



# E1. WEBSITE MAINTENANCE & EXPANSION GUIDE

## Setup

*The website for Mírame was created through a free website host called WordPress*

- WordPress provides many features which are useful to Mírame, including theme customization, easy and fast creation and updating of the website, as well as the ability to start a blog using the same platform
- The information for how to access and edit the website was provided to Hearts of Gold for further maintenance and expansion
- No training was necessary at this point because Hearts of Gold also uses WordPress for their Foundation's website

## Site Map

*The main pages of the website include the Home/Mírame Jewelry page, the About Mírame page, the Products page, the Contacts page, and the Blog*

- Home/Mírame Jewelry – Logo, mission, spotlight product photos
- About Mírame – Idea behind the business, background/history, info on Hearts of Gold
- Products – 4 regions of Ecuador inspiration, potential products
- Contact – future contact information for Mírame manager
- Blog – Posts about history, women's backstories, and company updates
- Additional pages can be added as necessary, such as a Buy Jewelry page for when the website can sell products online

## Blog

*One aspect of WordPress that is useful to this project is the ability to create a blog*

- The Blog added to the website documents the steps of the process to start Mírame
- Three blog posts have already been written and posted
- The first post was about the history of the project, recounting who is on our team and what an IQP project involves
- The second post was about Cuenca, which is the historical and cultural center origin of Mírame, which is where the business will be based
- The third and final post was about the women who could potentially work at Mírame in the future



- Future blog posts will include any progress Mirame makes, such as finalizing product designs, creating new partnerships, hiring women as employees, selling the first product, launching the crowdfund, etc

## Online Sales

*Online sales can be set up through WordPress and the Shopify plugin*

- The future of Mirame will depend on the online sales of jewelry products
- Due to this need, it was imperative to research possible ways to set up an online store
- One method that was suggested to the team in the interview with the business owner of Tagua by Treats was Shopify
- Shopify supplies a plugin called Shopify Ecommerce Plugin – Shopping Cart. This plugin can be added to any WordPress website and provides functionality to add products, set prices, have a shopping cart, pay securely, view product sales trends and additional organizational capabilities (Shopify eCommerce Plugin - Shopping Cart)
- Shopify provides 24/7 support so in the setup phase of the online store this additional help will be extremely useful. Therefore, this plugin is the solution we recommend for Hearts of Gold

## Setup and Maintenance of Shopify

*How to set up and use the Shopify plugin*

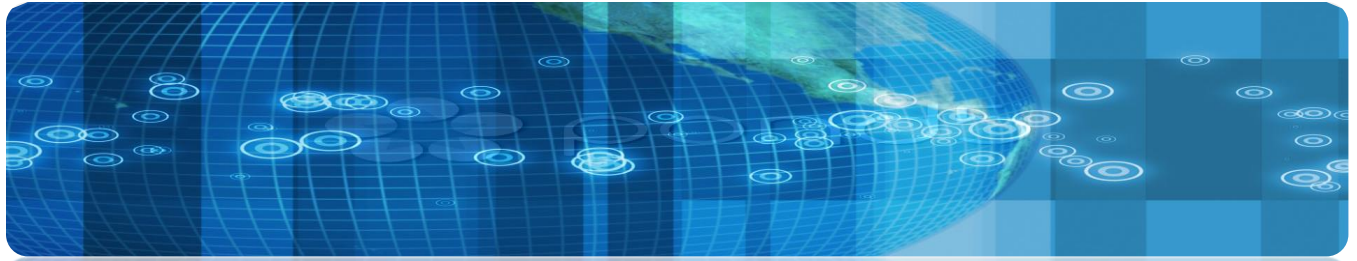
- To use the Shopify plugin, the website manager must register for Shopify Lite, which allows access to capabilities for selling products online
- After this, the plugin can be installed through WordPress. One of the first steps will be connecting payment accounts to the Shopify plugin so that Mirame receives the profits
- Additionally, maintenance will involve adding all new products to the website if they are to be sold online, along with the product photo and cost associated with it. This maintenance will be accomplished by using the "Add Product" button
- Any page has access to this feature and it allows the website manager to upload a photo of the product, the cost, and a "Buy Now" button
- Lastly, the Shopify ecommerce plugin comes with a completely built shopping cart functionality so users can save their product preferences and purchase them securely



## Financial and Human Resources

### *Resources needed to sustain the website*

- The cost for Shopify Lite is \$9/month, which is a total annual cost of \$108 (Shopify's Lite plan)
- WordPress is free thus, the only financial cost for setting up this online store would be the \$108. It is important to note that when using the online Shopify Payment (for customers to pay), a portion of the profits go to Shopify. Specific details as per Shopify Lite's plan are outlined here:
  - Use Shopify Payments to accept credit cards online and pay 2.9% + 30¢ for Canadian cards, and 3.5% + 30¢ for international cards
  - Accept payments in person and pay 2.7% + 0¢
  - Accept credit card payments using an external payment gateway and pay 2.0% on all transactions
- The main resources needed to set this online store up and maintain it are the human resources. One person must maintain the WordPress website and do one blog post per week to keep interested customers up to date
- This is a minimal amount of time, but will significantly increase once products are sold. Most likely, one person will need to spend about 20 hours learning how to use Shopify and setting up the entire Products page
- Additionally, this website manager will need to check every couple of days which products were ordered and begin the process to ship the merchandise to the customer
- Other maintenance would include adding new products promptly to the Products page, checking product sales trends, and replying to customer questions and concerns



# BUSINESS STARTUP GUIDE

## Legalization process

### OVERVIEW

Based on the necessary requirements of establishing a *compania limitada*, this guide provides an overview of the legalization process. Under each step, there is a description of the government agency granting the needed registration and a process outline complete with estimated time and cost. Data for this guide has been collected from both local business owners and the World Bank organization (current as of June 2016). However, as the law changes quickly in Ecuador, it is advisable to seek out an experienced lawyer with a background in business creation to guide Hearts of Gold through the process. Unless otherwise stated, all currency is in USD.

