

# THE BENEFIT OF CLOUT: HOW CONNECTIONS SHAPE PROSPERITY

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James Allen, a customer of Jaipur Rugs in Rajasthan, India, can hardly contain his excitement as he explains why he chose the *Mandir* rug created by Soniya Devi, an artisan working in this rural community. He enthusiastically shares minute details of how the design evolved and points to an area where disagreement arose between Soniya and another weaver who assisted her. As he points to Soniya's signature at the top of the design, his pride of ownership and connection to the story is palpable.

In remote villages across India, weavers of Jaipur rugs are working diligently at looms set up outside their homes. Many of these homes are referred to by the names of the female artisans, even in areas where patriarchy and tradition run deep. Lively debates about designs and color choices take place among the artisans. Rajo Devi, who was trained in rug weaving, commented while on a visit to the Jaipur Rugs headquarters: "If we do good quality work, we can evolve from a mere laborer to a responsible artisan...Buyer needs are simple: he wants good quality, timely delivery, and good designs, and I am ready to give him that!"

Nurturing connections between creators and customers is an important yet often overlooked aspect of addressing the persistent global problems of poverty and

inequality. Efforts made by government, business, and philanthropy to address these issues often focus on gaps in skills or on increasing income through jobs programs. Most innovation occurs on the product and service side as a way to promote consumption, such as creating access to cell phones, microfinance, and other consumer products. Today, cell phones are in the hands of rich and poor alike, a global payment infrastructure is firmly in place, and access to consumer goods has improved significantly. However, inequality persists and is increasing in many parts of the world.

The ongoing emphasis on fostering entrepreneurship is in part an acknowledgment of the limits of top-down approaches. As Peter Drucker once prophetically observed, "We are moving toward a society of

networks. Don't ask me to explain it. I don't understand it, I just see it." This insight may help to explain why so many efforts to address poverty and inequality fall short. While skill gaps can be addressed by individual efforts and targeted interventions, opportunities are increasingly created and accessed through networks. Creating new networks among diverse stakeholders is especially important in light of the challenges business and governments are grappling with worldwide, such as climate change, poverty, and security.

Creating new networks requires interactions, which in turn are needed to build trust and expand innovative capacity. The entrepreneurial path is precisely where networks matter the most. Therefore, today's innovative organizations must give explicit attention to enabling connections that are focused not just on new products but on new processes. Making visible the aspirations and skills of marginalized communities is an important first step. I refer to this conscious effort to create new networks while imparting new skills as "the benefit of clout."

Tapping into the wisdom of social entrepreneurs can be a valuable aid in determining how to balance the need for

performance with the desire to make the world a better place. Despite their knowledge, they often do not have the luxury of selecting the best and brightest and must focus instead on uplifting the neediest. Efforts to have a positive social impact must be explicit and visible in order to build trust and attract talented collaborators. In this article, I share the story of Jaipur Rugs, a for-profit organization that has a social mission at its core. The company's longevity, global reach, and system of fostering connection make it a timely and relevant case study for a range of industries.

## THE JAIPUR RUGS MODEL

*Leadership is the art of having heart-to-heart conversations.*

—N. K. Chaudhary,  
founder, Jaipur Rugs

In a time when organizations of all sizes grapple with the question of how to balance profit and impact, the successful model of Jaipur Rugs stands out. The heart of this model is the vision of founder N. K. Chaudhary, often referred to as the Gandhi of the carpet industry. After a brief stint in his father's shoe shop, Chaudhary turned down a job in a bank and decided to embark on an entrepreneurial path. On the advice of his friend Ilay Cooper, who

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## JAIPUR RUGS AT A GLANCE

Jaipur Rugs has an artisan network of 40,000 weavers in 600 villages in five of India's states. It exports to more than 65 countries; the US and Europe are its biggest markets. It operates five retail showrooms in India and also has stores in Italy, Russia, and China. The company produces approximately six million square feet of handmade rugs per year.

