale; WEConnect International helps them meet that opportunity. In 2011, with the support of USAID, WEConnect International worked in Peru through the Pathways Access Initiative (PAI). PAI supported U.S. corporations to meet their supplier diversity and inclusion goals in Peru by identifying, training, and certifying women owned businesses.

<sup>1</sup> The Effect of Women's Economic Power in Latin America and the Caribbean. The World Bank. August 2012.

<sup>2</sup> GEM Peru 2011 Report. The Global Entrepreneurship Monitor. 2012.

<sup>3</sup> GEM Peru 2011 Report. The Global Entrepreneurship Monitor. 2012.

## Fidenza Designo, WEConnect International and Walmart

During their 18 month engagement in Peru, WEConnect International trained more than 400 women entrepreneurs. What differentiates the Pathways Access Initiative from other initiatives in small business development in Peru is its focus on small businesses that are growth-oriented and ready for export to major multinational corporations who have goals for doing business with them. WEConnect International targeted high growth and high impact companies.

One of the female entrepreneurs navigating the road to growth was Milagros Johanson, owner of the jewelry company Fidenza Disegno, S.A, which she founded in 1997. Milagros had her own successful jewelry business when she registered Fidenza Disegno into WEConnect International's online eNetwork. This was the beginning of the relationship that drove her business to the next level. Milagros then worked with WEConnect International to get her business certified as women-owned, setting her up for the future connections she would need to expand her operations. As a result, she was able to leverage this certification to create a lasting relationship with the world's largest retailer, Walmart.

In 2011, Walmart launched their Global Women's Economic Empowerment Initiative. With goals to support women's economic advancement across the world, they have established a variety of objectives to be achieved by 2016. In emerging markets, they have committed to training 500,000 women in agriculture value chains, and 200,000 for their first jobs in retail. Most relevant for Milagros and her business, Walmart also committed to source \$20 billion from women-owned businesses. The "Empowering Women Together" marketplace was launched by Walmart.com in March 2013 and features products from women-owned businesses based in emerging markets.

"For Walmart, empowering women isn't just the right thing to do, it's also smart business—helping us to understand and serve our customers better, find the best talent, and promote economic growth in the communities we serve."

—Walmart Global Responsibility Report

Milagros started her business producing high-end jewelry collections. Through her connection with WEConnect International, she was invited to come to the U.S. in February 2012 to market her products to buyers from Walmart.com through a summit organized by WEConnect International global member, Full Circle Exchange. In June 2012, she came back to the U.S. to follow up with them as well as other corporate partners from WEConnect International at a fair in Orlando, Florida. The quality of her products attracted Walmart, but soon proved to be a challenge as her jewelry was out of the price range for the traditional Walmart shopper. To accommodate the demands of becoming a Walmart supplier, she would have to adjust her designs and then bring these new products through the audit process which Walmart requires of all its suppliers. The costs associated with these audits lie fully on the suppliers, and can sometimes be more than the prices of the contract itself. Milagros was able to comply with this expensive audit process with the help of WEConnect International, which facilitated a relationship between Milagros and Full Circle Exchange.

## WEConnect International Member: Full Circle Exchange

Full Circle Exchange is a non-profit social enterprise that connects producers, retailers, and consumers in the western world with products created in emerging and developing markets. They support women artisans and entrepreneurs by connecting them to the global marketplace. They were also partners with Walmart for the initial line of products featured on Walmart's Empowering Women Together commerce site. For Milagros, they acted as an intermediary between Fidenza Designo and Walmart. Under Full Circle Exchange's guidance, she created a new brand, "Isabella Lazarte for Full Circle Exchange," catering to the price points requested by Walmart. Full Circle Exchange absorbed some of the costs of being a direct supplier and sold Milagros' product to Walmart, collecting a percentage of the revenues as part of the agreement. Like Milagros, many suppliers would like to be able to sell directly to distributors like Walmart, but for most the associated costs prohibitive. The partnership with Full Circle Exchange continues to be fruitful as they connect Milagros with distributors such as SamsClub and the Smithsonian Store.

Being based out of Lima, Peru was also a challenge that Full Circle Exchange was able to address. According to Milagros, "I have had difficulty working directly with [corporations based in the United States]. To work with these companies, and apparently all American corporations affiliated with WEConnect International, you need to have a presence in the US or have an office located in the US...This is where Full Circle Exchange enters the supply chain and enables us to introduce our products."

## Challenges to Scaling

Another significant challenge WEConnect International addresses with its women entrepreneurs is how to bring their production to scale needed to support the increased demand from their new multinational clients. Milagros' case was no different. She created a strong relationship with Walmart: they liked her, they liked her products, and they wanted more. In addition to jewelry, they wanted new product lines such as bags and belts. WEConnect International recognizes the benefit of having women business owners work together to create scale, and helped Milagros diversify her product offerings by partnering with women entrepreneurs outside of Lima. According to Milagros, one of the greatest benefits of her association with WEConnect International is the network of likeminded female entrepreneurs that she has been connected to.

WEConnect International identified a successful entrepreneur in Milagros, one poised for expansion and ready to take advantage of new opportunities in the global marketplace. By the end of 2012, Milagros employed nearly 250 women in Peru through Fidenza Disegno. Her product line for Walmart, Isabella Lazarte Jewelry, was featured in the “Empower Women Together” section on Walmart.com in March 2013, bringing further recognition to the company. The relationship with WEConnect International and Full Circle Exchange continues to expand her client base, positioning her for continued growth.

## Lessons Learned in Peru

Though WEConnect International was able to facilitate valuable connections that helped Milagros bring Fidenza Disegno to global markets, nothing can replace the ambition and determination of the entrepreneur. WEConnect International saw that in Milagros Johanson. While the quality of her products met Walmart’s specifications, it was Milagros’ investment in the relationship that drove the purchase contract. Milagros proved she was a serious vendor and in a position to do business with Walmart when she flew to California for a face-to-face meeting. Showing up, in her case, made a tremendous difference, proving she was established enough to take on the task of selling to Walmart. Creating an endeavor such as the Pathways Access Initiative relies on finding this type of entrepreneur, one that is on the verge of expansion and success and just needs that final support to take them to the next level.