#### 1.) Reservation of Company Name

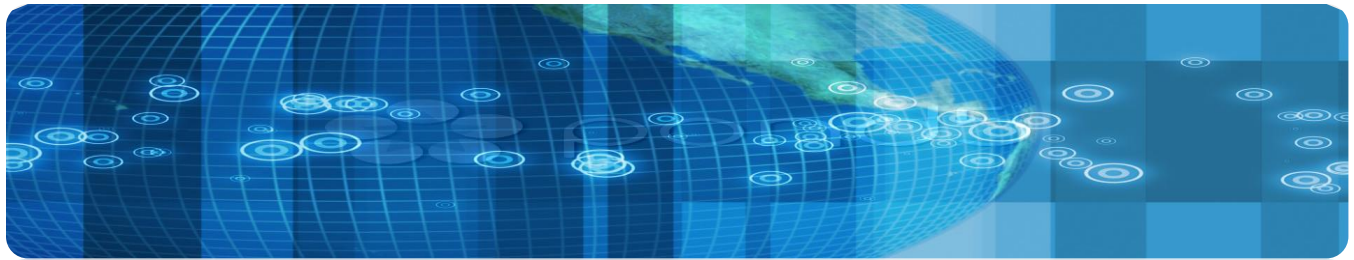
**i** Agency: *Superintendencia de Empresas (Superintendence of Companies)*

- Must reserve "Mirame" with Superintendence office
- Can be done online at <http://www.supercias.gob.ed/portalConstitucionElectronica/>
- Reservation certificate is valid for 30 days
- Estimated time: 1-2 hours
- Estimated cost: \$0.00

#### 2.) Minutes of Incorporation

**i** Agency: *Law Office*

- Hired law firm must prepare and sign the minutes of incorporation
- This includes constituting contract, articles of incorporation, company bylaws, and formation of capital
- Estimated time: 1 day
- Estimated Cost: \$700-\$1000



### 3.) Notarization of Minutes

**i** Agency: *Notary Public*

- Minutes of incorporation must be notarized by a notary public
- Payment for this is based on paid-in minimum start-up capital
- Estimated time: 2 days
- Estimated cost: \$245 fee for the first \$25,000 of start-up capital and 0.2% of additional capital

### 4.) Registration at Superintendence of Companies

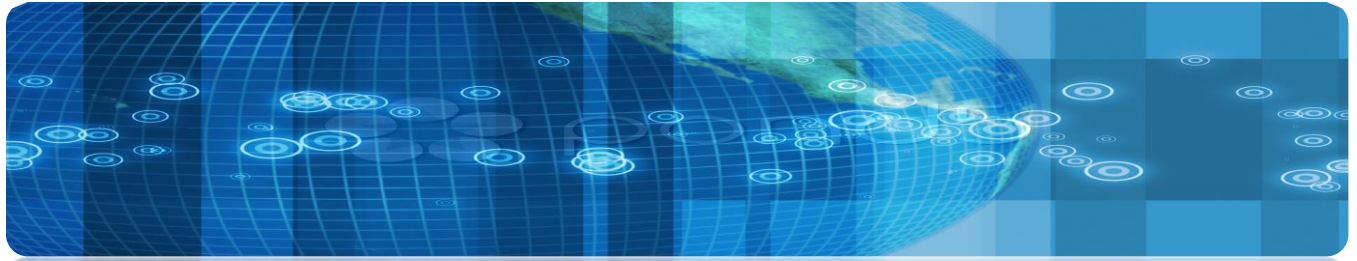
**i** Agency: *Superintendencia de Empresas (Superintendence of Companies)*

- Must procure registration number and pay annual registration fee amounting to 1% of assets
- In order to register, the following documents must be shown:
  - Form with address of new company
  - Name and identification of legal representative
  - Name and identification of founding partner(s)
  - Certified copy of public deed of company constitution
- Within 24, company registration will be complete and information will be uploaded to the superintendence agency website with registration number
- Estimated time: 1 day
- Estimated cost: \$0.00

### 5.) Inscription of Company Charter and Resolutions

**i** Agency: *Registro Mercantil (Mercantile Registry Office)*

- Company charter, resolution, and name of legal representatives must be inscribed with Mercantile Registry
- Once complete, a registration number will be provided with the official date of the company's legalization
- Estimated time: 5 days
- Estimated cost: \$80.00



## 6.) Application for Registro Unico de Contribuyentes (RUC)

**i** Agency: *Servicio de Rentas Internas – SRI (National Tax Office)*

- Once registration is complete with the Superintendence of Companies and the Mercantile Registry, the RUC can be obtained from the SRI
- Required documents for the RUC registration are:
  - Registered deed
  - Registered appointments from other agencies
- 48 hours should be allowed for processing
- RUC can be obtained after registration is approved and a copy of RUC is sent by mail 3 days later
- Estimated time: 3-4 days
- Estimated cost: \$0.00

## 7.) Printing of Invoices and VAT forms

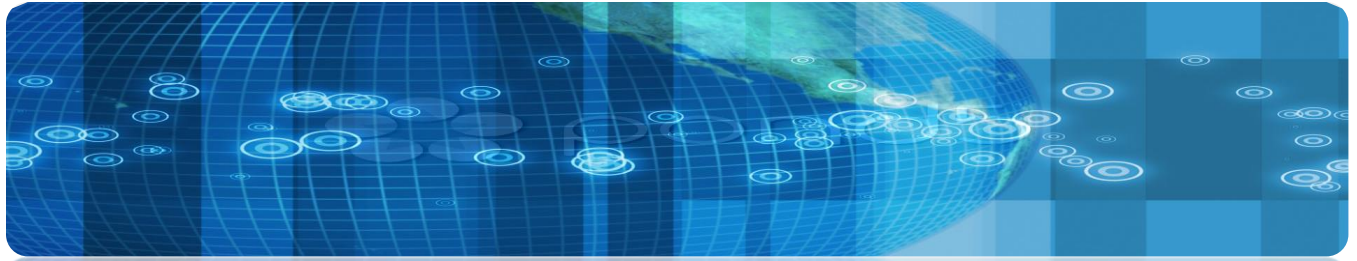
**i** Agency: *Authorized Print Shop*

- Invoices must be bought from SRI authorized print shops to state monthly Impuesto al Valor Agregado (VAT) declarations
- The RUC is needed for this process as it has the same registration number as the VAT forms
- The cost associated with this step is for a 100 page book of invoices. Typically, there are 2 copies made for every original invoice.
- Estimated time: 1 day
- Estimated cost: \$40.00