### Facts about hand-knotted rugs

- A hand-knotted rug has over two million asymmetric knots.
- It takes 45 kilometers of yarn to make one rug.
- It takes 37 days to spin 45 kilometers of yarn by hand.
- Each rug passes through 180 hands and goes through 18 finishing steps.
- Each rug gives employment to 90 artisans, every one of whom matters in creating the final product.

noted that export demand was strong, Chaudhary opted to start a carpet business. With a small loan from his father, he began with just two looms and nine weavers. Today, Jaipur Rugs is one of India's largest exporters of handwoven carpets and a trusted, profitable global brand. Chaudhary's social mission is woven into every level of operations, and he often shares his ambition for Jaipur Rugs to be "the world's most admired company." Chaudhary's five children manage different aspects of the business, which includes Jaipur Living, a large distribution center in Atlanta. The family also created the Jaipur Rugs Foundation, a service arm that looks after the health, literacy, and other aspects of their weavers' wellbeing.

The social impact made by Jaipur Rugs is particularly noteworthy in light of the fact that the carpet industry has for centuries been rife with child labor and other exploitative practices. Founders of firms in new industries generally have more freedom than those in longstanding industries to challenge existing power structures. Since its founding, Jaipur Rugs has challenged many prevailing practices through its unique corporate structure. Most notably, the company has cut out the middlemen, which has doubled some

weavers' wages, provided extensive training, and vertically integrated its extensive operations (the carpet-weaving process involves 60 steps). The Jaipur brand fosters connections between the poorest of the poor—it employs 40,000 weavers in remote villages in six Indian states—global consumers, and luxury brands. The weavers, who are 80 percent female, work independently at home. Many of them live in Rajasthan, one of India's poorest states. They produce rugs for contract orders and sometimes weave their own designs, some of which have won global awards (see Text Box). Jaipur Rug carpets are exported to more than 65 countries.

The success of Jaipur Rugs is largely the result of good management rather than technological innovation; many of the rugs are still woven by hand using centuries-old techniques. The management puts great emphasis on building connections inside the organization and with the outside world, and the firm's focus on social impact is clearly stated in its mission statement: "The core purpose of Jaipur Rugs is to nurture the creative capacities of the artisans and empower them to fulfill their aspirations so that they can live a dignified life." Many of the company's management practices are usually seen in firms with highly

credentialed knowledge workers, not among the underprivileged. The actual designing of the rugs encourages engagement, trust, and innovation, which bolsters the brand and attracts global collaborators.

## **THE KEY MANAGERIAL ELEMENTS JAIPUR RUGS USES TO BUILD CONNECTION**

Jaipur Rugs is focused on continuous learning for its artisans and for those in management. The underlying principles of the company model can be applied widely and adapted to the nuances of different industries. Below I describe some of the key managerial elements Jaipur Rugs uses to build connection.

### **Peer Management**

As Jaipur Rugs grew, it became impossible to oversee each artisan directly. Women with leadership potential who took initiative and performed well were given leadership training and put on a path to become *bunkar sakhi*—supervisors, or weavers' companions. This peer management system serves several important purposes: it helps develop a pipeline of women leaders; it allows troubleshooting and training to take place in real time; and it enables the company to discover talent and identify skill gaps. The *bunkar sakhi* also serve as role models for the younger generation. This enables Jaipur Rugs to depend increasingly on its business model to maintain its position as the industry leader, to capture new ideas, and to draw from a deep skill base when working with celebrities and luxury brands.

### **Capturing and Sharing Narratives**

N. K. Chaudhary is fond of saying, "We sell the blessings, we sell experiences, we sell the stories, and the carpet is free." The Jaipur Rugs model emphasizes sharing the mission and values both within the organ-

ization and in the public domain. When he was new to the carpet industry, Chaudhary spent much of his time learning how to weave himself, which allowed him to mingle informally and get to know the weavers. He has maintained his close interaction with the artisans since founding the company, and much of the technology that has been adopted was designed to maintain this connection. When the firm began working in the remote villages of Gujarat, Jaipur Rugs designed a walkie-talkie system to keep in touch with the weavers and get daily updates. A simple app was designed recently to ensure that continuous communication can take place even where power and internet coverage are unreliable. This enables the customers and the headquarters to receive daily updates on the status of their rugs. The Chaudhary family and company managers make frequent visits to the villages and know many of the weavers by name. This deep friendship and respect enables Jaipur Rugs to have early access to new ideas, and to troubleshoot where necessary. It also makes it possible to recognize the clear strengths and preferences of individual artisans, which are factored into the design of their work. The staff today includes people hired specifically to capture and share the individual weavers' learnings and aspirations.