## 8.) Social Security Registration

**i** Agency: *Instituto Ecuatoriano de Seguridad Social – IESS (Ecuadorian Institute of Social Security)*

- Company must petition the IESS for a cedula patronal (employer identification number)
- This registration can be done online through the IESS webpage
- Once online registration is complete, the company must present the registration information to the IESS office and obtain the social security password for the online system
- With the online system, employee registration and termination can be maintained
- Estimated time: 2 days
- Estimated cost: \$0.00



## 9.) Inscription of Employee Contracts

**i** Agency: *Inspectoría de Trabajo (Ministry of Labor)*

- All employee contracts must be inscribed with the Ministry of Labor
- The office that handles these inscriptions is the *Secretaría Nacional Técnica de Desarrollo de Recursos Humanos y de Remuneraciones del sector Público* – SENRES (National Technical Secretariat of Human Resources Development and Public Sector Remuneration)
- Estimated time: 2 days
- Estimated cost: \$0.00

## 10.) Inspection and Operations Permit

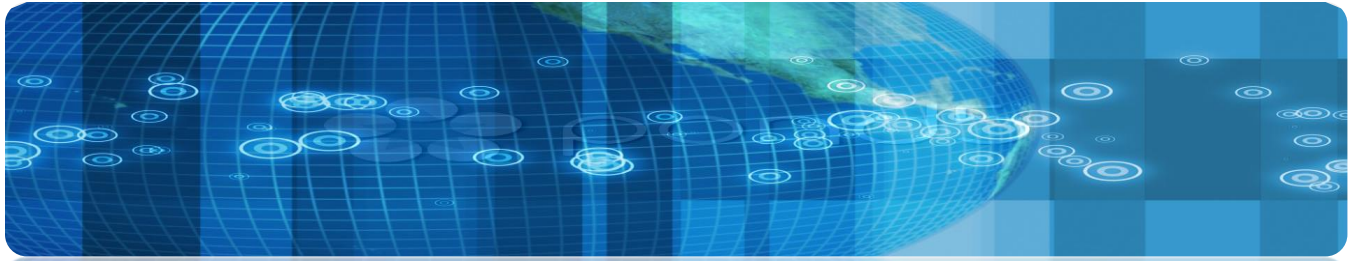
**i** Agency: *Municipality of Cuenca*

- Company must submit application for inspection from municipality
- After 15 days, premise will be inspected by the Fire Department and Secretary of the Environment
- These 2 departments will submit their findings reports to the municipality within 5 days
- If both reports find that the premise passes all requirements, the operations permit will be issued within the next 10 days
- Estimated time: 30 days
- Estimated cost: \$0.00

## 11.) Obtainment of “Tasa de Habilitación” and Commercial Patent

**i** Agency: *Municipality of Cuenca*

- In some cities, the municipality reserves the right to collect a fee or “tasa” in the form of a tax for public services offered by the municipality
  - More specifically the tasa is paid for the “approval of the ability to operate and control commercial and industrial establishments”
- The size of the tasa depends on the type of company, size of the facilities, and the company’s location within Ecuador
- As part of the tasa, the municipality must perform another inspection of company premises to deem it fit for business. Once the business passes, the municipality grants its approval in the form of a permit known as the “tasa de habilitación”
- Once the tasa de habilitación is obtained, the company must pay another tax called the commercial patent. This tax is paid by all companies engaging in commercial or industrial activities.



- The commercial patent must be paid once a year and the first payment should be made within 30 days of the last day of the month in which the company started operating
- Estimated time: 30 days
- Estimated cost: \$50.00

## 12. Summary

- Total number of government agencies: 6
  - Superintendence of Companies, Mercantile Registry Office, National Tax Office (SRI), Ecuadorian Institute of Social Securities (IESS), Ministry of Labor, and Municipality of Cuenca
- Total number of private agencies: 3
  - Private law office, notary public, and authorized print shop
- Total time: 45-60 days
- Total cost: \$1,115 - \$1,415 (contingent on legal fees and start-up capital)





# BUSINESS START UP GUIDE:

## Funding

### OVERVIEW

This is a financial plan for Mirame. It covers the initial cost through crowdfunding and the steps needed to secure funding afterwards if need be.

### Crowdfunding

**i** This section is the first step in the financial start to this business. It provides initial capital to purchase the necessary materials and hire the women that will make this a success.

#### Platform

- Kickstarter
  - There is a 3%-5% fee if the goal is met that goes to Kickstarter.
  - If the goal is not met there is no fee from Kickstarter but you do get to keep the money that is raised.
  - The email the Kickstarter is made with is [heartsofgold2017@gmail.com](mailto:heartsofgold2017@gmail.com) and the password to the email and Kickstarter is heartsofgold

#### Length of Campaign

- The length of the Crowdfunding Campaign can be between 30 and 60 days.
  - Some of the most successful crowdfunds take place over a shorter period of time like a 30 day period.

#### Soft Launch

- When before publicly launching a campaign, it is smart to have a soft launch. A soft launch occurs over a one to two day period before the public launch and is reserved only for early supports to help reach 30% of the goal. Having a strong start before the public sees your campaign will create a sense of ease and comfort when they are considering contributing.
- Create an event from Hearts of Gold for a soft launch
  - Invite top donors in Hearts of Gold and provide food, drinks, and activities to encourage participants to donate in the Crowdfund.

#### Public Launch

- Once 30% of the goal is reached, it is time to release the campaign to the public.
- During your public launch:
  - Send out an email blast to the group you've identified as the people on your entire contact list who are most likely to contribute to your campaign.



- Create social media posts that are exciting and encourage people to donate. Also you might consider posting countdown social posts to rally your community.
- 42% of funds are raised in the first and last 3 days of a campaign, demonstrating the importance of having a strong launch and strong finish as well as a mid-campaign strategy to maintain momentum.
- Oftentimes, contributors will leave comments on the campaign page to provide feedback – sometimes positive and sometimes negative. Regardless of the sentiment in these comments, it's your responsibility as the campaign owner to respond to these comments in a timely fashion.
- Checking your campaign page and responding to comments daily to show your backers that they can trust you to be honest and forthcoming throughout the entire lifecycle of your campaign. If someone is taking the time to leave a comment, they have invested time in your campaign and are often the folks that can be most easily converted into evangelists

### ***Pre order/ Shadow Testing***

- A pre order or shadow testing can be done during the Crowdfunding Campaign
  - The necklaces can be sold at a discounted price during the Campaign and the orders filled when the Campaign is over and if the goal is met
  - If the necklaces are going to sell for \$100 the people who donate that much can potentially get a "free" Necklace.

### ***Marketing Materials***

- Website
- Video
- Social media platforms to promote the crowdfund
  - Facebook, Twitter, Hearts of Gold Website

### ***Someone to manage the Crowdfund***

- The Crowdfund should be checked and monitored every day to see its progress. From here the person responsible for it will know if it needs more promotion on social media and can take steps to make donating more attractive to potential donors.

## **The Goal**

**i** *The Goal of the Crowdfunding is to raise \$15,600 to sustain the business for a 6 month period.*

The goal is to raise \$15,600 to be able to pay for these costs in a 6 month period:

- Hire 2 Women
  - \$5,600 for the 6 month salary of 2 women
- Educating the Women
  - \$2,500 set aside for the training of 2 women
- Machinery
  - \$3,000 set aside for the machinery needed to create the jewelry



- Workspace/Warehousing
  - \$2,500 to rent a workspace or warehousing for 6 months
- Materials
  - \$1,000 for the cost of materials for the first 6 months
- Shipping
  - \$500 for the costs of shipping the raw materials for the first 6 months
  - \$500 for the costs of shipping the product to buyers

## After Crowdfunding

**i** *The financing for the business will not end at Crowdfunding. Any income the business makes will need to go towards sustaining the business for the following 6 months.*

Once the crowdfunding ends the resources necessary to start the business will be bought and the business can start in that first 6 months. In the 6 months following Mírame will need to pay for:

- 2 Women Salary
  - \$5,600 for the 6 month salary of 2 women
- Hire a Manager
  - \$3,000 for 6 month manager salary
- Workspace/Warehousing
  - \$2,500 to rent a workspace or warehousing for 6 months
- Shipping
  - \$500 for the costs of shipping the raw materials for the first 6 months
  - \$500 for the costs of shipping the product to buyers

\$12,100 is the amount Mírame will need to make to break even for the first year of business. If necklaces are sold for roughly \$100 and it costs \$7 to make and ship, then the profit per product is \$93. To make \$12,100, 130 necklaces will need to be sold in the first year. If more than this is sold, depending on the amount more women will be able to be brought into the project to help fill the orders. However if that number is not yet the company will need to seek additional funding.

## Additional Funding

**i** *If the business only generates enough income to break even, additional funding will be needed to grow the business. At the point where the business is off the ground and products have been sold, it is time to look into finding a potential investor to take the business to the next level.*

### Finding a potential Investor

- A potential investor may be attracted to Mírame after the Crowdfunding campaign
- To an investor a successful Crowdfunding shows:



- Proof of Concept
- Potential for success

#### TEDx Talk

- This idea originated from Mr. Soares who said that a TED talk allows the business to "reach those people and... there is huge potential for funding."
- This method of publicity and indirect funding has been shown in previous TED talks.
  - Asher Hasan presented about the social enterprise, Naya Jeevan, which helps low-income families receive health care (Hasan).
  - In a similar way, a representative from Hearts of Gold could speak about Mírame, specifically focusing on the social entrepreneurship aspect of the business or how high fashion can be developed in a country that you wouldn't expect it from. Initially, it would be more feasible to present at a TEDx talk, which is a TED-style event but more local or regional.
- First, one must find a TEDx talk with a relevant theme, submit a proposal, and prepare to present on one of the given days of the conference. This would be a huge funding opportunity to create a network for Mírame and locate potential investors.

## Pitch to Potential Investor

**i** This is a pitch that can be given to an Angel Investor or an LGT Venture Philanthropist.

An Angel Investor is someone who invests their own money in the early stages of a startup in exchange for equity. Angels are more likely than venture capitalists to be persuaded by an entrepreneur's drive to succeed, persistence and mental discipline.

#### **What angels particularly care about:**

- The quality, passion, commitment, and integrity of the founders.
- The market opportunity being addressed and the potential for the company to become very big.
- A clearly thought out business plan, and any early evidence of obtaining traction toward the plan.
- Interesting technology or intellectual property.
- An appropriate valuation with reasonable terms.
- The viability of raising additional rounds of financing if progress is made.

#### **What angles look for in a pitch:**

- To pitch your idea successfully, you must reach their minds *and* their hearts—inspire and engage.
- Tell a story
  - The most memorable presentations don't start with data, according to one investor. "They start with a compelling personal story. It's not about data; it's about engagement."
  - Introduce a villain and a hero to story



- Use Pictures
  - Pictures are far more memorable than words. Studies have shown that people will remember 10 percent of information when the content is delivered verbally. Add a photograph and retention soars to 65 percent.
- Express your passion
- Angels invest in relationships and they want to build those relationships with entrepreneurs who have a fire in the belly, a consuming passion to move the world forward.
  - Show your team
  - Investors want to see a team. They want to see who has a stake in the project and who they could potentially be working with.

#### **Story:**

- There is an Ecuadorian mother of five children who generates an income for her family by weaving Panama hats. Her husband left and went to the United States for financial opportunity however does not make enough to send money back to his family. It typically takes her two days to weave one hat. She gets paid \$6 per hat she makes roughly \$90 each month to support herself and her 5 children. This only one Women's situation, there are hundreds of women in Ecuador in a similar financial situation struggling to support a family.

#### **Big Issue:**

- The big issue we are addressing is here is poverty.
- For Women, this stems from income inequality.
- There are over four million Ecuadorians living in poverty which represents nearly 35% of the country's total population. With an additional 17% of the population teetering on the edge of the poverty line, this issue is a major crisis facing the country's progress and development (Kliesner, 2014). Especially hard hit by the economic struggles of Ecuador are those living in the rural areas of the Highlands and Amazon region who often lack basic education, sustenance, land access, employment opportunities, and market integration.
- In many impoverished areas, women and children compose a large portion of the population who remains vulnerable due to their economic situation. While looking for work opportunities, women are often marginalized or even excluded from consideration for certain jobs due to many potential causes such as a male dominated economy or traditional social roles. According to The World Bank (2007), the gender wage gap was 11.2% and in 2014, 61.3% of males had jobs as salaried workers while only 49.7% of women held these jobs ("Gender data portal: Ecuador," 2014). Additionally, there are 300,000 children in Ecuador working as child laborers to contribute income to their families ("Gender data portal: Ecuador," 2014).