This focus on individual narratives is important to the mission of uplifting the artisans, which is an ever-evolving task. In addition to upgrading the weavers' skills, Jaipur Rugs has had to challenge existing belief systems in the villages, as well as among consumers and the management ranks. Chaudhary was advised early on not to venture into the tribal areas of Gujarat. He nevertheless began his early operations there, and he was able to successfully train thousands of weavers because he first forged friendships within the community. Chaudhary took a similarly novel approach to gaining the trust of women, whom he feels have innate management

talent. Recognizing that they continually have to balance the needs of family and work, he created a way for them to do so. Chaudhary openly shares his journey—the origins of the company, the challenges he has faced, and the rationale for his decisions with artisans and outside audiences. By sharing his narratives, he has increased his ability to engage with the artisans, his managers, and, of course, the customers.

### **Manchaha: Creative Freedom**

*Manchaha*—roughly “expression of my heart” in Hindi—is one of Jaipur Rugs’ boldest initiatives. Kavita, Chaudhary’s daughter, is an award-winning designer. She had an inkling that, if given the right opportunity, many of the women weavers could become designers and artists in their own right. To test this idea, the weavers were given raw materials and the freedom to create and name a rug of their own design, without direction from management.

The wisdom of this leap of faith became clear with an early *Manchaha* rug called *Anthar*, meaning “differences,” which won a German design award. After agreeing to a design concept, the three weavers had different approaches to its execution, but over the months they worked together the pattern evolved into a harmonious and unified design. This rug design featured the weavers as creators in their own right, which was an important step in bringing global recognition to the Jaipur Rug’s brand and a critical advantage in this design-driven industry.

*Manchaha* rugs have so far won nine global design awards, and in the years since its creation, the *Manchaha* project has expanded and evolved. In its latest incarnation, the Chaudhary family is training prisoners to weave rugs as a form of therapy and rehabilitation. More than 200 prisoner-weavers have taken part in this “Freedom *Manchaha*” program. In order to capture inspiration and improve their design processes, a regular exercise is done

with the professional weavers, during which they share and write down their dreams.

### **Enabling Direct Connections with the Outside World**

Women in villages face social and transportation challenges when seeking employment outside the home. The work with Jaipur Rugs enables women to fulfill their traditional roles of caring for the home and children while also earning a salary. More importantly, the looms being set up outside enables others to observe the talent and productivity of each weaver. Many tech platforms allow people to work remotely, but that often can be isolating. The Jaipur Rug artisans work together on the rugs, which helps them to build community and increase their income. Husband and wife teams sometimes weave together, each having distinct roles. These arrangements, which have formed organically, have nurtured gender equality. Another bonus is that the weavers and buyers often exchange postcards, providing a personal connection.

Many people not employed by Jaipur Rugs still benefit indirectly from their presence in the villages. Through a collaboration with Airbnb, travelers can arrange village visits, during which they spend a day visiting the weavers, sharing a meal, and engaging in other traditional crafts, such as leatherwork. Jaipur Rugs also hosts what it calls exposure visits at its headquarters, during which it shares elements of its model with workers from other states and disciplines. These interactions help to build the villagers’ soft skills, and their confidence, and many families’ aspirations have risen as a result of this exposure. Some have enrolled their daughters in college or begun new careers. Customers, too, value the feeling of connection they experience with the community through their rugs’ creation and are willing to pay

for it. This sense of connection has led to other unique offerings, such as a custom-designed program in which artisans and consumers create a rug together. This has led to numerous collaborations and training programs with noted designers and luxury brands.

The Jaipur Rugs model of co-created purpose highlights the value and importance of an inclusive approach. Too often, those seeking to help the underprivileged begin with a long list of what skills and resources people lack, rather than focusing on what skills they have to build on. Empathy is widely understood as a critical part of innovation, but it is difficult to nurture without having direct exposure. Chaudhary understands the aspirations of the poor and has focused on providing opportunity and support. He is known to say that “thinkers must be doers and doers must become thinkers.” His immersive work model addresses the knowledge gaps among both artisans and the management ranks, and it includes interactions that enable managers to understand the skills and capacities of each workforce and to seek out connections that will benefit the firm and the community.