#### **Who We Are:**

- Hearts of Gold Foundation, is on a mission to provide support to marginalized and underprivileged populations in Cuenca. This includes children, families and elders (Inside Hearts of Gold, 2015). Many other organizations in the world have a parallel mission, so what makes the Hearts of Gold Foundation stand out from all the other organizations aspiring to do the same thing in Latin America? The Foundation aims to



address the issue of poverty by supporting local partner organizations that work directly with Ecuadorians (Inside Hearts of Gold, 2015). Essentially the Foundation “helps others help themselves.” Hearts of Gold does this through their Community Assistance Program (CAP). The Foundation implements CAP within its non-profit partner organizations to provide support, and ultimately, growth.

***Personal Mission:***

- The Hearts of Gold Foundation sponsors many local groups two being Cetap Lucy and L arenal. They are both after school programs for low income families. We fundraise for these organizations so that the participating families do not have to pay. However these organizations have been experiencing a halt in their other sponsors funding. So by starting this business we would give the mothers of these families an opportunity to have a steady income stream and make enough money where they could pay for their kids to go to these after school programs and complete the circle.
- We got the idea to start this business because a lot of the organizations that Hearts of Gold supports have other funders who are pulling out due to lack of resources. We currently fundraise to pay for single mothers to send their children to the different organizations we support. However if the mothers can make sufficient income then they themselves can pay for their children to go to these programs and we can support in a different way like teaching the organizations to fundraise for themselves. Starting this business will provide these mothers with jobs therefore providing economic stability.
- So Hearts of Golf can support Mirame, which will support the mothers, who can support the organizations they are sending their children to.



# BUSINESS MANAGEMENT

## Jewelry Inspection Process

### OVERVIEW

As the new business will specialize in high end jewelry, it will be essential to maintain the utmost levels of quality during production. Outlined below is a general procedure to ensure that the jewelry is carefully inspected at each stage of the manufacturing process. While this procedure will most likely change depending on the needs of the business and method of production, the general guidelines should still be adhered to. Adherence to strict quality control will yield lower amounts of defects, increase efficiency, and produce value for the customer. Ultimately, these short term effects will grow to build the Mirame brand, boost the bottom line, and forge trust between the business and its customers.

### Pre-Production Inspections

**i** *Before production begins, inspections must be performed to survey the condition of the equipment and any raw materials being used for the jewelry. This process increases safety for the women and reduces defects in the final product.*

- Equipment Inspection
  - All equipment must be visually inspected then test operated to ensure that everything is in good working order
  - This prevents mishaps stemming from faulty equipment endangering the women while working
  - Additionally, it prevents malfunctioning tools from marring or damaging the jewelry which would result in poor quality and damage customer trust
- Raw Material Inspection
  - All raw materials including metal, gems, tagua etc. must be inspected for any flaws or cracks that could impact the quality of the product
  - Additionally, adhering to this inspection increases efficiency as the women will not have to worry about throwing away work later in the production process if one of the materials they used is flawed
- Craft and Assembly Inspection
  - This procedure mandates that all tools and materials needed for the master design be ready and on hand to increase efficiency during production



## Manufacturing Inspections

**i** *With pre-production inspections complete, manufacturing of the jewelry may commence. In this stage of production, quality inspections are more focused on the techniques used to craft the jewelry rather than on the materials themselves.*

- Gem Cutting and Matching Inspection
  - This includes measuring the various stones and matching them to corresponding designs to make sure that they have the correct specifications
  - Gems that fail this process are recycled and used for other designs
  - After this, wax molds are created based on the design and the metal is cast.
- Pre-Finish Inspection
  - Before any finishing touches are put into the design of the jewelry, a pre-finish inspection must be performed to seek out and cracks or fractures
  - Following this, the jewelry must be polished and plated in accordance with the master design
- Pre-Coating Inspection
  - Finally before the finished product is coated and sealed, one last inspection must take place for any final deficiencies that may have been overlooked
  - After the coating has been applied, the jewelry must be left to set overnight so further inspection does not cause discoloring or blemishing on the seal

## Post-Production Inspections

**i** *Once the finished product has been coated, it is given two final tests looking for material durability and aesthetic quality. Lastly, a check list can be used to ensure that the product has gone through all necessary inspections and is ready for sale.*

- Visual Inspection and Strength Testing
  - Once the coating has hardened, the finished piece must be given a visual inspection for any flaws, defects, bubbles, or blemishes and its strength is tested
  - Strength testing is especially important with soldered pieces to verify that they will not break during usage
- Final Product Inspection
  - Finally, the product is subjected to one final test to ensure that it has been through all previous inspections and is ready for sale or distribution
  - This final step will use a yes or no checklist to assess both the quality of the finished product and whether it has gone through all necessary processes and procedures



# MÍRAME JEWELRY

## Business Plan



**February 27, 2017**

**Cuenca, Ecuador**

**heartsofgold@wpi.edu**

**<https://www.miramecuenca.wordpress.com>**

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## EXECUTIVE SUMMARY

### Introduction

Mírame is an Ecuadorian based jewelry business, founded in Cuenca to provide economic stability to vulnerable women. By providing unique, high end jewelry to markets in North America and Europe, Mírame seeks to provide a fair return for the female artisans' work.

### Sales and Profitability Projection

#### **i** *How Mírame is financially stable*

- Projected sales and profits
- Unit sales
- Profitability
- Keys to success
  - Setting a good price point
  - Advertising to the right target market
  - Providing good online sales experience

### Future Investment

#### **i** *How investing in Mírame will support its mission and goals*

- Amount required for investment: \$130,000
  - Total startup: \$144,415
  - Crowdfunding goal: \$15,000
  - The rest of the money will come from profit made in the business
- Percent of equity ownership offered in return for investment

## BUSINESS DESCRIPTION & VISION

**i** *How Mírame is creating economic stability for Cuencano women through high fashion jewelry products*

### Mission Statement

Uniting local culture and high-end quality, Mírame is a unique grass roots business dedicated to the economic empowerment of Ecuadorian women. By blending traditional techniques and modern designs, the skilled artisans of Mírame are able to craft distinctive couture from all regions of Ecuador. Providing income abroad and value at home, Mírame connects us all on the road to income equality.