An important aspect of addressing inequality is to create the benefit of clout through enabling networks. This provides an opportunity for individual transformation and learning among workers and managers alike without requiring anyone to migrate or take on additional risks. It also allows people to acquire new skills and earn money without leaving inexperienced individuals alone to navigate the entire entrepreneurial journey, as many platforms do. The work environment design also enables people to develop empathy and establish friendships.

The Jaipur Rugs model allows individuals to be appreciated for their unique skills, which in turn creates value for the company by attracting collaborators and making it feasible to increase prices. In

light of the COVID-19 pandemic and its aftereffects, the model of working from home, building community, and enabling new networks provides an interesting blueprint for a wide variety of organizations.

## **CREATING A MODEL: SOME BUILDING BLOCKS OF CONNECTION**

Creating new networks is vital if an innovation is to scale. Doing this is especially challenging among the poor, because their access to new technologies often is lagging and is compounded by social isolation. In many cases, the community among the poor provides a safety net, but for innovation and entrepreneurship to succeed, the community also must function as a launching pad for individuals with promise—a task they can rarely take on themselves. Many technology platforms have attempted to create this dynamic and have made important contributions. However, without anyone to vouch for or certify an individual’s skills or talent, they often remain undiscovered. The unique skills and stories of talented creators must be introduced to an audience that values them and can help to create the benefit of clout.

A one-size-fits-all model is not suitable for the range of challenges social innovators contend with. However, having studied many organizations with a social mission, I can identify some key elements of a successful model. Many impactful approaches amplify what I like to call the new CSR—choices, support, and recourse.

### **Choices**

While the causes of poverty and inequality vary around the world, the implications for individuals are very similar—persistent opportunity gaps. Much of the poverty and inequality seen today is not about a lack of information but about a lack of choices. By creating more choices, an organization can dramatically improve its impact. The

orientation to creating choices for a community as opposed to providing “solutions” is also more respectful and more likely to inspire action and experimentation.

### Support

Information alone rarely makes change possible. To get people to take risks, it is critical to first identify the type of support they need. Early microfinance models did exactly this by lending to groups of women rather than to individuals. Support in creating new networks, sharing stories, and mentoring/coaching are currently gaining importance.

### Recourse

Since a system cannot be perfect, having a plan to provide recourse is critical. Despite our best efforts to design products and services that are inclusive, most systems fall short at some point. Having a process in place to provide feedback, resolve disputes, and offer compensation where appropriate is a critical step in building scale.

N. K. Chaudhary sums up his vision for Jaipur Rugs: “I see Jaipur Rugs as a platform of connecting the end consumer with the artisan so that they can emotionally connect with each other. This shall lead to the utmost level of dignity for our artisans.” There is an increasing body of research to validate this emphasis on connection. In their book *Firms of Endearment*, Raj Sisodia, Jag Sheth, and David Wolfe identified a number of companies that focused intensely on the consumer and thus won their trust and affection. They found that these firms—which include well-known brands such as Starbucks and Costco—had a steady performance over a three-year period and outperformed their competitors by a wide margin over a ten-year period. Emotional connection is also important within firms, where it does not necessarily prevent conflict but can pro-

vide a powerful incentive to resolve challenges. Most importantly, in an era of continual disruption, connecting with consumers is one of the few advantages that grows over time. When customers can share their ideas and concerns with the firms they love and trust, it increases the odds that innovations will succeed.

However, skills do not automatically translate into opportunity, even in developed markets. While individuals at all income levels have greater access to information than ever before, the ability to create networks remains elusive, especially for marginalized populations. A great deal of progress has been made in enabling transactions, but less attention has been paid to fostering human connections and conversation. Paying explicit attention to creating new networks is an important aspect of fostering innovation and opportunity, especially in places where deep divisions exist. As the issues that organizations must address grow in complexity, making connections will become increasingly critical in moving from paralysis to discovering new possibilities.

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## *The Benefit of Clout: How Connections Shape Prosperity*

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