### Company Vision

Mírame is a young business that will expand exponentially in the next three years. At this point, the company will begin with only two employees and one supervisor/manager. After a substantial profit is made, expansion will occur through hiring up to ten employees initially. The goal is to make this an impactful business with a widespread economic effect in the lives of women in Cuenca.

### Business Goals

The business goals of Mírame encompass a variety of economic and social issues.

- Provide a steady and sustainable income for marginalized women in Cuenca
- Build a sustainable couture business that produces a high-quality and high-fashion product in a country that is not typically associated with this industry
- Improve the ability of Cuencano women to give back to organizations that they are part of with a new source of income (CETAP-Lucy, El Arenal)
- Combat the stereotype preventing women from holding a job

### Business History

Mírame developed from an undergraduate student project at Worcester Polytechnic Institute. Each undergraduate student must complete an Interactive Qualifying Project (IQP) in order to graduate. One such IQP partnered with the Hearts of Gold Foundation to establish Mírame as a business. The idea of a female-led business selling high-fashion projects originated with the Executive Director of the Hearts of Gold Foundation, Natasha Verkely. Hearts of Gold works with local partner organizations, which have many women who would like to find a job that provides economic stability. Verkely's idea was to help the women by creating a business to provide work and a fair wage for these women. This in turn would help the partner organizations succeed as the women would be able to afford the dues necessary to support operation.

### Key Company Principals

- Hearts of Gold Foundation, manager/supervisor of Mírame

## DEFINITION OF THE MARKET

**i** *How Mírame fits into the jewelry industry*

### Demographics & Segmentation

- Market value
- Segmentation: High-fashion necklace segment of the jewelry industry

### Target Market

- Location: Selling in international markets, focusing in the United States initially
- Gender: Products will be directed towards women (though men may want to buy gifts from Mírame)
- Income: Will include the demographic whose income can support buying products valued at \$100 or more
- Size of target market: MASSIVE

### Market Need

While there is a developed high-fashion jewelry market, there is still a significant lack of couture jewelry which is produced and marketed as coming directly from a developing country.

Evaluation of the market and the industry:

- One of the factors is an evaluation of the growth of the industry to ensure that the business will be sustainable in the long-term
- The jewelry industry is expected to grow "5% to 6% per year according to a 2014 report from consulting firm McKinsey & Co" (Jewelry Stores Industry Profile)
- Another source, IBISWorld, estimates that the industry GDP (gross domestic product) is expected to increase 2.2% annually from 2011 until 2021 (Jewelry Stores in the US: Market Research Report)
- Both of these projected statistics suggest that there is steady growth in the industry which would allow a novel jewelry business to succeed.

### Competition

Information about other jewelry companies, specifically fair trade

### Barriers to Entry

- Investment (project that require a substantial investment) - not having enough funding to start the business
- Technology (creating an easy to use website which sells products to customers abroad)
- Brand (the huge marketing costs required to advertise the product in order to make a profit)
- Regulation (exporting laws in Ecuador, employment laws)
- Access to resources (lack of suppliers, no inexpensive equipment)
- Access to distribution channels (products must be shipped abroad and distribution could be a huge cost)

## DESCRIPTION OF PRODUCTS

### *How the jewelry products Mírame are designed*

The principal product of Mírame is jewelry, specifically necklaces. Each product is based on the culture and raw materials of one of the four major regions in Ecuador: the Amazon, the Andes, the Coast, and the Galapagos.

Materials: tagua, silver, beads, spondylus, crystal

Cost: \$100 necklaces

This cost was determined by analyzing prices from fair trade stores online and observing local prices in Cuenca. The fair trade stores online sell high-quality products, which Mírame will also do. Due to this similarity, Mírame used these prices as a starting point to determine the cost of necklaces. From this analysis the necklaces will cost \$100.

In the future, once Mírame expands, other product options will be explored to make a larger profit. Options for expansion include other jewelry products, or scarves, shoes, bags, or additional accessories.

## ORGANIZATION & MANAGEMENT

### *How Mírame is structured as a business*

To ensure that all procedures are being complied with and production is on track, a management structure has been created that takes into account necessary operations and overall feasibility. Since this business will have many moving parts, there will need to be a manager hired by Hearts of Gold to oversee the entire enterprise and logistics. After a brief discussion with Kelly Mitchell, the Hearts of Gold program coordinator, it was also clear that it would be advantageous to have one or two women aid the manager and take on supervisory roles. Responsibilities for the manager will include all major aspects of business coordination, financial reporting, supply chain and logistics, product decision making, employee payment and employee recruiting. They will be responsible for maintaining contact with the Design School at the University of Azuay and coordinating training and design procurement. Additionally, they will need to make executive decisions on sourcing and buying of raw materials. They will also be in charge of ensuring sales are on target and long term sustainability goals are being met. Lastly, they will have to report to Hearts of Gold on a regular basis as the Foundation will be supporting the business with logistics and funding in the first few years until the business can function on its own. In addition to this, one or two women from the business should be promoted to supervisor so they can aid the manager in day to day tasks. These may include quality inspections, supervision of work, ordering of materials, supply chain coordination, marketing, and basic accounting. With the manager working in close contact with the supervisors, production and distribution will flow together smoothly, efficiency will be improved, and costs reduced.

Apart from business operations, the manager and supervisor will need to have a good grasp of local culture and common work practices in Ecuador. The manager will have to take special care in reinforcing particular policies and practices to ensure that all employees are truly learning what they need to know to accomplish their jobs. Additionally, quality assurance must be watched carefully. There are many customs and employment laws that managers must be aware of to reduce costs to the business. One such law mandates a bonus spread out over the year to help pay for Christmas presents and school uniforms (until recently, this bonus had to be paid out in two lump sums in August and December). Another example is the obligation to pay a severance payment if an employee quits after 90 days of work. The importance of understanding these statutes is stressed in an interview with Cuenca attorney Andrea Jaramillo. In the interview cited on [Cuencahighlife.com](http://Cuencahighlife.com), Ms. Jaramillo explains the cost of disregarding the labor code and the value in consulting a lawyer or accountant before hiring employees ([Cuencahighlife.com](http://Cuencahighlife.com)).

# MARKETING & SALES STRATEGY

**i** How Mírame will get its name and products into the market

The business name Mírame translates to “watch me” in Spanish. This embodies how the female employees of Mírame can succeed economically in Ecuador despite the cultural oppression of women’s rights. The significance of the name of the business also expands to the company’s slogan: "Watch me live. Watch me strive. Watch me succeed". In addition to the name and slogan, part of marketing the business will be centered on the logo and design that will represent Mírame. A picture of the company’s potential logo is displayed on the title page of this report. It represents high-end quality in the sleek lines and black-and-white color scheme.

The best form of marketing for this company is through a story displayed on web based social media platforms. This conclusion was derived from an online survey distributed to WPI students, working adults, and Ecuadorians. When asked “Which method of advertisement do you most often come in contact with?” 83.4% of people responded with social media (Appendix). From this information, multiple marketing materials were developed. The first is a marketing video, which will be used as advertisement on many social media platforms to advertise the products and also attract potential investors. The second marketing tool is a website. Although only 2.8% of responses stated that a website is the most ideal form of advertisement, it is important to have a home page where social media platforms can be linked. The website will also show proof of a legitimate business for investors. Lastly, the website will be used as an online sales platform distributor in the future. A picture of the website’s homepage can be viewed below. Since 40.0% of individuals said they would be moderately more likely to purchase a product if it is associated with a background story, both of these deliverables will include a heartfelt mission and detailed description of the story behind the company. To view Mírame’s website live, go to <https://miramecuena.wordpress.com>



## Mírame Jewelry



Uniting local culture and and high end quality, Mirame is a unique grassroots business dedicated to the economic empowerment of Ecuadorian women. By blending traditional techniques and modern designs, the skilled artisans of Mirame are able to craft distinctive jewelry couture from all regions of Ecuador. Providing income abroad and value at home, Mirame connects us all on the road to income equality.



## FINANCIAL MANAGEMENT

### How Mírame will be financially sustainable and responsible

### Best Method of Funding

- The best methods of funding for Mírame are investments from an LGT philanthropist or an Angel Investor. This financial research determined whether or not this business would be a financially viable entity.
  - Initially, research was done on multiple types of funding like grants and loans.
  - When interviewing Natasha she made it clear that she did not want to rely on loans, but would rather have a third party investor.
  - The hope is that this project will be something that Hearts of Gold starts and supports for about 3-5 years. After that time period it will be a sustainable business without additional support.
- Finding an investor would provide the third-party involvement and resources needed to take the business further.
- An LGT venture philanthropist or angel investor would be the best option in this instance.
  - This is due to the fact that they invest their personal money in exchange for equity into their ventures rather than using a corporation's money.
  - The purpose is often to invest more in the people that the venture is helping, creating a personal connection to the company.
  - They are likely to be persuaded by an entrepreneur's drive to succeed, persistence and mental discipline.
- When pitching to these types of investors they want to hear the story behind the business in addition to the data and business plan to prove that the business will gain traction.

### Obtaining Funding

- A way to attract an investor is to gain initial capital by starting a crowdfund campaign or taking out a loan.
  - We discerned through our interviews and research that a crowdfund is the more attractive option because provides capital, serves as a marketing tool, provides a proof of concept, and is a free platform to fundraise on without any debt acquisition.
  - Additionally, the marketing materials we are providing Hearts of Gold with can be applied to a crowdfund campaign to help get the purpose of starting the business and the larger message across.
- The second way to tract an investor is by presenting at a TEDx talk.
  - This idea originated from Mr. Soares who said that a TED talk allows the business to "reach those people and... there is huge potential for funding" (Appendix D5.9). This method of publicity and indirect funding has been shown in previous TED talks.
  - Asher Hasan presented about the social enterprise, Naya Jeevan, which helps low-income families receive health care (Hasan). In a similar way, a representative from Hearts of Gold could speak about Mírame, specifically focusing on the social entrepreneurship aspect of the business or how high fashion can be developed in a country that you wouldn't expect it from.
  - It would be more feasible to present at a TEDx talk, which is a TED-style event but more local or regional.
    - First, one must find a TEDx talk with a relevant theme, submit a proposal, and prepare to present on one of the given days of the conference (Clark, 2015).
    - This would be a huge funding opportunity to create a network for Mírame and locate potential investors.

<b>Startup Costs</b>	<b>Price</b>
Legal Process	\$1,415
Education	\$15,000
Warehousing	\$12,000
Raw Materials	\$6,000
Machinery	\$20,000
Designs	\$10,000
Marketing	\$25,000
Salary	\$56,000
<b>TOTAL COST</b>	<b>\$144,415</b>
<b>Funding Sources</b>	
Crowdfunding	\$15,000
Investment	\$100,000
<b>TOTAL FUNDING</b>	<b>\$115,000</b>
<b>Business Profit</b>	
Profit Needed to Break Even	\$29,415
Amount of Necklace to Sell	295 necklaces
<b>Total</b>	

## APPENDIX

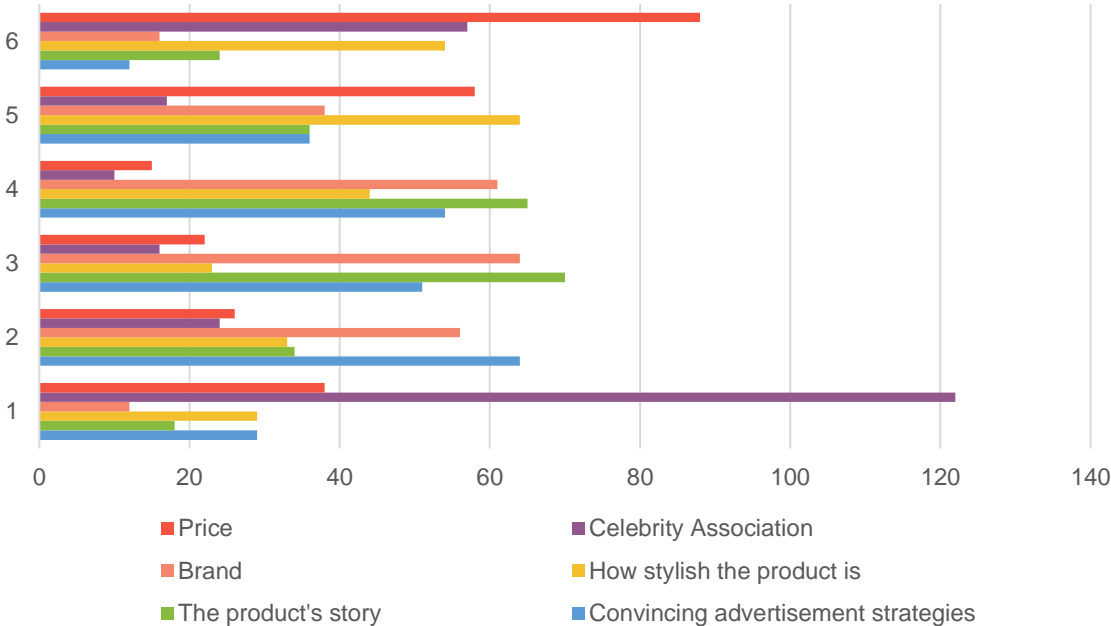
### 1.0 Survey Results

*This survey was completed by 247 individuals ranging from high school to middle aged adults, all from the regions of both the United States and Ecuador.*

***Question 1:** When on the fence about buying a certain product, how much influence would a social story behind the product have on you? Ex: The product was made by a struggling woman with 3 kids who would receive a fair return from the sale of the product.*

Answer	%	Count
<b>Negatively Influenced (0% chance of purchase)</b>	<b>0.00%</b>	<b>0</b>
<b>2</b>	<b>0.00%</b>	<b>0</b>
<b>3</b>	<b>0.81%</b>	<b>2</b>
<b>4</b>	<b>0.00%</b>	<b>0</b>
<b>Not Influenced</b>	<b>8.5%</b>	<b>21</b>
<b>6</b>	<b>19.84%</b>	<b>49</b>
<b>7</b>	<b>40.08%</b>	<b>99</b>
<b>8</b>	<b>19.43%</b>	<b>48</b>
<b>Positively Influenced (100% chance of purchase)</b>	<b>11.34%</b>	<b>28</b>

*Question 2: Rank the factors that influence you the most when purchasing a high-fashion product. (1 being least influential, 6 being most influential)*



*Question 3: Which method of advertisement do you most often come in contact with?*

Method	%	Count
Television	8.10%	20
Magazine	0.40%	1
Social Media (Instagram, Facebook, etc.)	83.40%	206
Entertainment Media (Spotify, Pandora, Youtube, etc.)	5.26%	13
Website	2.83%	7

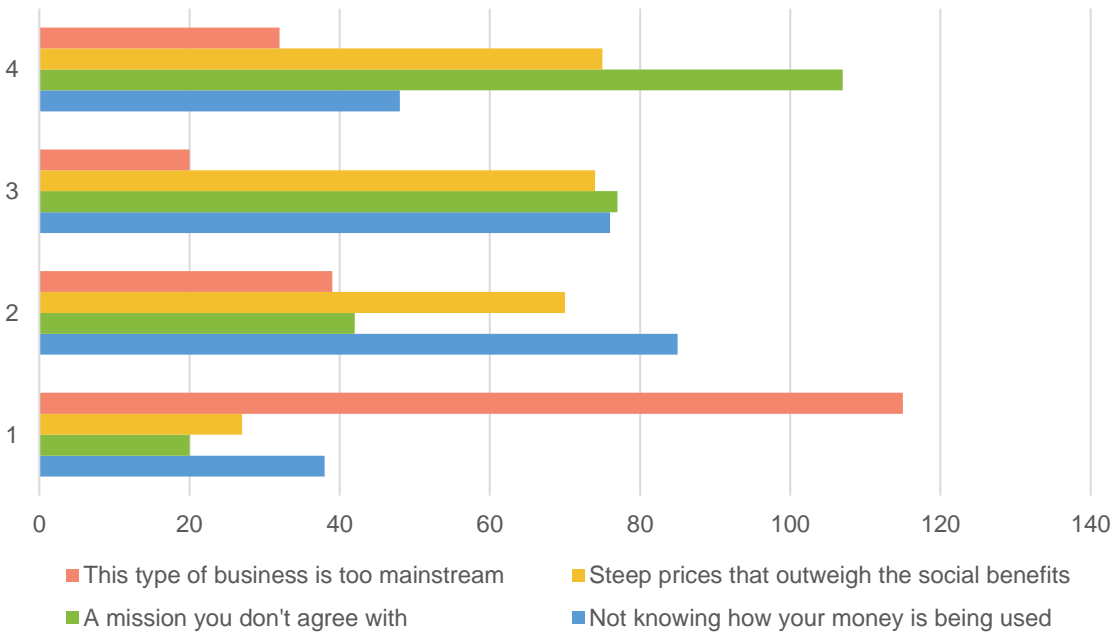
*Question 4: What high-end product are you most likely to purchase if it associated with a backstory?*

Product	%	Count
Shoes	27.53%	68
Purse	6.48%	16
Scarf	21.86%	54
Jewelry	44.13%	109

*Question 5: If you encountered a crowdfunding campaign for a female led business like ours, how much would you be willing to donate to help start the business?*

Amount	%	Count
Less than \$5	21.05%	52
\$5 - \$10	45.34%	112
\$10 - \$25	29.96%	74
More than \$25	3.64%	9

*Question 6: Rank the factors that would discourage you from buying products from/investing in a social enterprise business? (1 being least discouraging, 4 being most discouraging)*



## SOURCES

Thinking of hiring a maid or an employee for a new business in Cuenca? Understanding Ecuador's labor law can save you time - and lots of money. (2015, July 26). Retrieved February 22, 2017, from <https://www.cuencahighlife.com/what-you-dont-know-about-ecuador-labor-law-can-cost-you-dearly-unfortunately-many-expats-learn-about-the-rules-the-hard-way/>